

OUTsurance Group Limited

**CONSOLIDATED
ANNUAL FINANCIAL
STATEMENTS**

for the year ended 30 June 2025



OUTsurance Group Limited Consolidated annual financial statements for the year ended 30 June 2025

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Statement of responsibility by the Board of directors

In accordance with Companies Act requirements, the directors of OUTsurance Group Limited are responsible for the preparation of the consolidated and separate annual financial statements which conform with IFRS® Accounting Standards (IFRS Accounting Standards), and fairly present the financial position of the Group and Company as at the end of the financial year and the comprehensive income and cash flows for that year.

The directors are ultimately responsible for the Group and Company's system of internal control. Management enables the directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the consolidated and separate annual financial statements in terms of IFRS Accounting Standards and to adequately safeguard, verify and maintain accountability for Group and Company assets. Accounting policies supported by judgements, estimates and assumptions which comply with IFRS Accounting Standards are applied on a consistent and going concern basis.

Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Systems and controls are monitored throughout the Group and Company.

Based on the information and explanations given by management, internal audit, the Board Audit Committee and the Board Risk and Compliance Committee, the directors are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the consolidated and separate annual financial statements in accordance with IFRS Accounting Standards and maintaining accountability for the Group and Company's assets and liabilities. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Group and Company, 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 in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated and separate annual financial statements.

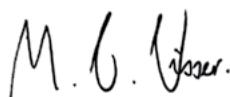
It is the responsibility of the Group and Company's independent external auditors to report on the fair presentation of the consolidated and separate annual financial statements. Their unmodified report appears on pages 12 to 17.

The preparation of the audited consolidated and separate annual financial statements for the year ended 30 June 2025 was supervised by JH Hofmeyr, Chief financial officer of OUTsurance Group Limited. The audited consolidated and separate annual financial statements have been audited in compliance with section 30(2)(a) of Companies Act 71 of 2008.

The audited consolidated and separate annual financial statements for the year ended 30 June 2025 which appear on pages 18 to 202, were approved by the Board of directors on 12 September 2025 and are signed on its behalf by:



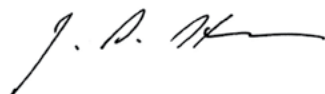
HL Bosman
Chairman
Signed: Centurion
12 September 2025



MC Visser
Group Chief Executive Officer
Signed: Centurion
12 September 2025

Certificate by the Group Secretary for the year ended 30 June 2025

As Group Secretary, I hereby confirm, in terms of section 88(2)(e) of the Companies Act of 2008, that for the year ended 30 June 2025, the Group and Company have lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



JS Human
Group Secretary
Signed: Centurion
12 September 2025

Internal financial controls declaration

Each of the directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 18 to 202 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- 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;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- 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;
- where we are not satisfied, we have disclosed to the Audit 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
- We are not aware of any fraud involving directors.



MC Visser
Group Chief Executive Officer
12 September 2025



JH Hofmeyr
Group Chief Financial Officer
12 September 2025

Report by the Board Audit Committee

This report is provided by OUTsurance Group Limited's independent Board Audit Committee (the Committee) in respect of the financial year ended 30 June 2025. The Committee performed its statutory duties in compliance with the Companies Act 71 of 2008 (Companies Act) as amended from time to time, the Insurance Act, and the JSE Listings Requirements (JSE LR). The Committee's responsibilities are guided by a board-approved mandate that is aligned with the Companies Act, the JSE Listing Requirements and the King IV™ Report on Corporate Governance for South Africa 2016 (King IV™).

The composition, knowledge, experience, and size of the Committee complied with the requirements of Section 33 of the Insurance Act 18 of 2017 and Prudential Standard GOI 2. The Committee always includes members with technical, accounting, and actuarial skills as well as experience in both long-term and short-term insurance.

The Audit, Risk and Compliance Committee was split into a separate Board Audit Committee and Board Risk and Compliance Committee effective November 2024. This governance change allows for enhanced oversight capacity considering the growing geographical scope of the Group and increasing regulatory environment.

In executing its mandate, the Committee co-ordinates with management, risk, compliance, internal auditors, and external auditors and obtain necessary information to perform its functions. It also ensures that adequate time and oversight is provided to all licensed entities. The Committee has access to training in respect of new technical accounting standards that impact the Group.

Composition and meetings

During the year under review, the Committee's membership comprised three independent directors. Section 94(2) of the Companies Act determines that, at each annual general meeting, a public company must elect an audit committee comprising at least three independent members. The Committee members were approved by the shareholders in November 2024.

All the appointed directors satisfied the requirements of section 94 (4) of the Companies Act and King IV recommendations. All members have the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities. Brief profiles of the Committee members are available on pages 66 to 68 of our 2025 integrated report.

The Group Chief Executive Officer (CEO), Group Chief Financial Officer (CFO), Group Chief Risk Officer (CRO), Chief Audit Executive (CAE), Heads of Actuarial functions, External Auditors and other assurance providers attend committee meetings by invitation in an ex-officio capacity. The Heads of the Control Functions meet at least quarterly with the Chair of the Committee. The Group CRO, CAE and External Auditors meet independently with the committee members as and when required.

Six meetings were held during the reporting period, which included the meeting to approve the trading statement to be published on SENS. The membership and attendance for the year is available on page 74 of the 2025 integrated report.

Roles and responsibilities

The Committee operates within a Board approved charter. In line with the functions delegated to the Committee in terms of section 94 (7) of the Companies Act, the Committee discharged all its prescribed duties which include the following:

- Review all financial reports submitted to the Committee, the interim and annual financial statements and any announcements pertaining to the Group's financial results
- Nominate for appointment, a registered external auditor who is independent of the company in accordance with the Companies Act requirements and JSE LR
- Discuss and review with the auditor the auditor's engagement letter, the terms, nature and procedures of engagement, and approve the audit fees
- Ensure the independence of the auditor by ascertaining whether the auditor has in any other capacity, other than as registered auditor received any benefit or remuneration from the Group or any other Group related entity
- Determine the nature and extent of any non-audit services that the auditor may provide to the Group and pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Group
- Provide input to the scope of the audit work
- Recommendations to the board regarding the appointment, performance assessment, discipline and dismissal of the head of internal audit and head of the actuarial function
- Appointment of the heads of control functions, performance assessment, discipline and their dismissal
- Ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities
- Attend to any matters relating to accounting practices and internal audit of the Group, content or auditing of the Group's financial statements and the internal financial controls of the Group
- Make submissions to the Board on any matter concerning the Group's accounting policies, financial control, records and reporting
- Monitor, evaluate, review and approve internal audit, regulatory and compliance, financial accounting and reporting practices, the internal control environment and corporate governance practices.

Report by the Board Audit Committee *continued*

During the year under review, the Committee, amongst others, considered the following:

- The annual financial results and the interim financial results, together with the Interim Results Circular
- Reviewed and recommended to the Board the Financial Results presentation
- Review and recommended dividends to the Board for approval
- Confirmed that there were no going concern issues within the Group other than for the entities that have started a process of liquidation or deregistration
- Reviewed and approved the external audit engagement of KPMG for the 2025 financial year and considered matters related to independence, approved the audit plan and proposed audit fees
- Reviewed and considered the JSE proactive monitoring report and the investment report
- Reviewed the accounting policies for the year ended 30 June 2025
- Approved the Internal Audit Strategy and the Internal Financial Controls Framework

The Committee further assists the Board to:

- Evaluate the adequacy and efficiency of the internal control systems, accounting practices, IT general controls, auditing and actuarial valuation processes applied in the day-to-day management of the business of the Group
- Facilitate and promote communication and liaison between the Board, senior management, the external auditor and internal audit function concerning matters regarding effective governance.

KING IV report on Corporate Governance

The Group applied the principles of King IV, to incorporate all assurance providers to enhance transparency, accountability and risk management across the Group and enable an effective control environment in the application of the corporate governance practices to strengthen decision-making.

Annual Confirmations

1.1 Internal audit

The Group's internal audit is a key independent assurance provider to the Committee and is crucial in assessing and enhancing the Group's governance, risk management and internal control processes. The internal audit function provides value by contributing insight into the activities of the Group and employs a risk-based audit approach. Appropriate structures are in place to ensure the independence of the internal auditor team, and the Group CAE has direct access to the Committee. The Committee accordingly reviews and approves the internal audit charter, the internal audit strategy and the annual internal audit plan. The Group CAE is responsible for reporting on the findings of the internal audit work against the agreed internal audit plan to the Committee on a regular basis.

The Group Chief Audit Executive and internal audit team

In accordance with King IV requirements, the Committee assessed the performance of the Group CAE and is satisfied that he holds the appropriate skills and expertise to fulfil the obligations of the position and that the internal audit function is independent and adequately resourced with adequately competent individuals.

Internal audit performed an annual review of the adequacy and effectiveness of the Group's internal control environment and based on the results, confirmed to the Committee that nothing has emerged to indicate material control weakness in the governance, IT general controls and system of internal controls, including internal financial controls from the aspect of design, implementation or operation. This written assessment by internal audit formed the basis for the Committee's recommendation to the Board.

1.2 Combined assurance

The Group follows a combined assurance model, which is a three-layered coordinated assurance approach to ensure the integration, and alignment of risk management and assurance activities to optimise the level of risk, governance, and control oversight in the Group. It includes risk and compliance, internal audit, external audit, finance and actuarial functions.

The combined assurance is implemented through the Combined Assurance Forum (the Forum) which is chaired by the Group CAE and the membership comprises the Group CRO, Group CFO, Compliance Officer, external audit, Information Security Manager and the Head of Actuarial Control Function. The Forum met four times during the reporting period and serves to support the objectives of the combined assurance model, to accomplish the philosophy behind it and maintain an effective control environment. It provides a platform for control functions and assurance providers to discuss relevant themes including emerging and material risks. The Committee is satisfied that the combined assurance model is effective and appropriate in addressing the significant risks in the Group.

1.3 Internal financial control attestation

The Group continues to maintain a strong control environment which protect, verify and maintain accountability of the financial position and performance. The Internal Financial Control (IFC) attestation process was completed in accordance with paragraph 3.84(k) of the JSE Listings Requirements. The Group CEO and Group CFO noted their positive attestations under their names and signatures. The Committee has reviewed and evaluated the effectiveness of the Group's internal financial controls. This assessment was informed by regular reporting from management, assurance activities undertaken by internal audit and reports from the external auditors. Based on these inputs,

Report by the Board Audit Committee *continued*

the Committee is satisfied that the internal financial controls are operating effectively and that the financial information presented in the annual financial statements is materially accurate, complete, and provides a fair representation of the Group's financial performance for the year.

1.4 Finance function

The Committee is satisfied with the expertise and adequacy of the resources of the finance function and experience of the senior members of management responsible for it. The results of the annual assessments confirm that the finance function is well resourced with an appropriately skilled and a competent team to deliver the Group's financial reporting obligations. The Committee is also satisfied that the current Group CFO, Mr Hofmeyr, possesses the appropriate expertise and experience to meet the responsibilities of this position.

1.5 External audit

The Committee nominated KPMG as the auditor of the Group for approval by shareholders at the Annual General Meeting (AGM) held in November 2024. The Committee is satisfied that KPMG are independent of the Group and in consultation with executive management, agreed to the engagement letter, terms of engagement, audit plan and budgeted audit fees for the 2025 financial year.

The Group's external auditor attends all Committee meetings and the AGM of shareholders and has direct access to the chair of the Committee and the chair of the Board. The external audit scope of work is adequately integrated with the internal audit function without restricting the scope.

There is a formal process in place that governs the process whereby auditors are considered for non-audit services.

1.6 Independence of the external auditor

The Committee assessed the independence of the external auditor and considered details of any relationship between the Group and KPMG that may have an impact on their independence. The Committee is satisfied that the external auditor acted with unimpaired independence and have the requisite skills and expertise and observed the highest level of business and professional ethics. In reaching this conclusion, the committee considered the following factors:

- Auditors' independence criteria specified by the Independent Regulatory Board for Auditors and international regulatory bodies as well as criteria for internal governance processes within the audit firms

- Representations and confirmations by the external auditor to the Committee
- Auditor suitability assessment in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements
- Previous appointments of the auditor
- The extent of other non-audit services undertaken by the auditor for the Group.

The Committee meets with the auditor independently from senior management to provide an opportunity for open dialogue and feedback.

1.7 Regulatory environment

The Committee monitors the ever changing regulatory and legislative compliance landscape applicable to the Group's operations. Regular management reporting is conducted to monitor progress and compliance.

The Committee is satisfied with the skills and expertise of management regarding regulatory and legislative compliance.

1.8 Going concern

The Committee has reviewed management's assessment of the Group's ability to continue as a going concern, including the supporting forecasts, liquidity analyses, and underlying assumptions. In conducting this review, the Committee considered input from both internal and external auditors. Based on this evaluation, the Committee is satisfied that the going concern basis of accounting is appropriate and accordingly recommends to the Board that it is reasonable to conclude the Group will continue to operate for the foreseeable future.

Conclusion

The Committee is satisfied that it has fulfilled its responsibilities and complied with the legal, statutory and governance responsibilities and has discharged its duties and responsibilities as envisaged in its formal charter and in line with the principles of good corporate governance.



SV Naidoo

Group Audit Committee Chairperson
12 September 2025

Directors' report

Nature of business

OUTsurance Group Limited (OGL) is a public company listed on the Johannesburg Stock Exchange. It holds 92.8% in OUTsurance Holdings Limited (OHL), the holding company of the OUTsurance group of companies which provides short-term and life insurance products in South Africa and short-term insurance products in Australia and Ireland. OGL also holds smaller investments in Polar Star, a hedge fund manager, Entersekt, a leader in authentication app security and payments enablement technology and Prodigy Finance, an international fintech platform offering loans to postgraduate students attending top universities mostly in the United States of America.

During the 2025 financial year, the following restructuring and corporate actions took place:

- OGL issued an additional 18 461 156 shares in exchange for 42 283 911 shares in OHL and acquired an additional 45 027 871 shares in OHL for R981 million. This increased OGL's stake in OHL from 90.5% to 92.8%.
- OGL received 8 765 513 OGL shares as a dividend in specie from OHL which were cancelled and delisted on 14 October 2024.
- On 30 June 2025, the Group sold its equity stake in Blue Zebra Insurance Proprietary Limited.
- In December 2024, a Memorandum of Understanding was signed with the intention to sell the Group's equity stake in Cloudbadger. The sale agreement was signed on 1 July 2025, but the sale is still conditional on competition commission approval by the authorities of Eswatini.
- During January 2025, an agreement was reached to dispose of the Group's equity stake in Merchant Capital by way of a company share buy-back. This disposal is tranchised over a period of 15 months with total proceeds amounting to R92 million.

The table below summarises the OGL Group's actual interest in its investee companies as at 30 June 2025 compared to 30 June 2024:

	30 June 2025	30 June 2024
OUTsurance Holdings Limited	92.8%	90.5%
RMI Treasury Company Limited	100.0%	100.0%
RMI Investment Managers Group Proprietary Limited	100.0%	100.0%
RMI Investment Holdings Proprietary Limited	100.0%	100.0%
Main Street 1353 Proprietary Limited	51.0%	51.0%

Further details regarding the investments are provided in note 18 to these annual financial statements.

Directors' reports *continued*

Share capital

The classes of shares in terms of OGL's MOI are as follows:

Ordinary shares

The total authorised number of ordinary shares is 2 000 000 000, with a par value of R0.0001 per share. The total number of issued ordinary shares is 1 547 231 505 (2024: 1 537 535 862).

The unissued share capital is under the control of the board of directors until the forthcoming annual general meeting.

Preference shares

Cumulative, redeemable par value preference shares

The total authorised number of cumulative, redeemable par value preference shares is 100 000 000, with a par value of R0.0001 per share. There are no issued cumulative, redeemable par value preference shares.

Cumulative, redeemable no par value preference shares

The total authorised number of cumulative, redeemable no par value preference shares is 100 000 000. There are no issued cumulative, redeemable no par value preference shares.

Cumulative, redeemable no par value preference shares in terms of clause 7.1 of the MOI

The total authorised number of cumulative, redeemable no par value preference shares created in terms of the Group's debt programme and outlined in clause 7.1 of the MOI, is 100 000 000. None of these shares have been issued to date.

Shareholder analysis

Based on information disclosed by STRATE and investigations conducted on behalf of the company, the following shareholders have an interest of 5% or more in the issued ordinary share capital of the company:

	30 June 2025	30 June 2024
Remgro Limited	30.3%	30.5%
Royal Bafokeng Investment Holding Company	12.7%	14.1%
Public Investment Corporation	9.6%	11.0%

Earnings

Earnings attributable to ordinary shareholders for the year ended 30 June 2025 amounted to R4 707 million or 306.2 cents per share (2024: R4 061 million or 265.5 cents per share). Headline earnings amounted to R4 585 million or 298.3 cents per share (2024: R3 525 million or 230.4 cents per share).

Dividends

The following ordinary dividends were declared by OGL during the year under review:

- An interim dividend for the six months ended 31 December 2024 of 88.6 cents per ordinary share, declared on 14 March 2025 and paid on 7 April 2025 (31 December 2023: 61.2 cents per ordinary share, declared on 18 March 2024 and paid on 15 April 2024).
- A final dividend for the year ended 30 June 2025 of 149.0 cents per ordinary share, declared on 12 September 2025 and payable on 20 October 2025 (30 June 2024: 113.2 cents per ordinary share, declared on 17 September 2024 and paid on 21 October 2024).
- A special dividend for the year ended 30 June 2025 of 33.1 cents per ordinary share, declared on 12 September 2025 and payable on 20 October 2025 (30 June 2024: special dividend of 40.0 cents per ordinary share, declared on 17 September 2024 and paid on 21 October 2024).

Directors' reports *continued*

Directorate

The directorate comprises:

Name	Date of appointment
Non-executive directors	
HL Bosman (Chairman)	2 April 2014
JJ Durand	8 December 2010
A Kekana	6 February 2013
WT Roos	8 November 2022
Independent non-executive directors	
MM Mahlare	31 March 2018
ET Moabe	8 November 2022
SV Naidoo	8 November 2022
RSM Ndlovu	8 November 2022
K Pillay (lead independent)	8 November 2022
JA Teeger	31 March 2018
JE van Heerden	8 November 2022
Executive directors	
MC Visser (CEO)	8 November 2022
JH Hofmeyr (CFO)	8 November 2022
Alternate directors	
F Knoetze	1 April 2016
UH Lucht	3 September 2019

On 12 September 2024 Mr Marx retired from the board of directors. On 26 November 2024 Ms Hanise and Mr Morobe resigned from the board of directors.

Interests of directors and officers

During the financial year, no contracts were entered into in which directors or officers of the company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group except to the extent that they are shareholders in OGL as disclosed in this report.

Directors' emoluments and service contracts

Directors' and prescribed officers' emoluments are disclosed in note 39 to the consolidated financial statements.

At each annual general meeting one third of the non-executive directors have to retire from office. If at the date of any annual general meeting any non-executive director has held office for a period of three years since his last election or appointment, he has to retire at such meeting. A retiring director is eligible for re-election.

The remuneration of the non-executive directors is approved annually by way of a special resolution at the annual general meeting. The company's remuneration policy is approved annually by way of an advisory ordinary resolution at the annual general meeting.

Directors' reports *continued*

Directors' participation in group share incentive schemes

OHL has a cash and equity-settled share scheme, with Youi operating an equity-settled share scheme. No non-executive directors participate in any of these share incentive schemes.

Insurance

OGL has appropriate insurance cover against crime risks as well as professional indemnity.

Company secretary and registered offices

Schalk Human is the company secretary of OGL. The address of the company secretary is that of the company's registered office. The company's registered office is 1241 Embankment Road, Zwartkop Ext 7, Centurion, 0157.

Special resolutions

The following special resolutions were passed at the annual general meeting of OGL held on 26 November 2024:

- approval of non-executive directors' remuneration with effect from 1 December 2024;
- general authority to repurchase company shares;
- issue of shares, convertible securities and/or options to persons listed in section 41(1) of the Companies Act for the purposes of their participation in a reinvestment option;
- issue of shares, convertible securities and/or options to persons listed in section 41(1) of the Companies Act in connection with the settlement of eligible participants' rights under the Group's applicable share or employee incentive schemes;
- financial assistance to directors, prescribed officers and employee share scheme beneficiaries; and
- financial assistance to related or inter-related entities.

OHL passed the following special resolutions at its annual general meeting held on 26 November 2024:

- general authority to provide financial assistance to related or inter-related entities in terms of section 45 of the Companies Act; and
- approval of the remuneration of non-executive directors.

Events subsequent to reporting date

Refer to note 40 to the consolidated annual financial statements.

Directors' reports *continued*

Directors' interests in ordinary shares of OGL

Directors have disclosed the following interest in the ordinary shares of OGL at 30 June 2025:

000's	Direct beneficial	Indirect beneficial	Held by associates	Total 2025
HL Bosman	-	1 200	-	1 200
JJ Durand	-	-	-	-
JH Hofmeyr ¹	36	1 074	-	1 110
A Kekana	4	-	-	4
F Knoetze (alternate)	-	-	-	-
UH Lucht (alternate)	-	-	-	-
MM Mahlare	-	-	-	-
ET Moabe	2	-	-	2
SV Naidoo	-	-	-	-
RSM Ndlovu	-	-	-	-
K Pillay	-	37	-	37
WT Roos	-	296	-	296
JA Teegeer ²	45	104	-	149
JE van Heerden	2	-	-	2
MC Visser	571	-	-	571
TOTAL INTEREST	660	2 711	-	3 371

1 Mr Hofmeyr pledged 249 681 OGL shares as security for a share lending facility of R5 million.

2 Mr Teegeer pledged 32 500 OGL shares (together with other shares in a portfolio) as security for a R2 million preference share arrangement.

Directors have disclosed the following interest in the ordinary shares of OGL at 30 June 2024:

000's	Direct beneficial	Indirect beneficial	Held by associates	Total 2024
HL Bosman	-	1 200	-	1 200
JJ Durand	-	-	-	-
B Hanise	24	-	-	24
JH Hofmeyr	-	1 094	-	1 094
A Kekana	-	-	-	-
F Knoetze (alternate)	-	-	-	-
UH Lucht (alternate)	-	-	-	-
MM Mahlare	-	-	-	-
GL Marx	5	-	-	5
ET Moabe	2	-	-	2
MM Morobe	-	-	-	-
SV Naidoo	-	-	-	-
RSM Ndlovu	-	-	-	-
K Pillay	-	37	-	37
WT Roos	-	-	-	-
JA Teegeer	45	104	-	149
JE van Heerden	-	-	-	-
MC Visser	380	-	-	380
TOTAL INTEREST	456	2 435	-	2 891

Since 30 June 2025 to the date of this report, the interest of directors remained unchanged.

Independent auditor's report

To the Shareholders of OUTsurance Group Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of OUTsurance Group Limited (the Group and Company) set out on pages 18 to 202, which comprise the consolidated and separate statement of financial position as at 30 June 2025, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of OUTsurance Group Limited and its subsidiaries as at 30 June 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 (IFRS Accounting Standards) 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

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

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

	Consolidated financial statements	Separate financial statements
Final materiality	Final materiality has been set at R384,000,000 and calculated at approximately 5% of Profit before taxation (PBT)	Final materiality has been set at R133,000,000 and calculated at approximately 1% of Total Assets.
Rationale for benchmark and percentage applied	<p>We selected profit before tax (PBT) as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most likely to be measured by users of the financial statements.</p> <p>We applied a percentage of 5% which is based on our professional judgement after consideration of qualitative factors that impact the Group.</p>	<p>We selected total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most likely to be measured by users of the financial statements.</p> <p>We applied a percentage of 1% which is consistent with quantitative materiality thresholds used for holding companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the Company.</p>

Independent auditor's report *continued*

Group Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the consolidated financial statements and which further audit procedures to perform at these components to address those risks. Our judgement included assessing the size of the components, nature of assets, liabilities and transactions within the components as well as specific risks.

In total, we identified 10 components. Of those, we identified 4 components at which further audit procedures were performed on the entire financial information of the component, either because audit evidence needed to be obtained on all or a significant proportion of the component's financial information, or that component represents a pervasive risk of material misstatement to the consolidated financial statements.

Accordingly, we performed audit procedures on 4 components, of which we involved component auditors in performing the audit work on these 4 components.

We also performed an analysis at an aggregated group level on the remaining financial information, taking into consideration the Group's operational structure, the Group's legal structure, existence of common information systems, existence of common internal controls, existence of common risk profile across entities/business units/functions/business activity and geographical locations.

Based on our risk assessment procedures, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information not subject to further audit procedures.

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. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters apply only to the audit of the consolidated financial statements.

We have determined that there are no key audit matters to communicate in our report on the separate financial statements.

Independent auditor's report *continued*

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

Valuation of insurance contract assets and liabilities and reinsurance assets and liabilities

Refer to Note 3.2 Insurance risk management, Note 27 – Insurance and reinsurance Contracts in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>At 30 June 2025, the Group has insurance contract liabilities relating to its insurance contracts amounting to R16.2 billion and insurance contract assets amounting to R370 million with corresponding reinsurance liabilities of R35 million and reinsurance assets of R2.3 billion.</p> <p>Significant judgements and estimations were applied in determining the value of the insurance and reinsurance contracts to be recognised in the consolidated financial statements as the valuation process involves the selection of actuarial methods and assumptions relating to the liability for remaining coverage, liability for incurred claims, risk adjustment for non-financial risk, Contractual Service Margin (CSM) and any associated loss component.</p> <p>For short-term insurance business significant judgements made included:</p> <ul style="list-style-type: none"> • Application of the Premium Allocation Approach ("PAA model") as described in IFRS 17. • Valuation and discounting of the liability for incurred claims. • Risk adjustment for non-financial risk. <p>For Life insurance business, significant accounting estimates and judgements exist in the application of the IFRS 17 General Measurement Model ("GMM model") calculations of the following IFRS 17 reserving elements:</p> <ul style="list-style-type: none"> • Determination of the profitability groupings • Valuation of the fulfilment cash flows • Valuation of the acquisition cash flows • Discounting of cashflows • Determination of the Risk adjustment for non-financial risk • Contractual service margin ("CSM") <p>We considered the valuation of insurance contracts and reinsurance contracts to be a key audit matter in our audit of the consolidated financial statements because of the following:</p> <ul style="list-style-type: none"> • Significant judgement and estimation are applied by management; and • The quantitative and qualitative magnitude of insurance contracts in relation to the consolidated financial statements. 	<p>Through discussions with management and inspection of underlying documentation we evaluated the design and implementation of the key controls applied in the valuation of the Group's IFRS 17 insurance contracts.</p> <p>In order to address the risk relating to the valuation insurance contract assets and liabilities and reinsurance assets and liabilities, our audit approach included the use of actuarial specialists.</p> <p>Below is a summary of the procedures performed:</p> <ul style="list-style-type: none"> • Assessed the skills and experience of management's actuarial team as well as the Head of Actuarial Function by inspecting professional qualifications and tenure in the role. • Assessed the Group's IFRS 17 valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and approved accounting policy in accordance with IFRS 17. • Assessed the adequacy of the actuarial assumptions as applied to the year-end IFRS 17 valuations. We have challenged key assumptions and the methodologies and processes used to determine and update these assumptions including a detailed analysis of assumption investigation papers for the year ended 30 June 2025 as prepared by management. • Assessed the reasonability of the build-up and changes in the probability-weighted Best estimate liabilities (BEL), risk adjustment (RA) and CSM. Our work included comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management/ governance structures. • Evaluated and recalculated the accuracy of the risk adjustment for non-financial risk, including the calculation method, and the change in risk adjustment for non-financial risk for risk expired in accordance with the related IFRS 17 accounting policies. • We tested the accuracy and completeness of the data used in the CSM calculations. • We challenged the assumptions applied in calculating the CSM on the reporting date by evaluating them against underlying data. <p>The assumptions included:</p> <ul style="list-style-type: none"> – the appropriateness of the coverage units used to amortise the CSM and – the impact of assumption changes unlocking the CSM.

Independent auditor's report *continued*

Valuation of insurance contract assets and liabilities and reinsurance assets and liabilities

Refer to Note 3.2 Insurance risk management, Note 27 – Insurance and reinsurance Contracts in the financial statements

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	<ul style="list-style-type: none"> Evaluated the Actuarial Valuation Report and reconciled the IFRS 17 reserves to the underlying subledgers and financial statements. For the valuation of the liability for incurred claims (LIC) across the Group, we assessed management's valuations and performed the following procedures: <ul style="list-style-type: none"> Independently calculated the incurred but not reported component of the BEL. On a sample basis for outstanding claims at year-end, tested the claims information recorded on the underlying source system (such as loss event, claim estimate, and item being claimed). We further compared the claim values used by management to assessor reports and assessed the validity of the claims. Evaluated the discounting calculations in accordance with the requirements of IFRS 17. Tested the appropriate application of the IFRS 17 "PAA" as applied to short term insurance contracts and "GMM" model as applied to long-term insurance contracts in accordance with IFRS 17. Tested the reliability, completeness and accuracy of the underlying data inputs used as the basis for the underlying IFRS 17 estimates and year-end valuations. Performed testing of management's process for identifying onerous contracts through testing of grouping rules applied and this included testing the underlying assumptions and data inputs into loss component and loss recovery component calculations. Assessed whether the disclosures are in line with qualitative requirements as outlined in IFRS 17.

Independent auditor's report *continued*

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "OUTsurance Group Limited Consolidated Annual Financial Statements, which includes the Directors' Report, Report by the Board Audit Committee and the Certificate by the Group Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do 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, 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 (IFRS Accounting Standards) 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 and 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report *continued*

- 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 and 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 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 Group 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.

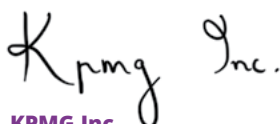
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 KPMG Inc. has been the auditor of OUTsurance Group Limited for 2 years.



KPMG Inc.

Registered Auditor
Per Nishen Bikhani
Chartered Accountant (SA)
Registered Auditor
Director

85 Empire Road
Parktown
Johannesburg
2193

12 September 2025

Consolidated statement of profit or loss for the year ended 30 June

R million	Notes	2025	2024
Insurance revenue	27	37 131	31 913
Insurance service expenses	27	(28 668)	(24 977)
Net expenses from reinsurance contracts held	27	(882)	(1 347)
Insurance service result		7 581	5 589
Administration and other revenue ¹	5	450	502
Net investment income		2 177	1 628
Investment income	6	287	290
Interest income on financial assets using the effective interest method	6	1 349	1 284
Net gains from fair value adjustments on financial assets	7	515	51
Change in expected credit losses on financial assets	7	26	3
Net insurance finance expenses		(296)	(241)
Finance expenses from insurance contracts issued	8	(452)	(343)
Finance income from reinsurance contracts held	8	156	102
Fair value adjustment to financial liabilities		(211)	(200)
Net insurance and investment result		9 701	7 278
Operating expenses ¹	9	(2 274)	(1 646)
Finance costs	10	(136)	(73)
Equity accounted earnings	19	189	127
Profit on sale of assets held for sale	24	35	55
Profit on change in shareholding of investment in associates	19	-	509
Profit on sale of associates	19	176	44
Impairment of assets held for sale	24	(10)	-
Impairment of investment in associates	19	-	(9)
Profit before taxation		7 681	6 285
Taxation	11	(2 462)	(1 794)
PROFIT FOR THE YEAR		5 219	4 491
Profit attributable to:			
Ordinary shareholders		4 707	4 061
Non-controlling interests		512	430
PROFIT FOR THE YEAR		5 219	4 491
Earnings per share (cents)	12	306.2	265.5
Diluted earnings per share (cents)	12	303.3	261.0

¹ The Administration and other revenue and Operating expenses descriptions were updated to reflect the appropriate nature of the income and expenses included in these respective lines.

Consolidated statement of comprehensive income for the year ended 30 June

R million	Notes	2025	2024
Profit for the year		5 219	4 491
Other comprehensive loss for the year			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(115)	(320)
Fair value (losses)/gains on other comprehensive income financial instruments	7	(422)	5
Deferred tax on fair value gains on other comprehensive income financial instruments		16	(5)
Share of comprehensive income/(loss) of associates		1	(26)
Items that may subsequently be reclassified to profit or loss, after taxation		1	-
Reclassification of other comprehensive loss of associate diluted to financial assets at fair value through other comprehensive income ¹		-	(26)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		(520)	(346)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4 699	4 145
Total comprehensive income attributable to:			
Ordinary shareholders		4 210	3 759
Non-controlling interests		489	386
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4 699	4 145

¹ Refer to note 19 for further information.

Consolidated statement of financial position

as at 30 June

R million	Notes	30 June 2025	30 June 2024
Assets			
Property and equipment	15	1 205	1 205
Intangible assets	16	224	253
Right-of-use assets	17	354	277
Investment in associates	19	258	806
Deferred tax	20	501	307
Reinsurance assets	27	2 353	1 587
Insurance assets	27	370	251
Financial assets			
Fair value through profit or loss	21	6 758	5 632
Fair value through other comprehensive income	21	8 111	8 203
Measured at amortised cost	21	14 355	12 634
Derivative financial instrument	22	326	87
Other receivables	23	1 866	1 221
Taxation		1	102
Assets held for sale	24	102	–
Cash and cash equivalents	25	1 865	1 692
TOTAL ASSETS		38 649	34 257
Equity			
Share capital and premium	26	15 922	15 486
Other reserves		(5 603)	(4 690)
Retained earnings		4 226	3 289
Total shareholders' equity		14 545	14 085
Non-controlling interests	18	1 399	1 302
TOTAL EQUITY		15 944	15 387
Liabilities			
Reinsurance liabilities	27	35	28
Insurance liabilities	27	16 229	12 906
Derivative financial instrument	22	7	88
Investment contract liability	28	1 863	1 738
Lease liabilities	29	379	294
Share-based payment liability	30	1 454	811
Employee benefits	31	670	626
Deferred tax	20	158	183
Financial liabilities at fair value through profit or loss	32	126	113
Taxation		350	137
Financial liabilities at amortised cost	33	–	774
Other payables	34	1 434	1 172
TOTAL LIABILITIES		22 705	18 870
TOTAL EQUITY AND LIABILITIES		38 649	34 257

Consolidated statement of changes in equity for the year ended 30 June

R million	Share capital	Equity accounted reserves	Share-based payments reserve	Other reserves ¹	Transactions with non-controlling interests	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
BALANCE AS AT 30 JUNE 2023	15 452	34	12	(99)	(4 653)	1 045	1 567	1 568	14 926
Profit for the year	-	-	-	-	-	-	4 061	430	4 491
Other comprehensive loss for the year	-	(26)	-	-	-	(276)	-	(44)	(346)
Additional shares issued	215	-	-	-	-	-	-	-	215
Treasury shares acquired	(181)	-	-	-	-	-	-	-	(181)
Transactions with non-controlling interest	-	-	-	-	(760)	-	9	(285)	(1 036)
Share-based payment reserve	-	(7)	57	-	-	-	(85)	(6)	(41)
Reserve adjustment of associates	-	-	-	-	-	-	(4)	-	(4)
Sale of assets held for sale	-	-	-	-	(17)	-	-	(71)	(88)
Dividends paid	-	-	-	-	-	-	(2 259)	(290)	(2 549)
BALANCE AS AT 30 JUNE 2024	15 486	1	69	(99)	(5 430)	769	3 289	1 302	15 387
Profit for the year	-	-	-	-	-	-	4 707	512	5 219
Other comprehensive loss for the year	-	1	-	(406)	-	(92)	-	(23)	(520)
Additional shares issued	436	-	-	-	-	-	-	-	436
Derecognition of retained earnings on deregistration of subsidiary	-	-	-	-	-	-	(3)	-	(3)
Transactions with non-controlling interest	-	-	-	-	(535)	-	2	40	(493)
Share-based payment reserve	-	1	118	-	-	-	(55)	(2)	62
Dividends paid	-	-	-	-	-	-	(3 714)	(430)	(4 144)
BALANCE AS AT 30 JUNE 2025	15 922	3	187	(505)	(5 965)	677	4 226	1 399	15 944

Notes

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¹ Included in other reserves is the comprehensive income reserve and preference share capital issued by OUTsurance Life.

Consolidated statement of cash flows

for the year ended 30 June

R million	Notes	2025	2024
Cash flows from operating activities			
Cash generated from operations	35	9 884	7 132
Interest received		421	286
Dividends received		80	81
Cashflows on assets backing policyholder liabilities		(314)	(283)
Purchase of financial assets ¹		(6 853)	(12 058)
Proceeds on disposal of financial assets ¹		5 292	9 929
Income tax paid	36	(2 315)	(1 838)
NET CASH GENERATED FROM OPERATING ACTIVITIES		6 195	3 249
Cash flows from investing activities			
Property and equipment acquired to maintain and expand operations	15	(373)	(185)
Proceeds on disposal of property and equipment	15	191	28
Purchase of financial assets ²		(1 186)	(1 337)
Proceeds on disposal of financial assets ²		637	764
Acquisition of associates	19	-	(39)
Dividends received from associates		59	39
Proceeds on disposal of associates	19	-	68
Proceeds on disposal of assets held for sale	24	24	153
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(648)	(509)
Cash flows from financing activities³			
Purchase of shares from non-controlling interest		(178)	(600)
Purchase of OGL treasury shares by a subsidiary	26	-	(181)
Repayment of lease liability		(120)	(62)
Borrowings raised	33	-	1 225
Borrowings repaid	33	(774)	(451)
Cost of funding	10	(136)	(73)
Dividends paid by subsidiaries to non-controlling interests		(430)	(290)
Cash dividends paid to shareholders		(3 714)	(2 259)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(5 352)	(2 691)
Net increase in cash and cash equivalents for the year		195	49
Cash of associate becoming a subsidiary		2	-
Unrealised foreign currency translation adjustment on cash and cash equivalents		(24)	(32)
Cash and cash equivalents at the beginning of the year		1 692	1 675
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1 865	1 692

1 Related to the management of insurance liabilities operational cash flows and regulatory capital.

2 Related to long-term Investments of primarily shareholder capital.

3 The financial liabilities of the Group consist of the lease liabilities and the revolving credit facility. Refer to note 29 and note 33 for the reconciliations thereof.

Notes to the consolidated annual financial statements

1. General information

OUTsurance Group Limited (OGL), a listed public company incorporated in South Africa, its subsidiaries and associates (collectively referred to as the Group) is a financial services group offering insurance products. The Group has short-term insurance operations in South Africa, Australia and Ireland. The South African operation also underwrites long-term insurance products. In addition, the Group owns a portfolio of Fintech investments and an investment in an asset management entity.

2. Basis of preparation

The Group annual financial statements for the year ended 30 June 2025 have been prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Listing Requirements and the South African Companies Act.

The annual financial statements are prepared in accordance with the going concern principle using the historical cost basis except for certain financial assets and liabilities where it adopts the fair value basis of accounting. Such financial assets and liabilities include financial assets classified as fair value through other comprehensive income, financial instruments at fair value through profit or loss, including designated, and financial instruments at amortised cost.

The preparation of the annual financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and the statement of profit or loss and other comprehensive income. Where appropriate, details of estimates are presented in the accompanying notes to the consolidated annual financial statements. All monetary information and figures presented in these annual financial statements are stated in millions of Rand (R million), unless otherwise indicated.

All material accounting policies are contained in note 41. Only accounting policies relating to transactions occurring in the current and prior financial year have been included.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital

3.1 Risk management framework

The Group has an Enterprise Risk Management framework to provide reasonable assurance that the Group's risks are being prudently and soundly managed. The framework is designed according to acceptable principles on Corporate Governance and Risk Management standards. The risk management framework outlines the key risks facing the business and how these risks are monitored and mitigated.

Risk and governance oversight is provided by the OUTsurance Group Board, OUTsurance Group Board Audit Committee (BAC), Group Board Risk and Compliance Committee (BRC), OUTsurance Holdings Asset, Liability and Capital Committee (ALCCO), OUTsurance Reinsurance Committee and the OUTsurance Holdings Risk Committee, the latter three being internal management committees.

3.2 Insurance risk management

3.2.1 Short-term insurance

(i) Terms and conditions of insurance contracts

The Group conducts short-term insurance business in different classes of short-term insurance risk. Below is a table showing the risks and the percentage insurance revenue earned per risk category.

Types of insurance contract written	South Africa		Australia		Ireland
	Personal	Commercial	Personal	Commercial	Personal
Liability	-	6.1%	-	40.1%	-
Miscellaneous	1.1%	-	-	-	-
Motor	65.7%	56.8%	55.7%	27.2%	88.0%
Personal accident ¹	-	0.2%	5.7%	-	-
Property	33.2%	33.2%	37.8%	32.7%	12.0%
Transportation	-	3.7%	0.8%	-	-

¹ Australia personal accident includes insurance revenue earned for Compulsory third party (CTP) risk class.

The personal lines segment of the business provides insurance to the general public allowing them to cover their personal possessions and property. The commercial segment of the business targets medium and small businesses in South Africa. Insurance products are sold with either a monthly or an annual premium payable by the covered party or entity. The following gives a brief explanation of each risk:

Personal accident

Provides compensation arising out of death or disability directly caused by an accident occurring anywhere in the world, provided that death or disability occurs within twelve months of this accident.

Liability

Provides cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

Miscellaneous

Provides cover relating to all other risks that are not covered more specifically under another insurance contract. This class includes pet and motor warranty products as well as certain agricultural products related to livestock.

Motor

Provides indemnity cover relating to the possession, use or ownership of a motor vehicle. The cover includes comprehensive cover, third party, fire and theft and liability to other parties.

Property

Provides indemnity relating to damage to movable and immovable property caused by perils including fire, explosion, earthquakes, acts of nature, burst geysers and pipes and malicious damage.

Transportation

Provides cover to risks relating to stock in transit.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks

The primary activity of the Group relates to the assumption of possible loss arising from risks to which the Group is exposed through the sale of short-term insurance products. Insurance risks to which the Group is exposed relate to property, personal accident, liability, motor, transportation and other miscellaneous perils that may result from a contract of insurance. The Group is exposed to uncertainty regarding the timing, magnitude and frequency of such potential losses.

The theory of probability forms the core base of the risk management model. Through the continuous sale of insurance products and subsequent growth in the pool of insured risks, the Group can diversify its portfolio of risks and therefore minimise the impact of variability of insurance losses affecting that portfolio. Insurance perils are unpredictable in nature, timing and extent, which expose the Group to a risk that actual future insured losses exceed their expected values.

Along with its underwriting approach, the Group also manages its insurance risk through its reinsurance programme which is structured to protect the Group against material losses to either a single insured risk, or a group of insured risks in the case of a catastrophe where there would tend to be a concentration of insured risks. The reinsurance programme also provides protection against the occurrence of multiple natural catastrophe events.

Climate risk is an emerging risk which increases the group's insurance risk exposure to natural perils. This remains a top risk of the group as it exposes the group to more volatile earnings. This not only increases the cost of reinsurance but also the risk of availability of reinsurance to offload the risk. The Group can reprice for climate risk and it will remain a watch item as part of the underwriting and reinsurance strategy of the Group.

The underwriting of insurance risk and the passing on of risk beyond appetite to reinsurers is further described below.

Underwriting strategy

The Group aims to diversify the pool of insured perils through writing a balanced portfolio of insurance risks over a large and differentiated geographical area. Products are priced using statistical regression techniques which identify risk factors through correlations identified in past loss experiences. Risk factors would typically include factors such as age of the insured person, past loss experiences, past insurance history, type and value of asset covered, security measures taken to protect the asset, major use of the covered item, and so forth. Risks are priced and accepted on an individual basis. Insurance premiums charged for a certain pool of risks are adjusted frequently according to the normalised loss ratios experienced on that pool of risks.

Insurance risk is monitored within the Group on a daily basis to ensure that risks accepted by the Group for its own account are within the limits set by the Board of directors. Exception reporting is used to identify areas of concentration of risk so that management are able to consider the levels adopted in the reinsurance programme covering that pool of risk.

Risks are rated individually by programmes loaded onto the computer system based on information captured by staff for each risk. Conditions and exclusions are also automatically set at an individual risk level. Individual risks are only automatically accepted up to predetermined thresholds which vary by risk type. Risks with larger exposure than the thresholds are automatically referred and underwritten individually by the actuarial department. These limits are set at a substantially lower level than the reinsurance retention limits. No risks which exceed the upper limits of the reinsurance programme can be accepted without the necessary facultative cover being arranged. Non-claims bonuses which reward customers for not claiming also form part of the Group's Southern African underwriting strategy.

Multi-claimants are also monitored and managed by tightening conditions of cover or ultimately cancelling cover.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks *continued*

Reinsurance strategy

The Group reinsures a portion of the risk it assumes through its reinsurance programme in order to control the exposure of the Group to losses arising from insurance contracts and in order to protect the profitability of the Group and its capital. A suite of treaties is purchased in order to limit losses suffered from individual and aggregate insurance risks.

• OUTsurance Insurance Company Limited (OUTsurance):

OUTsurance makes use of two non-proportional reinsurance treaty arrangements, as well as facultative placements in order to mitigate risk.

Risk excess-of-loss (XL) cover is utilised for the property and liability risk classes. The deductible, layer limits and number of reinstatements for each layer vary based on class and are governed by the OUTsurance Reinsurance Policy. Additionally, advice from OUTsurance's reinsurance broker and results from internal investigations are considered. For property risks, any risk in excess of the risk XL top limit of R150 million will be placed facultatively. The same is true for liability risks over R50 million. The following key measures define OUTsurance's risk appetite when determining reinsurance for single large losses:

- Maximum Event Retention (MER)¹ (per Risk) should not exceed 0.3% of the expected annual Gross Earned Premium (GEP) for the particular treaty year;
- MER (multiple Risks) should not exceed 2% of the expected annual GEP for the particular treaty year;
- The probability of an insufficient number of reinstatements for each layer should be less than 10% (1-in-200-year return period);

Limits are also placed on exposure to individual counterparties based on credit rating and jurisdiction equivalency.

Reinstatement premiums are payable to the extent that reinsurance for individual losses under the risk XL and catastrophe events under the catastrophe XL is utilised, on a pro-rata basis.

Catastrophe XL cover is utilised to help manage accumulation risk. The key classes exposing OUTsurance to catastrophe risk include property, motor and engineering of which property is the primary contributor. The deductible, layer limits and number of reinstatements are determined following intensive catastrophe modelling conducted both internally and by OUTsurance's reinsurance broker in conjunction with consideration of the OUTsurance Reinsurance Policy.

The following key measures define OUTsurance's risk appetite when determining reinsurance for catastrophes:

- MER (per catastrophe) should not exceed 3.6% of the expected annual Gross earned premium (GEP) for the particular treaty year. Catastrophe cover attaches R200 million deductible;
- MER (multiple catastrophes) should not exceed 7% of the expected annual GEP for the particular treaty year; and
- The probability of an insufficient number of reinstatements for each layer should be less than 0.5% (1-in-200-year return period).

Limits are also placed on exposure to individual counterparties based on credit rating and jurisdiction equivalency.

¹ Maximum Event Retention (MER) is defined as the net loss after allowance for reinsurance recoveries including reinstatement premiums payable. Therefore, calculated as the shortfall between the gross claim and the top limit (if any) plus retention plus reinstatement premium.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks *continued*

Reinsurance strategy *continued*

• Youi Pty Limited (Youi)

Youi makes use of proportional and non-proportional reinsurance arrangements in order to mitigate risk.

Individual risk reinsurance is purchased up to the maximum sums insured via quota share and risk excess of loss reinsurance.

Quota Share reinsurance was utilised in the current and prior financial year as follows:

- New South Wales Comprehensive Third-Party Motor (NSW CTP) – 80% was ceded to reinsurers from 1 July 2023 to 30 June 2024. This quota share lapsed from 1 July 2024 and was not renewed; and
- South Australia Comprehensive Third-Party Motor (SA CTP) – 50% is ceded to reinsurers.

Risk excess of loss cover is utilised for the property and liability risk classes. The deductible, layer limits and number of reinstatements for each layer vary based on class and are governed by the Youi Reinsurance Placement Strategy and Reinsurance Management Strategy. Additionally, advice from Youi's broker and internal investigations are considered.

For individual property (Youi Direct and BZI), no risk exceeded the risk XL top limit of A\$10.0 million. The same is true for liability risks, with no risk exceeding A\$20 million (Youi Direct, BZI SME and BZI Home Business Extension) or A\$30 million (BZI Home and Motor). No facultative cover was used. The following key measures define Youi's risk appetite when determining reinsurance for single large losses:

- MER (per risk) may not exceed A\$2.5 million;
- Per risk XL is purchased to protect Youi's net retention under the New South Wales and South Australia CTP quota shares. The per risk XL programmes are placed to the balancing percentage of the quota shares, meaning the New South Wales CTP Per Risk XL was placed to 20% from 1 July 2023 to 30 June 2024, and was placed to 100% from 1 July 2024 onwards. The South Australia CTP Per Risk XL is placed to 50%;
- Multiple reinstatements are purchased or negotiated amounts payable in advance to minimise the possibility of insufficient cover for a frequency of losses. Unlimited reinstatements are provided for liability classes (including CTP); and
- Reinsurer participations are determined in line with stated requirements in the Reinsurance Management Strategy, to manage counterparty credit risk and achieve the objective of having diverse and strongly rated partners.

Catastrophe XL reinsurance is utilised to help manage accumulation risk. The key classes exposing Youi to catastrophe risk include property, SME commercial property and motor. Property is the primary contributor. The deductible, layer limits and number of reinstatements are determined following intensive catastrophe modelling conducted by Youi's broker AON and take into consideration the guidelines set by the regulator for the company's capital adequacy assessment.

The following key measures define Youi's risk appetite when determining reinsurance for catastrophes:

- MER (per catastrophe) should not exceed A\$65 million;
- Sufficient Catastrophe cover is purchased to cover the Company up to its 1 in 200-year event as determined by the aforementioned exposure analysis. In purchasing reinsurance, Youi buys additional cover above the 1:200 level as a buffer against, for example, greater than anticipated growth, modelling uncertainty and post loss inflation;
- A single reinstatement is negotiated for payment upon use for the catastrophe programme with an additional two reinstatements purchased on the first layer as a capital protection against frequency of losses;
- Limits are also placed on exposure to individual counterparties by layer and over the whole programme;
- Reinsurer participations are monitored by credit rating and APRA authorisation status; and
- Youi manages volatility, and increases capital efficiency, through the purchase of underlying third and fourth event covers and a sublayer which sits below the first and second event catastrophe programme.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks *continued*

Reinsurance strategy *continued*

• OUTsurance Ireland DAC (OUTsurance Ireland)

OUTsurance Ireland makes use of non-proportional reinsurance arrangements in order to mitigate risk. The company, through its reinsurance programme, controls its exposure to losses arising from insurance contracts and protects the profitability of the company and its capital. A suite of treaties is purchased in order to limit losses suffered from individual and aggregate insurance risks.

Risk excess of loss cover is utilised for the property and liability risk classes. The deductible, layer limits and number of reinstatements for each layer vary based on class and are governed by the Company's reinsurance strategy and reinsurance management strategy. Additionally, advice from the Company's reinsurance broker and internal investigations are considered.

For motor risks, in the event that any risk might exceed the risk XL retention level of EUR 1 million (risk excess) it would be covered under XL treaty. The following key measures define the OUTsurance Ireland's risk appetite when determining reinsurance for single large losses:

- MER (per risk) may not exceed EUR 1 million;
- Per risk excess of loss cover is purchased to protect the Company's net retention under the motor XL treaty;
- Multiple reinstatements are purchased in advance to minimise the possibility of insufficient cover for a frequency of losses. Unlimited reinstatements are provided for motor liability classes; and
- On the long tail liability contract reinsurer participations are monitored by credit rating.

Limits are also placed on exposure to individual counterparties based on credit rating and jurisdiction equivalency.

Property catastrophe excess of loss reinsurance is utilized to help manage accumulation risk. The key classes exposing OUTsurance Ireland to catastrophe risk include property and motor. Property is the primary contributor. The deductible, layer limits and the number of reinstatements are determined following intensive catastrophe modelling conducted by company's broker. The following key measures define the company's risk appetite when determining reinsurance for property catastrophes:

- Single event retention (per catastrophe) should not exceed EUR 1 million;
- Sufficient catastrophe cover is purchased to cover the Company up to its 1:200-year event as determined by the aforementioned exposure analysis;
- A single reinstatement is purchased for the catastrophe programme; and
- Limits are also placed on exposure to individual counterparties by layer and over the whole programme reinsurer participations are monitored by credit rating.

OUTsurance Ireland only enters into reinsurance agreements with reinsurers which have credit ratings above a certain threshold as approved by the Board in the Group's Reinsurance Policy. Credit rating scales are defined in note 3.3.3.

Concentrations of risk and mitigating policies

Risk concentrations are monitored by means of exception reporting. When large risks are underwritten individually, the impacts which they could have on risk concentrations are considered before they are accepted. Marketing efforts are also coordinated to attract business from a wide geographical spread. Risks which could lead to an accumulation of claims as the result of a single event are declined due to inadequate diversification and overall pool of risk covered. Attention is paid to attract large numbers of relatively small independent risks which would lead to very stable and predictable claims experience.

The table below illustrates the concentration of insurance risk in terms of sum assured to which each geographical location is exposed to. The concentration risk which arises in each insurance entity is mitigated through the catastrophe excess of loss program entered into by that entity.

Due to the launch of the Insurance operations in Ireland only in the prior financial year, the insurance risk is mainly concentrated to the capital city.

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.2 Insurance risk management** *continued***3.2.1 Short-term insurance** *continued***(ii) Insurance risks** *continued***Concentrations of risk and mitigating policies** *continued*

	Gross insurance exposure	
	2025	2024
South Africa		
Gauteng	46.5%	47.2%
Western Cape	25.2%	24.4%
KwaZulu Natal	9.7%	10.1%
Other	18.6%	18.3%
Australia		
Queensland	20.4%	19.8%
New South Wales	30.3%	29.9%
Victoria	32.5%	33.8%
Other	16.8%	16.5%

Exposure to catastrophes and policies mitigating this risk

Catastrophe modelling is performed to determine the impact of different types of catastrophe events (including natural disasters) in different geographical areas, at different levels of severity and at different times of the day. Catastrophe limits are set so as to render satisfactory results to these simulations. The catastrophe cover is also placed with reinsurers with a reputable credit rating and cognisance is taken of the geographical spread of the other risks underwritten by the reinsurers in order to reduce correlation of our exposure with the balance of their exposure. These reinsurance models are run at least annually to take account of changes in the portfolio and to take the latest potential loss information into account.

Profit-sharing arrangements

A profit-sharing arrangement exists between the OUTsurance Insurance Company Limited (OUTsurance) and FirstRand Bank Limited. In terms of this profit-sharing arrangement, a portion of the operating profit generated on the Homeowners' insurance business referred by FirstRand Bank Limited businesses is paid to FirstRand Bank Limited by way of a bi-annual preference dividend. Where operating losses arise, OUTsurance remains liable for such losses in full, but these losses may be offset against future profit distributions.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.2 Long-term insurance

(i) Terms and conditions of insurance contracts

The Group conducts long-term insurance business on various classes of long-term insurance risk and manages the sale of these classes of risk between direct and partnership segments. Products are only sold to the South African retail market. The types of insurance and investment products sold are as follows:

Insurance products

- Underwritten Life;
- Life Protector; and
- Funeral Plan.

Investment products

- Endowment.

The following gives a brief explanation of each product:

Underwritten Life

The Underwritten Life Insurance product is a fully underwritten product and covers the following insurance risks:

- Death cover;
- Disability cover;
- Critical illness cover; and
- Family funeral cover.

In the event of a valid death, permanent disability (occupational disability) or critical illness claim, OUTsurance Life Insurance Company Limited (OUTsurance Life) pays the contractual sum assured.

Life Protector

The Life Protector product is a limited underwritten product and provides the following cover:

- Death cover;
- Disability cover;
- Critical illness cover;
- Retrenchment cover;
- Temporary disability cover;
- Family funeral cover; and
- Premium waiver.

In the event of a valid death, permanent disability (occupational disability) or critical illness claim OUTsurance Life pays the contractual sum assured. In the event of a valid temporary disability or retrenchment claim, OUTsurance Life undertakes to pay the policyholder a monthly instalment of a specified percentage of the sum assured as well as the premium for the specified period. The Group discontinued sales of this product.

Funeral Plan

The OUTsurance Funeral Plan product is a limited underwritten product and provides the following cover:

- Death cover;
- Stillborn benefit;
- Premium waiver; and
- Repatriation benefit.

Endowment

OUTsurance Life offered a linked endowment policy with a term of 5 years, which is structured as a life insurance policy. This is a pure investment product and the investment risk is referenced to a zero-coupon deposit issued by a large South African bank. The Group discontinued sales of this product when its investment in OUTvest was sold.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.2 Long-term insurance *continued*

(ii) Insurance risks

The primary activity of OUTsurance Life relates to the assumption of loss arising from risks to which it is exposed through the sale of long-term insurance products. It is exposed to uncertainty regarding primarily the timing, frequency and to a lesser extent, the magnitude of such potential losses.

The theory of probability forms the core base of the risk management model. Through the continuous sale of insurance products and subsequent growth in the pool of insured risks, OUTsurance Life can diversify its portfolio of risks and therefore minimise the impact of variability of insurance losses affecting that portfolio.

Along with its underwriting approach OUTsurance Life also manages its insurance risk through its quota share and excess of loss reinsurance programme which is structured to protect it against material losses on single insured risks.

The underwriting of insurance risk and the passing on of risk beyond appetite to reinsurers is further described below.

The table below represents the concentration of the total benefits to be provided per OUTsurance Life's distribution channels, based on the latest assumptions as at 30 June:

R million	2025		2024	
	Gross of reinsurance	Net of Reinsurance	Gross of reinsurance	Net of Reinsurance
Value of benefits insured				
Direct business	17 097	1 710	14 219	1 422
Partnerships	126 270	74 524	119 110	71 818

Refer to note 27.17 and 27.19 for a sensitivity analysis of insurance contract liabilities.

Mortality and morbidity risk

Mortality risk is the risk of loss arising due to actual death rates on life insurance business being higher than expected. Morbidity risk is the risk of loss arising due to policyholder health related claims being higher than expected.

The following processes and procedures are in place to manage mortality and morbidity risk:

- Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claims experience such as medical history and condition, age, gender, smoker status and HIV status;
- The expertise of reinsurers is used for pricing where adequate claims history is not available; and
- Reinsurance arrangements are put in place to reduce the mortality and morbidity exposure per individual policy and provide cover in catastrophic events.

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.2 Insurance risk management** *continued***3.2.2 Long-term insurance** *continued***(ii) Insurance risks** *continued***Underwriting experience risk**

There is a risk that actual mortality and morbidity experience is higher than expected. This could arise as a result of the number of claims or the value of the claims being higher than expected within a period. Selection risk is the risk that worse than expected risks are attracted and charged inadequate premiums. There is also a risk that the number of claims can increase due to the emergence of a new disease or pandemic. Underwriting experience risk is managed through:

- **Product design and pricing**

Rating factors are applied to different premium rates to differentiate between different levels of risk. Amongst other, premiums are differentiated by age, gender, smoking status and medical history. Premium rates are approved and reviewed by the Head of Actuarial Function.

- **Underwriting**

Underwriting ensures that only insurable risks are accepted and that premiums accurately reflect the unique circumstances of each risk. The Group has developed an advanced medical underwriting system which captures detailed information regarding the customers' medical history and condition which is used for premium adjustments and to indicate where further underwriting is required by experienced medical underwriters. To verify the accuracy of customer data, customers who select the fully underwritten product are subject to various medical tests. Quality audits are performed on the underwriting process to ensure underwriting rules are strictly followed.

- **Reinsurance**

OUTsurance Life's quota share and excess of loss reinsurance programme mitigates claims volatility and risk accumulation. Reinsurers also assist with pricing and product design decisions.

OUTsurance Life makes use of proportional reinsurance in order to mitigate risk given its growing nature and exposure to multiple product lines in the early stages of development. The percentage ceded varies based on product and is determined based on various factors including maturity of the line of business as well as inherent risk exposure for each line. Certain lines of business employ surplus reinsurance over and above conventional quota share reinsurance in order to introduce an upper bound to the risk exposure faced on large policies.

There are two Key Risk Indicators (KRI's) that define the risk appetite for OUTsurance Life:

Risk type	Key Risk Indicator
Appropriate Cover	Single Risk Loss (net of Reinsurance) should be less than 5% of net monthly premiums.
Counterparty Default Risk	No exposure to counterparties with a Credit Quality Step (CQS) higher than 4.

In order to assess the exposure that OUTsurance Life has to a single large loss, the retained exposures of the biggest risks are measured and compared to the earned monthly premium net of reinsurance.

The CQS of the participating reinsurers is determined in line with the Credit Rating Methodology. The risk appetite for reinsurer counterparties is currently a CQS of 4 and lower and this is monitored on a quarterly basis.

- **Experience monitoring**

Experience investigations are conducted and corrective action is taken where adverse experience is noted.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.2 Long-term insurance *continued*

(ii) Insurance risks *continued*

Lapse risk

Policyholders have the right to cancel their policies at any given time during the policy duration. There is a risk of financial loss and reduced future profitability due to the lapse experience being higher than expected. Lapse risk is managed by ensuring:

- Appropriate product design and pricing;
- Providing high quality service; and
- Continuous experience monitoring.

Modelling and data risk

Modelling risk is the risk that discounted cash flow models used to calculate actuarial liabilities and valuations do not accurately project the policy cash flows into the future. Data risk is the risk that the data which is used by the above models is inaccurate relative to actual experience.

Modelling risk is mitigated by way of employing specialist actuarial software which is widely used by industry participants. The services of the Head of Actuarial Function are also employed to ensure models are accurately set up. Risk is further mitigated through periodic third line reviews.

Data risk is managed by using internal systems and data warehouse technology. Data reports are readily available and frequently used and reviewed by management to track performance and verify experience variables.

Expense risk

Expense risk is the risk that actual expenses are higher than the budgeted expenses on which premium rates are calculated. Expenses are monitored on a monthly basis against budgeted expenses. Any deviation from budget is investigated, reported and remedial action taken where necessary.

Higher than expected inflation is one potential cause of a deviation between actual and budgeted expenses. The Group therefore introduced an inflation linked derivative structure as part of the asset-liability matching strategy, where bond forward asset instruments are purchased to mitigate this risk. The aim is to provide protection against volatility in real cash flows (expenses) arising from changes in the inflation curve.

Non-claims bonus risk

Non-claims bonus risk is the risk that the future contractual bonus payments are higher than assumed in the calculation of the fulfilment cash flows or that the investment return received is lower than expected (economic risk). A decrease in the lapse rate will result in an increase in the non-claims bonus risk. This risk is managed by applying an appropriate lapse assumption to allow for uncertainty.

A decrease in interest rates would result in a lowering of the investment return achieved on the assets backing the bonus liabilities, increasing the economic risk. This risk is mitigated by a zero-coupon deposit matching strategy, where the investment return on the zero-coupon deposit matches the required investment return in both timing and amount.

Interest rate risk

Interest rate risk is managed by an asset-liability matching strategy which is executed by the use of interest rate derivative structures which are partially collateralised.

Profit-sharing arrangements

A profit-sharing arrangement has been entered into between OUTsurance Life and Shoprite Investments Limited. In terms of this profit-sharing arrangement, a portion of the operating profit generated on the funeral insurance business distributed through the Shoprite distribution network is paid to Shoprite Investments Limited by way of an annual preference dividend. Operating losses incurred are for OUTsurance Life's account. This contract is executory in nature.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including equity price risk, interest rate risk and currency risk), credit risk and liquidity risk.

3.3.1 Financial instruments measured at fair value

The table below analyses financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the financial instruments. These levels are defined as follows:

- Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on reporting date.
- Level 2 – fair value is determined through inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (prices) or indirectly (derived from prices).
- Level 3 – fair value is determined through valuation techniques which use significant unobservable inputs.

The following table presents the Group's financial assets and liabilities that are measured at fair value:

R million	Level 1	Level 2	Level 3	Total
30 June 2025				
Financial assets				
Equity securities				
Exchange traded funds	1 184	–	–	1 184
Listed non-cumulative, non-redeemable preference shares	227	–	–	227
Collective investment schemes	–	810	–	810
Unlisted equity	–	–	484	484
Debt securities				
Money market securities >1 year	–	3 046	–	3 046
Collective investment schemes	–	2 646	–	2 646
Money market securities <1year	–	1 918	–	1 918
Zero-coupon deposits backing endowment policies	–	1 863	–	1 863
Zero-coupon deposits	–	1 730	–	1 730
Government, municipal and public utility securities	–	789	–	789
Unsecured investment in development fund	–	–	84	84
Contingent receivable	–	–	74	74
Convertible loan	–	–	14	14
Derivative financial instruments				
Total return swap	–	249	–	249
Collateralised swaps	–	67	–	67
Foreign exchange derivative	–	10	–	10
TOTAL FINANCIAL ASSETS	1 411	13 128	656	15 195
Financial liabilities				
Debt securities				
Investment contract liability	–	1 863	–	1 863
Financial liabilities at fair value through profit or loss	–	–	126	126
Derivative financial instruments				
Interest rate swaps	–	7	–	7
TOTAL FINANCIAL LIABILITIES	–	1 870	126	1 996

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.3 Financial risk management** *continued***3.3.1 Financial instruments measured at fair value** *continued*

R million	Level 1	Level 2	Level 3	Total
30 June 2024				
Financial assets				
Equity securities				
Exchange traded funds	1 089	–	–	1 089
Listed non-cumulative, non-redeemable preference shares	189	–	–	189
Collective investment schemes	–	324	–	324
Unlisted equity	–	–	918	918
Debt securities				
Money market securities <1 year	–	3 246	–	3 246
Money market securities >1 year	–	2 330	–	2 330
Collective investment schemes	–	1 782	–	1 782
Zero-coupon deposits backing endowment policies	–	1 738	–	1 738
Zero-coupon deposits	–	1 351	–	1 351
Government, municipal and public utility securities	–	675	–	675
Contingent receivable	–	–	117	117
Unsecured investment in development fund	–	–	57	57
Convertible loan	–	–	19	19
Derivative financial instruments				
Collateralised swaps	–	77	–	77
Bond Forward	–	10	–	10
TOTAL FINANCIAL ASSETS	1 278	11 533	1 111	13 922
Financial liabilities				
Debt securities				
Investment contract liability	–	1 738	–	1 738
Financial liabilities at fair value through profit or loss	–	–	113	113
Derivative financial instruments				
Interest rate swaps	–	85	–	85
Foreign exchange derivative	–	3	–	3
TOTAL FINANCIAL LIABILITIES	–	1 826	113	1 939

There were no transfers between levels during the year ended 30 June 2025.

The fair values of the above instruments were determined as follows:

Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- **Exchange traded funds:** The investment in the exchange traded funds track the performance of the top fifty companies listed on the JSE.
- **Listed, non-cumulative, non-redeemable preference shares:** The listed preference shares investments comprise instruments which are listed on a securities exchange. The fair values of these investments are calculated based on the quoted closing prices of the individual investments on reporting date. These instruments are included in Level 1 and comprise mainly equity and debt instruments classified as trading securities.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.1 Financial instruments measured at fair value *continued*

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are market observable, the instrument is included in Level 2.

Level 2 instruments comprise the following, with a description of their valuation techniques provided:

- **Collective investment schemes:** The Group is invested in various unit trusts that holds a diversified portfolio of assets. These instruments are fair valued monthly by multiplying the number of units held by the closing market price which is based on the most recently available observable inputs. The collective investment schemes include:
 - Money market funds: The Group utilises money market collective investment schemes for short-term cash preservation. These funds invest in a diversified portfolio of short-term, low risk debt instruments;
 - MSCI World: To increase the Group's foreign exposure it invested in MSCI world index feeder fund that invests in equities across developed markets;
 - Australian Equity Index Fund: An investment in a unit trust that tracks the performance of the top 300 companies listed on the ASX; and
 - Australian Bond fund: An investment in a fund that invests in government, government-related and investment grade corporate debt in issued in Australia.
- **Zero-coupon deposits backing endowment policies and the investment contract liability backing the asset:** These instruments relate to a linked endowment policy. The fair value is based on the quoted interest rates provided in each contract. The Group is not the ultimate counterparty to these endowment policies but rather acts as an agent to the arrangement between the client and third party. As such the asset and liability are designed to set off against each other.
- **Zero-coupon deposits:** These instruments are not traded actively during a financial reporting period. The Group uses zero-coupon deposits to offset the interest rate risk inherent in some of the life insurance products underwritten by OUTsurance Life. The counterparties to these deposits are the large South African banks. The zero-coupon deposits have been structured to allow for the payment of the notional initial deposit to be spread over the specified term to enable cash flow matching. The maturity dates of the accreting zero-coupon deposits are long-term, with maturity dates at the various trading dates not exceeding 15 years. The fair values of the accreting zero-coupon deposits are determined monthly based on observable market inputs. To determine the fair values of the accreting zero-coupon deposits, a risk-free Swap Yield Curve produced every business day by the Johannesburg Securities Exchange is referenced. The instruments are designated at fair value through profit or loss, with both the interest accrual and fair value accounted for in profit or loss. The entire balance of the zero-coupon deposits is exposed to credit risk, refer to note 3.3.3. The zero-coupon deposit has specifically remained classified as fair value through profit or loss under the 'accounting mismatch' rule as these financial assets have specifically been acquired to match the non-claims bonus portion of the policyholder liability.
- **Government, municipal and public utility securities and money market securities:** The fair value of money market instruments and government, municipal and public utility securities is determined based on observable market inputs. These instruments consist of fixed and floating rate notes held in segregated portfolios and are typically listed on the JSE Interest Rate Market. These listed instruments are not as actively traded as Level 1 instruments. The fair value of these instruments is determined by using market observable inputs. The fair value yield, term-to-maturity, coupon payments and maturity value are used to discount the expected cash flows of these instruments to their present value in determining the fair value at the financial year-end.
- **Total return swap:** The Group entered into a total return swap to hedge its obligation under the ESOP cash settled share-based payment scheme. The fair value of the total return swap is based on the net of the growth of the underlying listed share price, relative to the purchase price, and the interest payable on the notional equity value based on 3-month JIBAR.
- **Collateralised swaps:** The fair value of the collateralised swap arrangement, whereby the R2048 government bond serves as collateral and is the underlying instrument, is determined in the same manner as other money market instruments described above.
- **Foreign exchange derivative contracts:** The fair value of the foreign exchange derivatives is measured on a mark to market basis using the current exchange rate, the volatility of the underlying currency and the risk-free rate at reporting date. The risk-free rate is the issuer's chosen government bond yield which matches the term of the derivative.

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.3 Financial risk management** *continued***3.3.1 Financial instruments measured at fair value** *continued***Level 2** *continued*

- **Interest rate swaps:** These swap arrangements consist of fixed for floating instruments. The fixed leg is priced at a fixed percentage plus a contractually agreed basis point adjustment and the floating leg is priced at 3-month JIBAR.
- **Bond forward contract:** The fair value of the bond forwarded contract is derived from the fair value of the underlying bonds which are linked to the CPI index. The fair value of those bonds is calculated in the same manner as the other government and money securities described above.

The Group makes use of the interest rate swap, collateralised swap and bond forward arrangement to manage the interest rate risk contained in the non-bonus policyholder liability of OUTsurance Life. Refer to note 3.3.2 for further information with regards to how this arrangement manages interest rate risk.

Whilst the above instruments are not traded on an active market, the variable inputs relating to their valuation are readily available in the marketplace. The remaining inputs have been contractually agreed and are reflective of market related terms and conditions.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

The table below analyses the movement of the total Level 3 financial assets as at 30 June:

R million	2025	2024
Opening balance at 1 July	1 111	642
Recognised following the dilution of an associate	–	555
Contingent receivable recognised	–	115
Additions	28	–
Disposals (sales and redemptions)	(29)	(223)
Foreign exchange adjustments	(1)	(2)
Fair value movement through profit or loss	(19)	31
Fair value movement through other comprehensive income	(434)	(7)
CLOSING BALANCE AT 30 JUNE	656	1 111

• **Unlisted equity**

The table below analyses the movement of the total unlisted equity as at 30 June:

R million	2025	2024
Opening balance at 1 July	918	401
Recognised following the dilution of an associate	–	555
Disposals (sales and redemptions)	–	(29)
Foreign exchange adjustments	–	(2)
Fair value movement through other comprehensive income	(434)	(7)
CLOSING BALANCE AT 30 JUNE	484	918

Unlisted equity at fair value through profit or loss

The movements in the fair value of the investment in The SA SME Fund Limited with a carrying value of R10 million (2024: R10 million) were immaterial in the current and prior financial year.

Unlisted equity at fair value through other comprehensive income

In the prior financial year, on 6 December 2023, the Group transferred an investment held in an associate at its fair value to financial assets at fair value through other comprehensive income following the dilution of the Group's investment in the associate. The fair value of unlisted equity at fair value through other comprehensive income as at 30 June 2025 of R474 million (2024: R908 million) is determined based on discounted cash flow calculations taking into account unobservable inputs of similar companies. The negative fair value movement on this portfolio relates primarily to persistent negative investor sentiment in respect of international postgraduate student lending to students aspiring to complete their postgraduate studies at top universities in the USA. Recent policy measures in the USA, which include a pause on visa interviews and mass revocation of student visas have resulted in a sharp decline in new international students. These policy measures together with constraints on the statement of financial position have placed significant strain on the Group's investment (via RMI Treasury Company Limited) in an international fintech platform, Prodigy, which offers loans to these students.

The rest of this portfolio of unlisted equities at fair value through other comprehensive income was valued at the negotiated price in respect of an imminent sale transaction.

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.3 Financial risk management** *continued***3.3.1 Financial instruments measured at fair value** *continued***Level 3** *continued*

- **Unsecured Investment in Development Fund:** The Group invested in the ASISA Enterprise Development Fund of which the objective is to make investments in underlying B-BBEE development entities. The nature of the underlying debt and equity investments are high risk, small- and medium sized businesses which are exposed to start-up, scale and macro-economic risk. As such gains and losses which could arise from the underlying investments are material, relative to the size of the Group's investment in the fund.

The investment is fair valued by multiplying the number of units held by the closing price per unit as valued by the fund. During the current financial year, an additional contribution was made and, in order to manage exposure within the funds, the overall contributions have been split between the existing fund and another fund with the same objectives. The respective unit price is R87 194 (2024: R87 344) and R96 933 (2024: Rnil). A 20% positive or negative change in the value of the underlying investments is deemed to be a reasonable expected range of potential fluctuation of the Group's investment and will result in the following fair value of the fund. The increase or decrease in FV have a corresponding increase or decrease in profit or loss.

R million	Current	20% increase in fair value	20% decrease in fair value
30 June 2025			
Fair value	84	100	67
30 June 2024			
Fair value	57	68	45

The table below analyses the movement of the unsecured investment in development fund as at 30 June:

R million	2025	2024
Opening balance at 1 July	57	52
Additional investment	27	-
Fair value adjustments ¹	-	5
CLOSING BALANCE AT 30 JUNE	84	57

¹ Fair value adjustment of R96 000 in the current financial year has been excluded due to rounding.

- **Contingent receivable:** The contingent consideration at fair value of R74 million (2024: R117 million) is receivable at each anniversary (28 March) from the date of disposal over the next two years with the final receivable due within two months following the third anniversary date (28 March 2027). The first receivable of R16 million was received during the current financial year, the second receivable (28 March 2026) is considered to be R17 million (2024: R16 million) at fair value and the final payment is considered to be R57 million (2024: R84 million) at fair value. The value of the contingent consideration is inter alia determined based on performance fees earned by certain assets disposed of over a period of three years from the date of disposal. The contingent consideration originated from the sale of shares held in RMI Investment Managers Affiliates 2 Proprietary Limited and the shares held in Royal Investment Managers Proprietary Limited.

The table below analyses the movement of the contingent receivable as at 30 June:

R million	2025	2024
Opening balance at 1 July	117	-
Contingent receivable recognised	-	115
Disposals (sales and redemptions)	(16)	-
Fair value movement through profit or loss	(27)	2
CLOSING BALANCE AT 30 JUNE	74	117

- **Convertible loan:** This is a loan with AutoGuru Australia Pty Limited (AutoGuru) which is convertible to ordinary shares in the event of default which also exposes the Group to equity price risk and therefore fails the SPPI criteria. The loan is therefore designated at fair value through profit or loss.

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.3 Financial risk management** *continued***3.3.1 Financial instruments measured at fair value** *continued***Level 3** *continued*

The fair value was determined based on a present value calculation taking into account the term to maturity, a market related interest rate and the recoverability of the loan. The fair value increased with the agreed repayment terms reached on the disposal of the Group's equity interest in AutoGuru, which will increase the likelihood of recovery of the outstanding balance.

A 2% movement in the interest rate would result in the following fair value being recognised and the increase or decrease in FV will have a corresponding increase or decrease in profit or loss.

R million	Current	2% increase in fair value	2% decrease in fair value
30 June 2025			
Fair value	14	15	13
30 June 2024			
Fair value	19	22	17

- **Other fixed rate debt securities:** At 01 July 2023, the Group had a loan receivable of R180 million from the OUTsurance Equity Trust 2 which was settled in the amount of R184 million during the prior financial year. The value of which was not significantly sensitive to an increase or decrease in the counterparty credit rating due to the collateralized nature of the loan. The fair value was calculated with reference to a non-market observable interest rate linked to the funding cost of the lending party.
- **Financial liabilities at fair value through profit or loss:** The valuation of this financial instrument is based on the underwriting results of the insurance contracts written in terms of the FirstRand Bank Limited homeowners and the Shoprite funeral profit sharing arrangement and represents the accrued profit related to these arrangements

Profits arising out of the profit-sharing arrangements accrue on a monthly basis and are distributed as preference dividends bi-annually to FirstRand Bank Limited. Profits arising out of the funeral profit-sharing arrangement accrue on a monthly basis and are distributed as preference dividends annually to Shoprite Investment Limited. The significant unobservable input in the calculation of the preference dividends is the underwriting results of the profit-sharing arrangements which are measured in accordance with the Group's accounting policies for measuring insurance contracts. Should the profit of the profit-sharing arrangement increase or decrease by 10%, for instance, the preference dividend will also increase or decrease by 10%.

No assumptions or adjustments or any other inputs are made to the profits before or after distribution. Distribution of the profits arising are made in the form of preference dividends.

The table below analyses the movement of the Level 3 debt security as at 30 June:

R million	2025	2024
Opening balance at 1 July	113	112
Preference dividend paid	(198)	(199)
Profit accrued	211	200
CLOSING BALANCE AT 30 JUNE	126	113

The profit or loss of these profit-sharing arrangements is sensitive to the insurance service results of the contracts issued in these arrangements.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk

Market risk is the risk that the value of a financial instrument may fluctuate as a result of changes in the market price. Investments valued at fair value are therefore subject to changes in value due to market fluctuations, which may impact on the net income during those financial years in which such fluctuations occur. Market risk therefore comprises equity price risk, interest rate risk and currency risk.

Equity price risk

Equity price risk is the risk that the price of an equity instrument will fluctuate due to market forces rather than as a direct result of some other market risk such as currency or interest rate risk.

The Group is exposed to equity price risk because of the listed equity investments held by the Group and classified on the statement of financial position as fair value through profit or loss. The Group's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. The Group's holdings are diversified across companies and concentration in any one company is limited by parameters established by management which is influenced by solvency capital requirements. The Group's ALCCO actively monitors equity assets owned by the Group as well as the concentration of these holdings.

R million	2025	2024
Exposure in South African market		
Ordinary shares		
Exchange traded funds	1 184	1 089
Unlisted equities	10	10
Perpetual preference shares		
Listed non-cumulative, non-redeemable preference shares	227	189
Collective investment schemes		
Collective investment schemes: Equities	42	–
Exposure in Australian market		
Collective investment schemes		
Collective investment schemes: Equities	768	324
Exposure in markets denominated in US Dollar		
Ordinary shares		
Unlisted equities	474	908
TOTAL	2 705	2 520

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk *continued*

Equity price risk *continued*

The Group's largest concentration of equity investments in one particular company is 17.5% (2024: 22.3%) of total assets subject to equity risk. Refer to note 3.3.1 for detail on the total unlisted equity of R484 million (2024: R918 million).

At 30 June 2025, the Group's total equity securities were recorded at their fair value of R2 705 million (2024: R2 520 million).

The following table illustrates the impact on profit or loss if the fair value of the instruments were to increase or decrease. The sensitivity was based on the annualised volatility of returns in the three territories.

An increase or decrease of 15% in the fair value of the assets exposed to equity price risk would result in the following changes in profit or other comprehensive income before tax of the Group:

R million	2025		2024	
	15% increase in fair value	15% decrease in fair value	15% increase in fair value	15% decrease in fair value
South African Equities	219	(219)	193	(193)
Australian Equities	115	(115)	49	(49)
Equities denominated in US Dollar (other comprehensive income) ¹	71	(71)	136	(136)

1 The movement in the unlisted equities denominated in US dollar will impact equity directly as these instruments are measured at fair value through OCI. All other equity instruments are measured at fair value through profit or loss.

The Group entered into a Total return swap to reduce the equity price risk contained in the ESOP cash settled share-based payment scheme. Refer to note 22 for the nature of the derivative.

A subsequent 15% movement in the OGL share price and a 200-basis point move in the JIBAR will have the following changes in profit or loss:

R million	Current	15% increase in the equity fair value	15% decrease in the equity fair value	2% increase in interest rates	2% increase in interest rates
30 June 2025					
Equity receipt ¹	266	533	-	-	-
Floating payment ²	(18)	-	-	(22)	(14)
Net impact	248	533	-	(22)	(14)

1 The Group has the right to receive the growth in the OGL share price from contract inception. The impact of the 15% decrease in the equity fair value of R363 000 was excluded due to rounding.

2 Floating interest payable linked to JIBAR.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk *continued*

Interest rate risk

Interest rate risk is the risk that the value or the future cash flow of a financial instrument will fluctuate as a result of a change in market interest rates.

The Group's financial assets are exposed to interest rate risk as a significant portion of the Group's assets are invested in interest rate sensitive debt and money market securities. The risk attached to these securities is managed according to pre-specified risk levels based on a mandate with the fund managers. Risk exposure to movements in yields is specified as a maximum value per interest rate point move per million rand invested. These levels are approved annually by the Board of directors and the Group ALCCO.

The Group is aware that JIBAR will be replaced by ZARONIA and will monitor the economic impact on the value of the instruments. The new ZARONIA rate was published for observation during 2022 and was endorsed as a successor rate in 2023. ZARONIA-linked instruments have begun trading in the derivative and cash markets in May 2025. The formal announcement of the cessation of JIBAR as a reference rate is expected towards the end of 2025 and it is expected that this will be for the end of 2026. The nominal value of the Group's exposure to ZARONIA-linked instruments was R123 million as at 30 June 2025. The ZARONIA rate of 7.12% and the JIBAR rate of 7.29% as at 30 June 2025 did not expose the Group to materially different interest rate risk.

The Group's exposure to interest rate risk is R26 487 million (2024: R24 121 million), which consists of fixed rate instruments of R17 317 million (2024: R15 519 million) and variable rate instruments of R9 170 million (2024: R8 602 million).

An increase or decrease of 2% in the market interest rate would result in the following changes in profit or loss and other comprehensive income before tax of the Group and equity. A 2% movement is reflective of potential changes in the interest rate in the current economic environment.

R million	2025		2024	
	2% increase	2% decrease	2% increase	2% decrease
Amortised cost instruments				
Fixed rate instruments				
Cash and cash equivalents	4	(4)	1	(1)
Term deposits	(287)	287	(251)	251
Variable rate instruments				
Cash and cash equivalents ¹	34	(34)	34	(34)
Fair value through profit or loss instruments				
Fixed rate instruments				
Zero-coupon deposits backing endowment policies	37	(37)	35	(35)
Convertible loan	1	(1)	3	(2)
Variable rate instruments				
Collective investment schemes	15	(15)	–	–
Money market securities <1 year	–	–	15	(15)
Fair value through other comprehensive income instruments				
Fixed rate instruments				
Government, municipal and public utility securities	(9)	10	(3)	3
Money market securities <1 year	(3)	3	(5)	5
Money market securities >1 year	(6)	6	(13)	14
Variable rate instruments				
Government, municipal and public utility securities	(26)	29	(8)	9
Money market securities <1 year	(15)	15	(16)	16
Money market securities >1 year	(121)	131	(98)	106
Collective investment schemes	38	(38)	36	(36)
TOTAL NET IMPACT	(338)	352	(270)	281

¹ The prior financial year impact of the 2% decrease in interest rate on cash and cash equivalents was updated to reflect the appropriate effect on profit or loss.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk *continued*

Interest rate risk *continued*

The Group's asset portfolio used to match regulatory long-term insurance contract liabilities is exposed to interest rate risk. At 30 June 2025, the carrying value and fair value of this portfolio was R1 730.1 million (2024: R1 350.6 million). A 200-basis point shift in the market yield curve would result in the following changes in the capital value of this portfolio:

R million	2025		2024	
	2% increase	2% increase	2% increase	2% decrease
Zero-coupon deposits	(155)	174	(166)	188
Derivative financial instruments – Interest rate swap	240	(280)	232	(268)
Derivative financial instruments – Bond forward	(39)	51	(63)	83
Derivative financial instruments – Collateralised swap	(44)	85	(62)	117
TOTAL NET IMPACT	2	30	(59)	120

Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than its functional currency.

Translation risk arises as a result of movements between the functional currencies of foreign subsidiaries and the Group's reporting currency.

The Group's exposure to translation risk is mainly in respect of foreign investments made in line with the long-term strategy approved by the Board for seeking international diversification of investments to expand its income stream. The Group has investments in foreign subsidiaries and associates whose net assets are exposed to currency translation risk, primarily the Australian Dollar and Euro.

The foreign exchange profits or losses arising from the translation of the Group's foreign subsidiaries statements of financial position from their functional currencies into Rand are recognised in the foreign currency translation reserve (FCTR). The movements in exchange rates therefore have no impact on profit. The FCTR is realised in profit or loss on disposal of the foreign companies.

The table below sets out the balances of financial instruments denominated in Australian Dollar:

	2025		2024	
	A\$ million	R million	A\$ million	R million
Convertible loan to AutoGuru	1	14	2	19
Foreign bank account	2	27	2	30
Exchange rates:				
Closing rate at 30 June 2025	11.68			
Closing rate at 30 June 2024	12.13			

The Group's exposure to currency risk due to transactions denominated in foreign currency is not considered significant.

The table below sets out the balances of financial instruments denominated in US Dollar:

	2025		2024	
	US\$ million	R million	US\$ million	R million
Unlisted equity	27	474	50	908
Exchange rates:				
Closing rate at 30 June 2025	17.75			
Closing rate at 30 June 2024	18.19			

An appreciation or depreciation of 1ZAR to the US\$ (2024: 1ZAR to the US\$) would result in other comprehensive income before tax of the Group decreasing by R26.7 million or increasing by R26.7 million (2024: a decrease of R49.9 million or increase of R49.9 million).

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk *continued*

Currency risk *continued*

Foreign exchange derivatives

The Group utilises derivative financial instruments to reduce the impact of the currency risk contained in its open foreign currency exposures. The Group undertakes transactions involving derivative financial instruments with other financial institutions.

During the current financial year, the Group has entered into foreign derivative contracts to economically hedge its exposure against the volatility of the Rand against the Euro. The Euro FEC was entered into to hedge the €10 million additional capital investment in OUTsurance Irish Insurance Holdings Limited, which is due in November 2025 as part of the incremental capital investment over the next 5 years to meet the minimum capital requirements of the Central Bank of Ireland.

In the prior financial year, the Group has entered into similar foreign derivative contracts to economically hedge its exposure against the volatility of the Rand against the Euro related to the additional capital investment in OUTsurance Irish Insurance Holdings Limited to fund its minimum capital requirement for obtaining its insurance license.

The table below sets out the Forward Exchange Contracts (FEC's) entered into by the Group:

Million	FEC currency	FEC weighted average strike price	Foreign currency contract amount	Current Rand Exposure	Fair value at 30 June 2025
At 30 June 2025					
EUR FEC	EURO	R19.93	10	199	10
Million	FEC currency	FEC weighted average strike price	Foreign currency contract amount	Current Rand Exposure	Fair value at 30 June 2024
At 30 June 2024					
EUR FEC	EURO	R19.77	10	198	3

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk

Credit risk is the risk that a financial asset may not be realisable due to the inability or unwillingness of the issuer of such an instrument to discharge its contractual obligations over the expected life of the financial instrument. The key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents;
- Loans and receivables at amortised cost;
- Favourable derivative financial instruments;
- Financial assets measured at fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL);
- Reinsurers' share of insurance liabilities; and
- Amounts due from debtors.

The Group limits its counterparty exposures from its money market and preference share investment operations by investing in entities with a minimum credit rating and ensuring counterparty diversification. The credit quality of the Group's counterparties as well as the exposure to credit risk is monitored by the Group's ALCCO against a set Board investment mandate. The mandate is informed by the prudential regulatory capital requirements of each entity.

The table below indicates the credit quality of the Group's financial assets:

R million	AAA	AA	A	BBB	BB	B	CCC	Not rated	Total
At 30 June 2025									
Reinsurance contract assets	814	1 320	213	3	3	-	-	-	2 353
Term deposits	-	14 347	-	-	-	-	-	-	14 347
Cash and cash equivalents	-	1 210	-	639	16	-	-	-	1 865
Collective investment schemes	-	743	1 893	7	2	-	-	1	2 646
Other receivables ¹	-	329	-	19	-	-	-	1 311	1 659
Zero-coupon deposits	-	-	-	740	846	144	-	-	1 730
Money market securities >1 year	-	-	-	-	2 950	96	-	-	3 046
Money market securities <1 year	-	-	-	-	1 900	18	-	-	1 918
Zero-coupon deposits backing endowment policies	-	-	-	-	1 863	-	-	-	1 863
Government, municipal and public utility securities	-	-	-	-	780	4	3	2	789
Unsecured investment in development fund	-	-	-	-	-	-	-	84	84
Contingent receivable	-	-	-	-	-	-	-	74	74
Convertible loan	-	-	-	-	-	-	-	14	14
Preference share investment	-	-	-	-	-	-	-	8	8
TOTAL	814	17 949	2 106	1 408	8 360	262	3	1 494	32 396

¹ This excludes receivables classified as non-financial assets. The unrated receivable is materially related to unrated brokers and intermediaries who collect premiums from policyholders and once-off receivables from a corporate transaction. Credit quality assessment is done through the underwriting process of the policyholder.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

The table below indicates the credit quality of the Group's financial assets:

R million	AAA	AA	A	BBB	BB	B	Not rated	Total
At 30 June 2024								
Reinsurance contract assets ¹	212	991	233	3	18	–	130	1 587
Term deposits	–	12 525	–	–	–	–	–	12 525
Collective investment schemes	–	1 696	–	43	43	–	–	1 782
Cash and cash equivalents	–	844	9	652	187	–	–	1 692
Other receivables ²	–	294	–	23	–	–	709	1 026
Zero-coupon deposits	–	–	–	600	635	116	–	1 351
Money market securities <1 year	–	–	–	–	3 218	28	–	3 246
Money market securities >1 year	–	–	–	–	2 215	115	–	2 330
Zero-coupon deposits backing endowment policies	–	–	–	–	1 738	–	–	1 738
Government, municipal and public utility securities	–	–	–	–	662	3	10	675
Contingent receivable	–	–	–	–	–	–	117	117
Preference share investment	–	–	–	–	–	–	109	109
Unsecured investment in development fund	–	–	–	–	–	–	57	57
Convertible loan	–	–	–	–	–	–	19	19
TOTAL	212	16 350	242	1 321	8 716	262	1 151	28 254

1 Reinsurance contract assets relating to OUTsurance Ireland were updated from a BB credit rating to an A credit rating in the prior financial year to better reflect their counterparty credit risk exposure.

2 This excludes receivables classified as non-financial assets. The unrated receivable is materially related to unrated brokers and intermediaries who collect premiums from policyholders. Credit quality assessment is done through the underwriting process of the policyholders.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset in the table above, except for the reinsurance contract assets that only represents the credit quality of the balance.

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.3 Financial risk management** *continued***3.3.3 Credit risk** *continued*

As at 30 June 2025, the maximum exposure to credit risk from reinsurance contracts, which relates to incurred claims recoverable from the re-insurers, is R2 167 million (2024: R1 629 million). The credit quality of the balance of this exposure is as follows:

R million	2025	2024
Credit rating		
AAA	814	150
AA	1 062	1 074
A	171	275
BBB	3	3
Unrated	117	127
TOTAL	2 167	1 629

As at 30 June 2025, the maximum exposure to credit risk on insurance contracts is R117 million (2024: R116 million), which relates to premiums receivable for services the Group already provided. These balances are considered unrated as they relate to receivables from policyholders who do not have a credit rating. The credit quality assessment is done through the underwriting process of the policyholder:

R million	2025	2024
OUTsurance	116	116
Youi	1	-
OUTsurance Ireland ¹	-	-
TOTAL	117	116

1 A balance of R185 000 in the current financial year has been excluded due to rounding.

The credit quality of the financial assets of the Group have mostly remained consistent with the prior financial year and have improved for the South African Group's cash and cash equivalent balances from the previous financial year. The credit quality of the Group's instrument with Land Bank has improved from unrated to a CCC credit rating.

Where available, the Group utilises the credit ratings per counterparty as provided by each of the major credit rating agencies to determine the credit quality of a specific instrument. Where the instrument credit rating is not available, the credit rating of the counterparty as provided by the major credit ratings agencies is utilised.

In instances where the credit rating for the counterparty is not available, the Group utilises the credit rating provided by a service provider amended to take into account the credit risk appetite of the Group. The internal methodology of the service provider provides a credit rating which assesses the counterparty's credit quality based on its financial standing. This methodology has been approved by the Group's ALCCO. Should the service provider not provide a credit rating, the counterparty is shown as unrated.

The ratings are defined as follows:

Long-term ratings

- AAA** Highest credit quality. The ratings denote the lowest expectation of credit risk, 'AAA' ratings are assigned only in the case of exceptionally strong capacity or payment of financial commitments.
- AA** Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
- A** High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. The capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
- BBB** Good credit quality. 'BBB' rating indicates a low expectation of credit risk. They indicate adequate capacity for timely payment of financial commitments. Changes in circumstances or in economic conditions are more likely to impair this capacity than is the case for higher ratings.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

Long-term ratings *continued*

- BB Speculative quality. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.
- B Highly speculative. 'B' rating indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met, however capacity for continued payment is vulnerable to deterioration in the business and economic environment.
- CCC Poor credit quality. 'CCC' rating indicates that default is highly probable and that the instrument carries a high credit risk.

Impairment of financial assets

Calculation of Expected Credit Losses (ECL)

The ECL allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

ECL reflects the Group's own expectations of credit losses discounted to its present value. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Group also considers observable market information about the credit risk of the particular financial instrument or similar financial instruments.

The ECL loss allowances are measured on either of the following bases:

- 12-month ECL: ECL that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECL: ECL that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Exposures are assessed on a per instrument type basis unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on future cash flows. Where such evidence exists, the exposure is assessed on an individual instrument basis. Financial assets are also grouped according to the type of financial asset. The Group makes use of estimates of PDs, LGDs and EADs to calculate the ECL balance for financial assets.

Depending on the relevant information available, PDs are based on historic default rate factors and linked to national scale credit ratings assigned to the issuing parties.

LGDs are derived from a free cash flow (FCF) forecast taking into account the interest rate spreads attached to the instruments. The FCF is discounted at the discount rates provided by the regulating authority which takes the current and expected macro-economic conditions into account. The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

EADs are determined with reference to expected amortisation schedules, historical payment patterns and taking into account credit conversion factors as applicable for undrawn or revolving facilities.

The market risk capital calculation prescribed under the current regulatory regime is used as a reference point in the above calculations.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

The gross carrying amount of instruments subject to ECL is written off or reduced when there is no reasonable expectation of recovering a financial instrument in its entirety or a portion thereof.

Notes to the consolidated annual financial statements *continued***3. Management of risk and capital** *continued***3.3 Financial risk management** *continued***3.3.3 Credit risk** *continued***Impairment of financial assets** *continued***Significant increase in credit risk and default**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers quantitative and qualitative information based on the Group's historical experience, credit assessment and forward-looking information. The Group's assessment of a significant increase in credit risk subsequent to initial recognition is performed through credit quality assessments of the debt instruments as well as that of the issuing party throughout the financial year. This includes the use of market indicators.

The credit quality of debt instruments is assessed on a monthly basis by means of ensuring that the credit rating of an individual instrument has not deteriorated to a point where it breaches the Group's investment policy. The Group's investment policy allows for investments to be made in high quality debt instruments. If the investment policy is breached, the impact on the ECL will be assessed.

The assessment described above is part of the Group's ongoing monitoring of its investment portfolios. When making a quantitative assessment, the Group uses the change in the PD occurring over the expected life of the financial instrument. This requires a measurement of the PD at initial recognition and at the reporting date.

The Group deems that a significant increase in credit risk arises when a debtor is 30 days past due in making a contractual payment.

A financial asset is in default when the financial asset is credit-impaired or if the financial asset is 90 days past due.

Forward looking information

The yield curves and discount rates utilised to project the forward rate spreads on the financial instruments takes macro-economic conditions into account. Macro-economic market conditions are based on the expectations of the debt market such as economic, political and market liquidity risks. These yield curves and discount rates are utilised to calculate the present value of future cash flows taking into account the unsystematic risk for future periods. This, coupled with the credit outlook attached to a specific financial instrument, is utilised to calculate the PD and LGD based on the formulas prescribed by the current regulatory regime.

Analysis of credit risk and allowance for ECL

The following table sets out information about the credit quality of financial assets at 30 June 2025 where it carries credit risk. The total carrying amounts represent the maximum exposure to credit risk at the reporting date:

R million	Gross carrying amount	
	Subject to 12-month ECL	Subject to lifetime ECL
At 30 June 2025		
Cash and cash equivalents	1 865	–
Term deposits	14 347	–
Preference share investment	–	6
Government, municipal and public utility securities	786	3
Money market securities <1 year	1 918	–
Money market securities >1 year	3 046	–
Other receivables	1 659	–
TOTAL	23 621	9

R million	Gross carrying amount	
	Subject to 12-month ECL	Subject to lifetime ECL
At 30 June 2024		
Cash and cash equivalents	1 692	–
Term deposits	12 525	–
Preference share investment	–	130
Government, municipal and public utility securities	665	10
Money market securities <1 year	3 246	–
Money market securities >1 year	2 330	–
Other receivables	1 026	–
TOTAL	21 484	140

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

Analysis of credit risk and allowance for ECL *continued*

The loss allowance for debt investments at FVOCI in 30 June 2025, is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

R million	12-month ECL ¹	Lifetime ECL ²	Total
At 30 June 2025			
Expected credit losses			
Preference share investment	–	3	3
Government, municipal and public utility securities	3	1	4
Money market securities <1 year	5	–	5
Money market securities >1 year	9	–	9
TOTAL	17	4	21

R million	12-month ECL ¹	Lifetime ECL ²	Total
At 30 June 2024			
Expected credit losses			
Preference share investment	–	30	30
Government, municipal and public utility securities	2	2	4
Money market securities <1 year	8	–	8
Money market securities >1 year	7	–	7
TOTAL	17	32	49

1 Financial assets subject to 12-month ECL have an investment grade credit rating of AAA to BB.

2 Financial assets subject to lifetime ECL have a sub-investment grade of B and lower.

The movement in the ECL balance is linked to the improved credit quality in the money market segregated portfolios:

The counter party exposure changed from the prior year, with exposure in:

- Banking counterparties increasing from 63.5% to 64.2%;
- Corporate counterparties decreasing from 24.2% to 22.1%; and
- Government counter parties increasing from 12.2% to 13.7%.

Reinsurance credit exposures

Under the terms of reinsurance agreements, reinsurers agree to reimburse the ceded amount in the event that the gross claim is paid. However, the Group remains liable to its policyholders regardless of whether the reinsurer meets the obligations it has assumed. Consequently, the Group is exposed to credit risk. The Group reviews its reinsurance agreements on an annual basis and ensures the appropriate credit quality of any reinsurer prior to renewing or entering an agreement. The Group's reinsurer's credit ratings are measured on an international scale.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.4 Liquidity risk

Liquidity risk is the risk that the Group, although solvent, is not able to settle its obligations as they fall due because of insufficient liquid assets in the Group. To ensure that the Group's operating entities are able to meet their liabilities when they fall due, the liquidity profile of the various balance sheets are actively managed with a defined investment mandate. The table below provides a liquidity profile of the Group's financial and insurance contract assets. The liquidity profile assumes that instruments can be traded or settled in the ordinary course of business and in markets with sufficient liquidity. The effect of discounting on financial liabilities is considered to be immaterial. The Group has access to a revolving credit facility of R1 350 million and internally generated surplus capital to support the Group's capital investment in OUTsureance Ireland as well as to provide support for the capital projects of the Group. At 30 June 2025 Rnil was drawn from this facility (2024: R774 million). Refer to note 33 for more information.

R million	30 June 2025	%	30 June 2024	%
Liquid financial assets				
<i>Realisable within 30 days¹</i>				
Cash and cash equivalents	1 865	5.6%	1 692	5.8%
Collective investment schemes	3 456	10.5%	2 106	7.2%
Government, municipal and public utility securities	789	2.4%	675	2.3%
Money market securities	4 964	15.0%	5 576	19.1%
Exchange traded funds – ordinary shares	1 184	3.6%	1 089	3.7%
Other receivables	25	<1%	–	–
<i>Realisable between one and twelve months</i>				
Term deposits	14 347	43.4%	12 525	42.8%
Other receivables	1 634	4.9%	1 026	3.5%
Contingent receivable	18	<1%	18	<1%
Preference share investment	3	<1%	–	–
Derivative assets	259	<1%	10	<1%
Convertible loan	14	<1%	14	<1%
TOTAL LIQUID FINANCIAL ASSETS	28 558		24 731	
Illiquid assets				
<i>Realisable in more than twelve months</i>				
Zero-coupon deposits	1 730	5.2%	1 351	4.6%
Listed non-cumulative, non-redeemable preference shares	227	<1%	189	<1%
Unsecured investment in development fund	84	<1%	57	<1%
Zero-coupon deposits backing endowment policies	1 863	5.6%	1 738	6.0%
Convertible loan	–	–	5	<1%
Unlisted equity	484	1.5%	918	3.1%
Contingent receivable	56	<1%	99	<1%
Preference share investment	5	<1%	100	<1%
Derivative assets	67	<1%	77	<1%
TOTAL ILLIQUID ASSETS	4 516		4 534	
TOTAL FINANCIAL ASSETS HELD	33 074	100%	29 265	100%
Reinsurance contract asset – Non life				
Realisable within 30 days	285		54	
Realisable between one and twelve months	1 234		383	
Realisable after more than twelve months	766		1 038	
Reinsurance contract asset – Life				
Realisable within 30 days ²	16		23	
Realisable between one and twelve months ²	21		32	
Realisable after more than twelve months	31		57	
TOTAL INSURANCE CONTRACT ASSETS HELD	2 353		1 587	
TOTAL ASSETS (EXCLUDING NON-MONETARY ASSETS)	35 427		30 852	

1 Can be converted to cash before contractual maturity.

2 The Reinsurance contract asset – Life has been disaggregated in the prior financial year to better reflect its liquidity profile.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.4 Liquidity risk *continued*

Maturity profile of liabilities

The table below shows the expected liquidity profile of the Group's liabilities and shows the liquid asset coverage ratio which indicates how many times the liabilities are covered by liquid assets. This ratio is actively managed in accordance with the investment and balance sheet management mandate of each Group entity.

Time bands are structured based on the timing of when the insurance contract liabilities are due in the normal course of business.

It is expected that the non-life insurance contract liabilities in the 0 – 12 month time band will realise as follow:

- 53% (2024: 55%) within 0 – 3 months;
- 26% (2024: 25%) within 4 – 6 months; and
- 21% (2024: 20%) within 7 – 12 months.

R million	0 – 12 months	13 – 24 months ¹	25 – 36 months ¹	37 – 48 months ¹	49 – 60 months ¹	>60 months	Total
At 30 June 2025							
Expected discounted cash flows							
Insurance contract liabilities – life	(206)	(172)	(53)	349	313	402	633
Reinsurance contract liabilities – life	(10)	5	4	2	1	4	6
Insurance contract liabilities – non-life	12 883	1 143	678	360	220	312	15 596
Reinsurance contract liabilities – non-life	22	2	1	1	1	2	29
Derivative financial instruments	22	27	20	10	(1)	(71)	7
Investment contract liability ²	16	37	1 395	415	–	–	1 863
	12 727	1 042	2 045	1 137	534	649	18 134
Contractual undiscounted cash flows³							
Financial liabilities at fair value through profit and loss	126	–	–	–	–	–	126
Trade creditors	162	–	–	–	–	–	162
Other payables	761	–	–	–	–	–	761
	1 049	–	–	–	–	–	1 049
TOTAL LIABILITIES	13 776	1 057	2 030	1 144	527	649	19 183
Liquid asset coverage ratio ⁴	2.08						1.59
Financial assets coverage ratio							1.85

1 The time bands related to the liquidity profile of Group's insurance and reinsurance liabilities have been updated in the current and prior financial years to reflect the cash flows in each of the first 5 years after the reporting date in accordance with IFRS Accounting Standards. The liquidity profile for the derivative financial instruments and investment contract liability was aligned with a similar profile to better reflect the nature of the unwind.

2 The Investment contract liability cash flows are disclosed on a discounted basis as the liability is fully offset by the zero-coupon term deposits, which are also disclosed on this basis. Presenting the Investment contract liability cash flows on an undiscounted basis would cause a misrepresentation of the economic nature relating to this offset.

3 The effects of discounting does not have a significant effect on the contractual undiscounted cash flow due to the short-term maturity profile.

4 The zero-coupon deposits backing endowment policies assets have been included in the total liquid asset coverage ratio as they are used to match the investment contract liability, creating a netting off effect.

Tax and employee liabilities are excluded from the liquidity analysis due to their nature not being that of a financial liability.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.4 Liquidity risk *continued*

Maturity profile of liabilities *continued*

R million	0 – 12 months	13 – 24 months ¹	25 – 36 months ¹	37 – 48 months ¹	49 – 60 months ¹	>60 months	Total
At 30 June 2024							
Expected discounted cash flows							
Insurance contract liabilities – Life	(241)	(184)	(185)	(37)	314	980	647
Reinsurance contract liabilities – Life	–	1	1	1	–	–	3
Insurance contract liabilities – Non-Life	10 099	796	473	285	232	374	12 259
Reinsurance contract liabilities – Non-Life	20	3	1	1	–	–	25
Derivative financial instruments	31	36	27	17	7	(30)	88
Investment contract liability ²	27	15	33	1 283	380	–	1 738
	9 936	667	350	1 550	933	1 324	14 760
Contractual undiscounted cash flows³							
Financial liabilities at fair value through profit and loss	113	–	–	–	–	–	113
Trade creditors	109	–	–	–	–	–	109
Other payables	661	–	–	–	–	–	661
	883	–	–	–	–	–	883
TOTAL LIABILITIES	10 819	667	350	1 550	933	1 324	15 643
Liquid asset coverage ratio	2.30						1.69
Financial assets coverage ratio ⁴							1.97

1 The time bands related to the liquidity profile of Group's insurance and reinsurance liabilities have been updated in the current and prior financial years to reflect the cash flows in each of the first 5 years after the reporting date in accordance with IFRS Accounting Standards. The liquidity profile for the derivative financial instruments and investment contract liability was aligned with a similar profile to better reflect the nature of the unwind.

2 The Investment contract liability has been disaggregated in the prior financial year to better reflect its liquidity profile. The Investment contract liability cash flows are disclosed on a discounted basis as the liability is fully offset by the zero-coupon term deposits, which are also disclosed on this basis. Presenting the Investment contract liability cash flows on an undiscounted basis would cause a misrepresentation of the economic nature relating to this offset.

3 The effect of discounting does not have a significant effect on the contractual undiscounted cash flow due to the short-term maturity profile.

4 The total liquid asset coverage ratio in the prior financial year has been updated to include the zero-coupon deposits backing endowment policies assets as they are used to match the investment contract liability, creating a netting off effect.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.4 Capital management

Capital adequacy risk is the risk that there are insufficient reserves to provide for variations in actual future experience that is worse than what has been assumed in conducting insurance business and to facilitate growth and strategic objectives.

The Group's objectives when managing capital are:

- to comply with the regulatory solvency capital requirements for each entity and the Group;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return for shareholders by pricing insurance commensurately with the level of risk; and
- to retain sufficient surplus capital to facilitate future growth and strategic expansion.

The Group and its insurance entities assess the solvency capital requirement as follows:

- **Non-life underwriting risk:** The risk that arises from insurance obligations for short-term insurance business and includes reserve, premium, catastrophe and lapse risk.
- **Life underwriting risk:** The risk that arises from insurance obligations for long-term insurance business and includes lapse, mortality, morbidity, catastrophe and expense risks.
- **Market risk:** The risk of loss arising from movements in market prices on the value of the insurer's assets and liabilities or of loss arising from the default of the insurer's counterparties.
- **Operational risk:** The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and the type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities.

The Group and its insurance entities set a target solvency coverage multiple of the regulated minimum for each jurisdiction and the Group in aggregate to act as a buffer against uncertainty. These target multiples are derived from considering the unique risk characteristics of each entity and the Group in aggregate. These risk characteristics include the impact of stress and scenario tests, the level and variability of profits and the accepted risk appetite. The Group target multiple for 2025 and 2024 was set as the weighted average of the target SCR's of each entity.

Qualifying regulatory capital or own funds consists of retained earnings, contributed share capital and distributable reserves.

The table below summarises the Solvency Coverage Ratio for each of the regulated Group companies and the actual solvency achieved:

Solvency coverage ratio ¹	Jurisdiction	30 June 2025 ²		30 June 2024 ²	Target ²
			Target ²		
Group		2.3	1.5	2.3	1.5
Short-term insurance					
OUTsurance Insurance Company Limited	South Africa	1.8	1.3	1.7	1.3
Youi Holdings Group	Australia	2.3	1.6 – 1.9	2.3	1.6 – 1.9
OUTsurance Ireland Group	Ireland	8.7	1.5	21.6	1.5
Long-term insurance					
OUTsurance Life Insurance Company Limited	South Africa	2.2	1.5	3.0	1.5

¹ Solvency Coverage Ratio, which is defined as the ratio of regulatory admissible net assets to the solvency capital requirement.

² The reported ratio is before foreseeable dividends.

Notes to the consolidated annual financial statements *continued*

3. Management of risk and capital *continued*

3.4 Capital management *continued*

The regulated solvency capital requirements for the various regulated entities are calculated as follows:

Group and South African operations

The Financial Soundness for Insurers and Financial Soundness for Groups prudential standards prescribes certain measures by which insurers and Groups measure their eligible own funds and prescribe the manner in which the solvency capital requirement (SCR) needs to be calculated. The Group and solo entities apply the standard formula approach to determine the SCR.

OUTsurance Holdings Limited and its subsidiaries are regulated as an insurance group. The deduction and aggregation method are used to assess capital adequacy on a group-wide basis. This method sums the solo capital requirements and aims to calculate the relevant adjustments to avoid double or multiple gearing of capital. Excess or deficits of capital existing at the level of each entity, including entities in other jurisdictions in the group, i.e., on a solo basis, are aggregated (net of intragroup transactions) in order to measure the own funds surplus (or deficit) at a Group level.

The prescribed SCR is the level of eligible own funds required to ensure the value of assets will exceed technical provisions and other liabilities at a 99.5% level of certainty over a one-year time horizon. The SCR is calculated based on the following key risk categories:

- Non-life underwriting risk;
- Life underwriting risk;
- Market risk; and
- Operational risk.

Australian operations – Short-term insurance operations

The Australian Prudential Regulation Authority (APRA) regulates the capital requirements of Australian entities which are licensed general insurers calculated in accordance with Prudential Standards GPS 110 Capital Adequacy. The prudential capital requirement (PCR) is equal to the sum of the prescribed capital amount (PCA) and any supervisory adjustment determined by APRA.

The PCA is calculated in accordance with the Standard Method as the sum of:

- Insurance risk charge;
- Insurance Concentration risk charge;
- Asset risk charge;
- Asset Concentration risk charge;
- Operational risk charge; and
- Less aggregation benefit.

Ireland operations – Short-term insurance operations

The Central Bank of Ireland (CBI) regulates the capital requirements of OUTsurance DAC in Ireland under the European Solvency II Standard Formula.

Notes to the consolidated annual financial statements *continued*

4. Segment information

For management purposes, the Group is organised into business units based on product offering.

Consequently, the Group has the following operating segments:

- Personal insurance: This segment provides personal and casualty insurance products to individuals conducted in OUTsurance Insurance Company Limited and Youi Holdings Pty Limited;
- Business insurance: This segment provides short-term insurance products to small and medium sized businesses. Business insurance is conducted in OUTsurance Insurance Company Limited and Youi Holdings Pty Limited;
- Youi CTP: This segment provides compulsory third-party vehicle insurance to individuals in Australia and conducted in Youi Holdings Pty Limited;
- OUTsurance Central: This is the central cost incurred by OUTsurance that is not allocated to the OUTsurance personal and business segments;
- OUTsurance Ireland: This segment provides personal and casualty insurance products to individuals conducted in OUTsurance Designated Activity Company;
- Life insurance: This segment provides long-term insurance products to individuals. Life insurance business is conducted in OUTsurance Life Insurance Company Limited;
- Administration services: This segment provides contact centre services to Youi Group and external third parties and earns inter-segment license fees on the core insurance technology of the Group; and

Central and consolidation adjustments: This segment relates to all the other segments within the Group that have not been specified above as well as costs that are not allocated to specific segments due to their overarching nature.

This presentation better reflects the way the Chief Operating Decision Maker (CODM) reviews the results.

For risk classes included in the Personal and Business insurance segments refer to note 3.2.1(i). For insurance products issued in the Life insurance segment refer to note 3.2.2(i).

The Group manages its balance sheet and capital requirements at a total company level and not per product level at which the operations of the Group is managed. The balance sheet information is also presented to the CODM at a company level.

The information in the segment report is presented on the same basis as reported to and managed by management. Material items of dissimilar nature are presented separately. Items are aggregated based on the qualitative and quantitative significance of the business units. Reporting adjustments are those accounting reclassifications and entries required to produce IFRS Accounting Standards compliant results. The Group's total earnings is managed on a normalised basis, which most appropriately reflects the economic performance of the Group.

The material revenue of the Group is derived from gross written premiums for insurance policies issued.

The Group accounts for inter-segment revenues gross in the segment note and eliminates the inter-segment values in the central and consolidation adjustments column. The inter-segment revenue consists of license fees and administration fees for call centre services to the value of R250.7 million (2024: R188.5 million). Given the nature of the operations there is no single external customer that provides 10% or more of the Group's revenues.

In addition to the IFRS 17 compliant income statements, additional disclosure is provided in support of the management metrics monitored, which include volume and ratio calculations.

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*

Market segmentation

	Property and casualty insurance								Long-term insurance							
	OUTsurance				Youi Group				OUTsurance Ireland	P&C Total	OUTsurance Life	Admini- stration services	OHL central and consolidation entries	OHL Group Total	Treasury Company and consolidation entries	OGL Group Total
	Personal ¹	Business	Central	Total	Personal	Business	CTP	Total								
Segment income statement information																
Year ended 30 June 2025																
Insurance revenue	10 345	3 002	-	13 347	20 170	1 157	1 223	22 550	97	35 994	1 137	-	-	37 131	-	37 131
Insurance service expenses	(6 146)	(2 224)	-	(8 370)	(16 782)	(1 103)	(1 412)	(19 297)	(452)	(28 119)	(549)	-	-	(28 668)	-	(28 668)
Net expenses from reinsurance contracts held	(143)	(51)	-	(194)	(590)	(60)	24	(626)	(23)	(843)	(39)	-	-	(882)	-	(882)
Insurance service result	4 056	727	-	4 783	2 798	(6)	(165)	2 627	(378)	7 032	549	-	-	7 581	-	7 581
Administration and other revenue ²	13	29	-	42	1	-	-	1	-	43	24	634	(251)	450	-	450
Fair value adjustment to financial liabilities	(181)	-	-	(181)	-	-	-	-	-	(181)	(30)	-	-	(211)	-	(211)
Operating expenses ²	(164)	(59)	(1 191)	(1 414)	(108)	(2)	(1)	(111)	(74)	(1 599)	(173)	(619)	36	(2 355)	81	(2 274)
Underwriting result	3 724	697	(1 191)	3 230	2 691	(8)	(166)	2 517	(452)	5 295	370	15	(215)	5 465	81	5 546
Investment income on insurance contract assets and liabilities	127	35	-	162	447	42	84	573	4	739	139	-	-	878	-	878
Finance expenses from insurance contracts issued	(100)	(35)	-	(135)	(50)	(2)	(133)	(185)	-	(320)	(132)	-	-	(452)	-	(452)
Finance income from reinsurance contracts held	-	-	-	-	6	-	89	95	-	95	61	-	-	156	-	156
Operating profit/(loss)	3 751	697	(1 191)	3 257	3 094	32	(126)	3 000	(448)	5 809	438	15	(215)	6 047	81	6 128
Equity accounted earnings	-	-	-	-	-	-	-	70	-	70	-	-	(3)	67	122	189
Profit on sale of associate/held for sale asset	-	-	-	-	-	-	-	176	-	176	-	-	-	176	35	211
Impairment of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	(10)	(10)	-	(10)
Operating profit/(loss) including associate earnings				3 257				3 246	(448)	6 055	438	15	(228)	6 280	238	6 518
Net investment income on shareholder investment capital				1 027				205	47	1 279	57	17	224	1 577	(278)	1 299
Finance costs				(60)				(11)	(1)	(72)	(5)	(2)	(52)	(131)	(5)	(136)
Profit/(loss) before tax				4 224				3 440	(402)	7 262	490	30	(56)	7 726	(45)	7 681
Taxation				(1 145)				(1 027)	-	(2 172)	(145)	(6)	(118)	(2 441)	(21)	(2 462)
Profit/(loss) after tax				3 079				2 413	(402)	5 090	345	24	(174)	5 285	(66)	5 219
Non-controlling interest				-				-	-	-	-	-	(134)	(134)	(378)	(512)
Profit/(loss) attributable to ordinary shareholders				3 079				2 413	(402)	5 090	345	24	(308)	5 151	(444)	4 707
Headline and normalised earnings adjustments				(151)				(123)	-	(274)	4	4	77	(189)	210	21
Normalised earnings				2 928				2 290	(402)	4 816	349	28	(231)	4 962	(234)	4 728

1 Includes the Homeowners cover book sourced from FirstRand Bank Limited.

2 The Administration and other revenue and Operating expenses descriptions were updated to reflect the appropriate nature of the income and expenses included in these respective lines.

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*

Segmental ratio calculation and reconciliation

	Property and casualty insurance									
	OUTsurance				Youi Group				OUTsurance Ireland	P&C Total
	Personal	Business	Central	Total	Personal	Business	CTP	Total		
Segmental ratio calculation										
Year ended 30 June 2025										
Gross written premium	10 335	3 018	–	13 353	22 463	1 167	1 530	25 160	269	38 782
Movements in unearned premium	10	(16)	–	(6)	(2 293)	(10)	(307)	(2 610)	(172)	(2 788)
Gross earned premium = insurance revenue	10 345	3 002	–	13 347	20 170	1 157	1 223	22 550	97	35 994
Reinsurance premium expense	(146)	(52)	–	(198)	(1 404)	(94)	(122)	(1 620)	(29)	(1 847)
1. Net earned premium	10 199	2 950	–	13 149	18 766	1 063	1 101	20 930	68	34 147
Change in loss component	–	6	–	6	–	–	5	5	(128)	(117)
Gross claims expense (including OUTbonus)	(4 391)	(1 349)	–	(5 740)	(11 272)	(674)	(1 212)	(13 158)	(83)	(18 981)
Gross claims expenses (including OUTbonus)	(4 391)	(1 343)	–	(5 734)	(11 272)	(674)	(1 207)	(13 153)	(211)	(19 098)
Finance expenses from insurance contracts issued	(100)	(35)	–	(135)	(50)	(2)	(133)	(185)	–	(320)
Gross claims expenses including net IFE¹	(4 491)	(1 378)	–	(5 869)	(11 322)	(676)	(1 340)	(13 338)	(211)	(19 418)
Reinsurance recoveries	3	1	–	4	814	34	146	994	6	1 004
Finance income from reinsurance contracts held	–	–	–	–	6	–	89	95	–	95
2. Net claims expense including IFE¹	(4 488)	(1 377)	–	(5 865)	(10 502)	(642)	(1 105)	(12 249)	(205)	(18 319)
3. Operating expenses	(1 919)	(940)	(1 191)	(4 050)	(5 618)	(431)	(206)	(6 255)	(315)	(10 620)
Attributable expenses (included in Insurance Service Expense)	(1 755)	(881)	–	(2 636)	(5 510)	(429)	(205)	(6 144)	(241)	(9 021)
Non-attributable expenses (included in Operating expenses)	(164)	(59)	(1 191)	(1 414)	(108)	(2)	(1)	(111)	(74)	(1 599)
4. Administration and other revenue	13	29	–	42	1	–	–	1	–	43
5. Fair value to financial liabilities	(181)	–	–	(181)	–	–	–	–	–	(181)
6. Underwriting result	3 624	662	(1 191)	3 095	2 647	(10)	(210)	2 427	(452)	5 070
Investment income on insurance contract assets and liabilities	127	35	–	162	447	42	84	573	4	739
Operating profit/(loss)	3 751	697	(1 191)	3 257	3 094	32	(126)	3 000	(448)	5 809

1 Includes net insurance finance expense (IFE) as disclosed in the statement of profit or loss.

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*Segmental ratio calculation and reconciliation *continued*

	Property and casualty insurance									
	OUTsurance				Youi Group				OUTsurance Ireland	P&C Total
	Personal	Business	Central	Total	Personal	Business	CTP	Total		
Ratio calculations (as disclosed in management commentary)										
Net claims ratio (2/1)	44.0%	46.7%		44.6%	56.0%	60.3%	100.3%	58.5%		53.6%
Cost-to-income ratio (3/1)	18.8%	31.8%		30.8%	29.9%	40.6%	18.8%	29.9%		31.1%
Normalised Cost-to-income ratio ¹				31.7%						31.5%
Underwriting margin (6/1)	35.5%	22.4%		23.5%	14.1%	(0.9%)	(19.1%)	11.6%		14.8%
Combined ratio ((2+3+5)/1)	64.6%	78.5%		76.8%	85.9%	100.9%	119.1%	88.4%		85.3%
Normalised Combined ratio				77.7%						85.6%
Reconciliation of insurance service expense										
Gross claims (including OUTbonus)	(4 391)	(1 349)	–	(5 740)	(11 272)	(674)	(1 212)	(13 158)	(83)	(18 981)
Change in loss component	–	6	–	6	–	–	5	5	(128)	(117)
Attributable expenses	(1 755)	(881)	–	(2 636)	(5 510)	(429)	(205)	(6 144)	(241)	(9 021)
Insurance service expense as disclosed	(6 146)	(2 224)	–	(8 370)	(16 782)	(1 103)	(1 412)	(19 297)	(452)	(28 119)

¹ Operating profit for OUTsurance SA includes a normalised adjustment of R123 million (as an earnings reduction) related to a profit that arose from a restructuring of an intragroup property lease arrangement.

Operating expenses including directly attributable and non attributable expenses

R million	OUTsurance	Youi	OUTsurance Ireland	OUTsurance Life	Administration services	OHL central and consolidation entries	OHL Group Total	Treasury Company and consolidation entries	OGL Group Total
Year ended 30 June 2025									
Depreciation and amortisation	(118)	(143)	(20)	–	(19)	10	(290)	–	(290)
Employee Benefits	(3 168)	(2 512)	(183)	(411)	(525)	(93)	(6 892)	121	(6 771)
Other disclosable expenses	(765)	(3 596)	(111)	(136)	(65)	101	(4 572)	(40)	(4 612)
Total operating expenses including directly attributable and non attributable expenses	(4 051)	(6 251)	(314)	(547)	(609)	18	(11 754)	81	(11 673)

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*

Market segmentation

	Property and casualty insurance										Long-term insurance		Admini- stration services	OHL central and consolidation entries	OHL Group Total	Treasury Company and consolidation entries	OGL Group Total
	OUTsurance				Youi Group				OUTsurance Ireland	P&C Total	OUTsurance Life						
	Personal ¹	Business	Central	Total	Personal	Business	CTP	Total									
Segment income statement information																	
Year ended 30 June 2024																	
Insurance revenue	9 439	2 727	-	12 166	17 076	894	831	18 801	-	30 967	946	-	-	31 913	-	31 913	
Insurance service expenses	(6 172)	(2 189)	-	(8 361)	(14 249)	(919)	(695)	(15 863)	(109)	(24 333)	(644)	-	-	(24 977)	-	(24 977)	
Net expenses from reinsurance contracts held	(140)	(40)	-	(180)	(992)	(35)	(137)	(1 164)	(6)	(1 350)	3	-	-	(1 347)	-	(1 347)	
Insurance service results	3 127	498	-	3 625	1 835	(60)	(1)	1 774	(115)	5 284	305	-	-	5 589	-	5 589	
Administration and other revenue ²	29	9	-	38	28	-	-	28	-	66	23	591	(182)	498	4	502	
Fair value adjustment to financial liabilities	(187)	-	-	(187)	-	-	-	-	-	(187)	(13)	-	-	(200)	-	(200)	
Operating expenses ²	(174)	(62)	(589)	(825)	(228)	(7)	(11)	(246)	(103)	(1 174)	(98)	(573)	278	(1 567)	(79)	(1 646)	
Underwriting result	2 795	445	(589)	2 651	1 635	(67)	(12)	1 556	(218)	3 989	217	18	96	4 320	(75)	4 245	
Investment income on insurance contract assets and liabilities	132	36	-	168	379	25	50	454	-	622	110	-	-	732	-	732	
Finance expenses from insurance contracts issued	(105)	(37)	-	(142)	(27)	(2)	(47)	(76)	-	(218)	(125)	-	-	(343)	-	(343)	
Finance income from reinsurance contracts held	-	1	-	1	1	-	38	39	-	40	62	-	-	102	-	102	
Operating profit/(loss)	2 822	445	(589)	2 678	1 988	(44)	29	1 973	(218)	4 433	264	18	96	4 811	(75)	4 736	
Equity accounted earnings				-				92	-	92	-	-	(1)	91	36	127	
Profit on change in shareholding of investment in associates				-				-	-	-	-	-	(4)	(4)	513	509	
Profit on sale of subsidiary/associates				-				-	-	-	-	-	66	66	33	99	
Impairment of investments in associates				-				-	-	-	-	-	-	-	(9)	(9)	
Operating profit/(loss) including associate earnings				2 678				2 065	(218)	4 525	264	18	157	4 964	498	5 462	
Net investment income on shareholder investment capital				460				200	40	700	39	-	65	804	92	896	
Finance costs				(53)				(11)	(1)	(65)	-	(6)	(2)	(73)	-	(73)	
Profit/(loss) before tax				3 085				2 254	(179)	5 160	303	12	220	5 695	590	6 285	

1 Includes Homeowners cover book sourced from the FirstRand Bank Limited.

2 The Administration and other revenue and Operating expenses descriptions were updated to reflect the appropriate nature of the income and expenses included in these respective lines.

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*Market segmentation *continued*

	Property and casualty insurance										Long-term insurance					
	OUTsurance				Youi Group				OUTsurance Ireland	P&C Total	OUTsurance Life	Admini- stration services	Central and consolidation entries	OHL Group Total	Treasury Company and consolidation entries	OGL Group Total
	Personal ¹	Business	Central	Total	Personal	Business	CTP	Total								
Taxation				(874)				(663)	(1)	(1 538)	(74)	(3)	(87)	(1 702)	(92)	(1 794)
Profit/(loss) after tax				2 211				1 591	(180)	3 622	229	9	133	3 993	498	4 491
Preference dividend and other				–				(16)	–	(16)	(19)	3	32	–	–	–
Non-controlling interest				–				–	–	–	–	–	(105)	(105)	(325)	(430)
Profit/(loss) attributable to ordinary shareholders				2 211				1 575	(180)	3 606	210	12	60	3 888	173	4 061
Headline and normalised earnings adjustments				1				(1)	–	–	–	–	(58)	(58)	(467)	(525)
Normalised earnings				2 212				1 574	(180)	3 606	210	12	2	3 830	(294)	3 536

¹ Includes the Homeowners cover book sourced from FirstRand Bank Limited.

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*

Segmental ratio calculation and reconciliation

	Property and casualty insurance									
	OUTsurance				Youi Group				OUTsurance Ireland	P&C Total
	Personal	Business	Central	Total	Personal	Business	CTP	Total		
Segmental ratio calculation										
Year ended 30 June 2024										
Gross written premium	9 451	2 723	–	12 174	18 966	1 138	914	21 018	8	33 200
Movements in unearned premium	(12)	4	–	(8)	(1 890)	(244)	(83)	(2 217)	(8)	(2 233)
Gross earned premium = insurance revenue	9 439	2 727	–	12 166	17 076	894	831	18 801	–	30 967
Reinsurance premium expense	(143)	(60)	–	(203)	(1 403)	(46)	(468)	(1 917)	(6)	(2 126)
1. Net earned premium	9 296	2 667	–	11 963	15 673	848	363	16 884	(6)	28 841
Change in loss component	1	(2)	–	(1)	–	–	(2)	(2)	(14)	(17)
Gross claims expense (including OUTbonus)	(4 451)	(1 392)	–	(5 843)	(9 882)	(631)	(595)	(11 108)	–	(16 951)
Gross claims expenses (including OUTbonus)	(4 450)	(1 394)	–	(5 844)	(9 882)	(631)	(597)	(11 110)	(14)	(16 968)
Finance expenses from insurance contracts issued	(105)	(37)	–	(142)	(27)	(2)	(47)	(76)	–	(218)
Gross claims expenses including net IFE¹	(4 555)	(1 431)	–	(5 986)	(9 909)	(633)	(644)	(11 186)	(14)	(17 186)
Reinsurance recoveries	3	20	–	23	411	11	331	753	–	776
Finance income from reinsurance contracts held	–	1	–	1	1	–	38	39	–	40
2. Net claims expense including IFE¹	(4 552)	(1 410)	–	(5 962)	(9 497)	(622)	(275)	(10 394)	(14)	(16 370)
3. Operating expenses	(1 896)	(857)	(589)	(3 342)	(4 595)	(295)	(109)	(4 999)	(198)	(8 539)
Attributable expenses (included in Insurance Service Expense)	(1 722)	(795)	–	(2 517)	(4 367)	(288)	(98)	(4 753)	(95)	(7 365)
Non-attributable expenses (included in Operating expenses)	(174)	(62)	(589)	(825)	(228)	(7)	(11)	(246)	(103)	(1 174)
4. Administration and other revenue	29	9	–	38	28	–	–	28	–	66
5. Fair value to financial liabilities	(187)	–	–	(187)	–	–	–	–	–	(187)
6. Underwriting result	2 690	409	(589)	2 510	1 609	(69)	(21)	1 519	(218)	3 811
Investment income on insurance contract assets and liabilities	132	36	–	168	379	25	50	454	–	622
Operating profit/(loss)	2 822	445	(589)	2 678	1 988	(44)	29	1 973	(218)	4 433

¹ Includes net insurance finance expense (IFE) as disclosed in the statement of profit or loss.

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*Segmental ratio calculation and reconciliation *continued*

	Property and casualty insurance									
	OUTsurance				Youi Group				OUTsurance Ireland	P&C Total
	Personal	Business	Central	Total	Personal	Business	CTP	Total		
Ratio calculations (as disclosed in management commentary)										
Net claims ratio (2/1)	49.0%	52.9%		49.8%	60.6%	73.3%	75.8%	61.6%		56.8%
Cost-to-income ratio (3/1)	20.4%	32.1%		27.9%	29.3%	34.8%	30.0%	29.6%		29.6%
Underwriting margin (6/1)	28.9%	15.3%		21.0%	10.3%	(8.1%)	(5.8%)	9.0%		13.2%
Combined ratio ((2+3+5)/1)	71.4%	85.0%		79.3%	89.9%	108.1%	105.8%	91.2%		87.0%
Reconciliation of insurance service expense										
Gross claims (including OUTbonus)	(4 451)	(1 392)	–	(5 843)	(9 882)	(631)	(595)	(11 108)	–	(16 951)
Change in loss component	1	(2)	–	(1)	–	–	(2)	(2)	(14)	(17)
Attributable expenses ¹	(1 722)	(795)	–	(2 517)	(4 367)	(288)	(98)	(4 753)	(95)	(7 365)
Insurance service expense as disclosed	(6 172)	(2 189)	–	(8 361)	(14 249)	(919)	(695)	(15 863)	(109)	(24 333)

1. In the prior financial year, an amount of R88 million of attributable expenses were reallocated from the OUTsurance Business segment to the OUTsurance Personal segment.

Operating expenses including directly attributable and non attributable expenses

R million	OUTsurance	Youi	OUTsurance Ireland	OUTsurance Life	Administration services	OHL central and consolidation entries	OHL Group Total	Treasury Company and consolidation entries	OGL Group Total
Year ended 30 June 2024									
Depreciation and amortisation	(116)	(85)	(14)	–	(22)	23	(214)	–	(214)
Employee Benefits	(2 473)	(2 253)	(124)	(293)	(468)	105	(5 507)	(42)	(5 549)
Other disclosable expenses	(752)	(2 659)	(59)	(195)	(83)	147	(3 601)	(37)	(3 638)
Total operating expenses including directly attributable and non attributable expenses	(3 341)	(4 997)	(197)	(488)	(573)	275	(9 322)	(79)	(9 401)

Notes to the consolidated annual financial statements *continued*

4. Segment information *continued*

Geographical segmentation

A summary of the Group's assets, liabilities and equity are shown below

	Southern Africa and OHL Group consolidation				Australia	Ireland	OHL Group	South Africa	OGL Group
R million	OUTsurance	OUTsurance Life	Admini- stration services	OHL central and consolidation adjustments	Youi Group	OUTsurance Ireland	Total	Treasury Company and consolidation adjustments	Total
Segment statement of financial position information									
As at 30 June 2025									
Segment assets									
Property and equipment	332	–	13	(2)	837	25	1 205	–	1 205
Investment in associates	–	–	–	4	–	–	4	254	258
Reinsurance assets	25	69	–	–	2 239	20	2 353	–	2 353
Insurance assets	–	370	–	–	–	–	370	–	370
Financial assets	7 651	3 726	–	72	15 835	1 893	29 177	47	29 224
Other assets	899	100	214	(210)	2 052	107	3 162	212	3 374
Cash and cash equivalents	165	9	111	56	1 211	25	1 577	288	1 865
TOTAL SEGMENT ASSETS	9 072	4 274	338	(80)	22 174	2 070	37 848	801	38 649
Segment Equity									
Share capital and premium	25	445	180	(856)	1 682	2 229	3 705	12 217	15 922
Retained earnings	4 525	844	(30)	1 770	4 717	(638)	11 188	(6 962)	4 226
Other equity reserves	46	1	–	(989)	573	94	(275)	(5 328)	(5 603)
Non-controlling interests	–	–	–	351	–	–	351	1 048	1 399
TOTAL SEGMENT EQUITY	4 596	1 290	150	276	6 972	1 685	14 969	975	15 944
Segment liabilities									
Reinsurance liabilities	30	5	–	–	–	–	35	–	35
Insurance liabilities	2 077	633	–	–	13 245	274	16 229	–	16 229
Other liabilities	2 369	2 346	188	(356)	1 957	111	6 615	(174)	6 441
TOTAL SEGMENT LIABILITIES	4 476	2 984	188	(356)	15 202	385	22 879	(174)	22 705
TOTAL SEGMENT EQUITY AND LIABILITIES	9 072	4 274	338	(80)	22 174	2 070	37 848	801	38 649

Notes to the consolidated annual financial statements *continued*4. Segment information *continued*Geographical segmentation *continued*

	Southern Africa and OHL Group consolidation				Australia	Ireland	OHL Group	South Africa	OGL Group
R million	OUTsurace	OUTsurace Life	Admini- stration services	OHL central and consolidation adjustments	Youi Group	OUTsurace Ireland	Total	Treasury Company and consolidation adjustments	Total
Segment statement of financial position information									
As at 30 June 2024									
Segment assets									
Property and equipment	143	–	12	192	833	25	1 205	–	1 205
Investments in associates	–	–	–	138	330	–	468	338	806
Reinsurance assets	27	112	–	–	1 430	18	1 587	–	1 587
Insurance assets	–	251	–	–	–	–	251	–	251
Financial assets	6 609	3 326	–	330	12 825	1 696	24 786	1 683	26 469
Other assets	725	119	165	(463)	1 586	104	2 236	11	2 247
Cash and cash equivalents	299	118	155	42	843	9	1 466	226	1 692
TOTAL SEGMENT ASSETS	7 803	3 926	332	239	17 847	1 852	31 999	2 258	34 257
Segment Equity									
Share capital and premium	25	445	180	(1 991)	1 519	2 038	2 216	13 270	15 486
Retained earnings	3 868	629	47	2 965	3 592	(236)	10 865	(7 576)	3 289
Other equity reserves	69	6	2	(1 200)	973	(56)	(206)	(4 484)	(4 690)
Non-controlling interests	–	–	–	295	–	–	295	1 007	1 302
TOTAL SEGMENT EQUITY	3 962	1 080	229	69	6 084	1 746	13 170	2 217	15 387
Segment liabilities									
Reinsurance liabilities	25	3	–	–	–	–	28	–	28
Insurance liabilities	1 945	646	–	–	10 295	20	12 906	–	12 906
Other liabilities ¹	1 871	2 197	103	170	1 468	86	5 895	41	5 936
TOTAL SEGMENT LIABILITIES	3 841	2 846	103	170	11 763	106	18 829	41	18 870
TOTAL SEGMENT EQUITY AND LIABILITIES	7 803	3 926	332	239	17 847	1 852	31 999	2 258	34 257

¹ The revolving credit facility of R1 350 million in OUTsurace Holdings Limited is included in the central and consolidation adjustments column but is largely offset by the consolidation entry relating to the intercompany lease liability.

Notes to the consolidated annual financial statements *continued*

4. Segment information *continued*

Reconciliation of normalised earnings to headline earnings attributable to ordinary shareholders as per note 13.

R million	2025	2024
Normalised earnings per segment report	4 728	3 536
Taxation on capital gain in respect of the OHL share trust wind-up	(92)	–
Adjustment for Group treasury shares and treatment of share incentive scheme	(30)	2
Remeasurement of contingent receivable	(27)	–
Fair value adjustments on derivative financial instruments	12	(9)
Amortisation of intangible assets relating to business combinations	(4)	(4)
Discounting effect of deferred receivable on associate sold	(2)	–
HEADLINE EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS PER NOTE 13	4 585	3 525

Normalised earnings adjustments are applied where the Group believes that certain transactions create a mismatch between the Group's accounting and economic performance. Normalised earnings are therefore considered to most accurately reflect the Group's economic performance.

Taxation on capital gain: Capital gains tax on the long-term cumulative build up of gain on treasury shares in the OHL Share Trust. Due to the non-operating nature of the wind-up of the share trust, this tax is excluded.

Adjustment for Group treasury shares: The Group views treasury shares held by group companies as having economic value and therefore adjusts for the impact of the elimination thereof to derive normalised earnings. Dividend income, the tax effect on fair value gains on treasury shares held, and the tax effect on the difference between equity and cash settled treatment of CSP share scheme as well as the difference between actual and effective shareholding in OHL were included in this adjustment.

Remeasurement of contingent receivable: Remeasurement of the expected remaining proceeds on the sale of held for sale assets in the prior financial year.

Fair value adjustments: The fair value adjustments on derivative financial instruments relate to gains and losses on hedges of capital investments. These transactions are considered normalised earnings adjustments as they are entered into to manage the Group's capital and are not part of ordinary operations.

Amortisation of intangible assets: The Group has always viewed the amortisation of intangible assets relating to business combinations as non-operational in nature and therefore excludes it from the normalised earnings that are presented to the chief operating decision maker.

5. Administration and other revenue

R million	2025	2024
Government grant received	17	55
Commission income ¹	42	38
Fees received from investment advice and investment administration services	24	29
Fees received from contact centre services	367	376
Other income	–	4
TOTAL ADMINISTRATION AND OTHER REVENUE	450	502

¹ Commission income relates to SASRIA commission earned.

Government grant received

The Group qualifies for a job-creation incentive associated with call centre activities of Youi and Hastings offshored to South Africa. The incentive is accounted for based on the actual incentive qualified for during the financial year under review. In order to satisfy the requirements of the grant a minimum number of jobs must be created and maintained for previously unemployed individuals.

Notes to the consolidated annual financial statements *continued*

6. Investment income and Interest income on financial assets using the effective interest method

R million	2025	2024
Investment income:	287	290
Interest – financial assets at fair value through profit or loss	199	205
Dividends – listed equities	61	56
Dividends – unlisted equities	27	28
Dividends – other financial assets	–	1
Interest income on financial assets using the effective interest method	1 349	1 284
Interest – financial assets measured at amortised cost	788	704
Interest – financial assets at fair value through other comprehensive income	561	580
TOTAL INVESTMENT INCOME AND INTEREST INCOME ON FINANCIAL ASSETS USING THE EFFECTIVE INTEREST METHOD	1 636	1 574

7. Net gains from fair value adjustments on financial assets and change in expected credit losses on financial assets

R million	Fair value through profit or loss	Fair value through other comprehensive income	Measured at amortised cost	Total
2025				
Net realised gain on financial assets	44	–	–	44
Net unrealised fair value gain	471	–	–	471
Net gain from fair value adjustments on financial assets	515	–	–	515
Expected credit loss on financial assets reversed	–	–	26	26
Effect on profit or loss	515	–	26	541
Fair value loss on financial assets at fair value through other comprehensive income	–	(421)	–	(421)
Expected credit loss on financial assets	–	(1)	–	(1)
EFFECT ON TOTAL COMPREHENSIVE INCOME	515	(422)	26	119
2024				
Net realised loss on financial assets	–	(3)	–	(3)
Net unrealised fair value gain	54	–	–	54
Net gain/(loss) from fair value adjustments on financial assets	54	(3)	–	51
Expected credit loss on financial assets reversed	–	3	–	3
Effect on profit or loss	54	–	–	54
Fair value gain on financial assets at fair value through other comprehensive income	–	5	–	5
EFFECT ON TOTAL COMPREHENSIVE INCOME	54	5	–	59

Refer to note 3.3.1 for the fair value hierarchy of financial instruments measured at fair value, which provides more information on what instruments were measured using quoted market prices and what measurement techniques were used for instruments that do not have quoted market prices.

Notes to the consolidated annual financial statements *continued*

8. Net insurance finance expenses

R million	OUTsurance	Youi Group	OUTsurance Life	Total
2025				
Finance expense from insurance contracts issued	(135)	(185)	(132)	(452)
Interest accreted	(121)	(135)	(53)	(309)
Effect of changes in interest rates and other financial assumptions	(14)	(50)	87	23
Effect of measuring changes in estimates at current rates and adjusting the CSM rates on initial recognition	-	-	(166)	(166)
Finance income from reinsurance contracts held	-	95	61	156
Interest accreted	-	67	5	72
Effect of changes in interest rates and other financial assumptions	-	28	(4)	24
Effect of measuring changes in estimates at current rates and adjusting the CSM rates on initial recognition	-	-	60	60
NET INSURANCE FINANCE EXPENSES	(135)	(90)	(71)	(296)
2024				
Finance expense from insurance contracts issued	(142)	(76)	(125)	(343)
Interest accreted	(131)	(82)	(32)	(245)
Effect of changes in interest rates and other financial assumptions	(11)	6	(56)	(61)
Effect of measuring changes in estimates at current rates and adjusting the CSM rates on initial recognition	-	-	(37)	(37)
Finance income from reinsurance contracts held	1	39	62	102
Interest accreted	1	40	11	52
Effect of changes in interest rates and other financial assumptions	-	(1)	26	25
Effect of measuring changes in estimates at current rates and adjusting the CSM rates on initial recognition	-	-	25	25
NET INSURANCE FINANCE EXPENSES	(141)	(37)	(63)	(241)

The insurance finance expense and reinsurance finance income were immaterial for OUTsurance Ireland.

The majority of assets backing the insurance liabilities for OUTsurance and OUTsurance Life are invested in money market portfolios of which the yield curve is similar to what was applied in discounting the insurance liabilities.

For Youi which has term deposits invested in banks to support their insurance obligations, income earned is a proxy of the yields with similar durations.

Notes to the consolidated annual financial statements *continued*

9. Operating expenses

The following expenses have been included in the statement of profit or loss and other comprehensive income under operating expenses:

R million	2025	2024
Depreciation		
Buildings	(124)	(87)
Computer and office equipment	(82)	(68)
Furniture and fittings	(16)	(10)
Motor vehicles	(19)	(11)
Amortisation		
Purchased computer software	(9)	(6)
Internally generated computer software	(40)	(32)
TOTAL DEPRECIATION AND AMORTISATION	(290)	(214)
Employee benefits		
Salaries excluding retirement funding	(4 680)	(4 335)
Medical aid contributions	(177)	(180)
Retirement funding	(398)	(347)
Share-based payments	(1 481)	(651)
Other staff expenses	(35)	(36)
TOTAL EMPLOYEE BENEFITS	(6 771)	(5 549)
Other disclosable items		
Audit fees ¹	(23)	(28)
ISA 700 external audit fees	(21)	(24)
Other assurance/regulatory services	(2)	(4)
Loss on sale of property and equipment	(1)	-
Consulting and legal fees for professional services	(95)	(159)
Investment fees paid	(12)	(13)
Foreign exchange gain/(loss)	21	(5)
Acquisition expenses ²	(316)	(564)
Marketing and management expenses	(4 186)	(2 869)
TOTAL OTHER DISCLOSABLE EXPENSES	(4 612)	(3 638)
TOTAL OPERATING EXPENSES INCLUDING DIRECTLY ATTRIBUTABLE EXPENSES	(11 673)	(9 401)
Directly attributable operating expenses ³	9 399	7 755
TOTAL OPERATING EXPENSES EXCLUDING DIRECTLY ATTRIBUTABLE EXPENSES	(2 274)	(1 646)

1 No non-audit services provided.

2 Acquisition expenses include both standard commission and spotter fees.

3 Expenses directly attributable in fulfilling the obligation under the insurance contracts and included in the "Insurance service expense" line in the Statement of profit or loss and other comprehensive income.

Notes to the consolidated annual financial statements *continued*

10. Finance costs

R million	2025	2024
Interest paid – operational financing		
Interest paid on revolving credit facility	(33)	(57)
Interest charge on lease liabilities	(13)	(8)
Interest on Total Return Swap	(44)	–
Other interest	(10)	(4)
Guarantee fee	(29)	–
Commitment fee on credit revolving facility	(7)	(4)
TOTAL FINANCE COSTS	(136)	(73)

11. Taxation

R million	2025	2024
South African normal taxation		
Current taxation		
Current year	(1 594)	(1 030)
Prior year over provision	–	3
Deferred taxation		
Current year	159	(104)
Australian normal taxation		
Current taxation		
Current year	(1 081)	(516)
Prior year under provision	–	(11)
Deferred taxation		
Current year	54	(134)
Ireland normal taxation		
Current taxation		
Current year	–	(2)
TOTAL TAXATION CHARGE	(2 462)	(1 794)

Notes to the consolidated annual financial statements *continued*

11. Taxation *continued*

The tax on the group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of South Africa as follows:

R million	2025	2024
PROFIT BEFORE TAXATION	7 681	6 285
Tax rate reconciliation		
Effective tax rate	32.05	28.54
Tax effect of	(3.64)	(0.71)
Fair value adjustment ¹	1.66	0.19
Non-taxable income ²	0.54	0.08
Share-based payment schemes in the Group ³	(0.79)	0.28
Capital gains tax	(1.13)	(0.32)
Foreign tax rate differential	(1.52)	(1.73)
Exempt dividends	0.20	0.29
Equity accounted earnings	0.67	0.54
Fair value adjustments to financial liabilities	(0.10)	(0.86)
Impairment of investment in associate	-	(0.04)
Change in shareholding of investment in associates	-	1.15
Non-allowable expenses ^{3,4}	(3.17)	(0.57)
Profit/loss on sale of subsidiaries/associates	-	0.28
Assessment adjustment	-	(0.14)
Reversal of deferred tax asset	-	(0.13)
Assessed loss utilised	-	(0.02)
Deferred tax asset not utilised	(1.41)	(0.54)
STANDARD INCOME TAXATION RATE IN SOUTH AFRICA	27.00	27.00

1 Includes the Capital Gains Tax (CGT) exempt portion on the fair value adjustments of capital assets.

2 Includes transfers of payroll provisions that are non-taxable in terms of the Income Tax Act.

3 The effect of the consolidation entries relating to the Youi Group DIS scheme has been included in the tax rate reconciliation due to the differences in classification throughout the Group (refer to note 30). The prior financial year has been updated accordingly.

4 These expenses are non-allowable due to the allocation of the taxable and non-taxable income earned by the entity. This non-taxable income is mainly as a result of income being derived from dividends received in a holding company structure.

The increase in the current tax for the Group can be attributed to the tax incurred on the wind-up of the Share Trust, the legislative change relating to the phasing in amounts under IFRS 17 as well as increase in profits in Australia.

12. Earnings per share

Earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted number of ordinary shares in issue during the year.

R million	2025	2024
Earnings attributable to ordinary shareholders	4 707	4 061
Weighted average number of ordinary shares in issue (full amount)	1 537 128 700	1 529 845 582
Earnings per share (cents)	306.2	265.5
Earnings attributable to ordinary shareholders	4 707	4 061
Dilutory impact of the share incentive schemes on earnings ¹	(24)	(68)
Diluted earnings attributable to ordinary shareholders	4 683	3 993
Weighted average number of ordinary shares in issue (full amount)	1 544 006 450	1 529 845 582
Diluted earnings per share (cents)	303.3	261.0

1 The dilutory impact relates to the Group's shareholding diminishing due to the vesting of share options in Group companies.

Notes to the consolidated annual financial statements *continued*

13. **Headline earnings per share**

Headline earnings per share is calculated by dividing the adjusted earnings attributable to shareholders by the weighted number of ordinary shares in issue during the year.

Headline earnings reconciliation

R million	2025		2024	
	Gross	Net	Gross	Net
Earnings attributable to ordinary shareholders		4 707		4 061
Adjustments for:				
– Profit on disposal of investments in associates	(153)	(110)	(40)	(40)
– Profit on sale of assets held for sale	(35)	(23)	(52)	(52)
– Impairment of assets held for sale ¹	10	10	–	–
– Loss on disposal of property and equipment ¹	1	1	–	–
– Profit on dilution of investments in associates	–	–	(511)	(448)
– Impairments of investments in associates ¹	–	–	9	9
– Realised foreign exchange gain on sale of investment in associate ¹	–	–	(5)	(5)
HEADLINE EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		4 585		3 525

1 There is no tax impact on these headline earnings adjustments as they relate to a net capital loss from a tax perspective.

R million	2025	2024
Headline earnings attributable to ordinary shareholders	4 585	3 525
Weighted average number of ordinary shares in issue (full amount)	1 537 128 700	1 529 845 582
Headline earnings per share (cents)	298.3	230.4
Headline earnings attributable to ordinary shareholders	4 585	3 525
Dilutory impact of the share incentive schemes on earnings ¹	(24)	(67)
Diluted headline earnings attributable to ordinary shareholders	4 561	3 458
Weighted average number of ordinary shares in issue (full amount)	1 544 006 450	1 529 845 582
Diluted headline earnings per share (cents)	295.4	226.0

1 The dilutory impact relates to the Group's shareholding diminishing due to the vesting of share options in Group companies.

14. **Dividend per share**

R million	2025	2024
Total dividends paid during the year	3 714	2 259
Total dividends declared relating to the profit for the year	4 171	3 299
Number of issued shares at the end of the year	1 547 231 505	1 537 535 862
Dividend declared per share – Normal (cents)	237.6	174.4
Dividend declared per share – Special (cents)	33.1	40.0
TOTAL DIVIDEND	270.7	214.4

Notes to the consolidated annual financial statements *continued*

15. Property and equipment

R million	Land and buildings	Computer equipment	Furniture fittings and office equipment	Motor vehicles	Total
Year ended 30 June 2025					
Opening net book amount	921	215	63	6	1 205
Cost	1 281	659	149	8	2 097
Accumulated depreciation	(360)	(444)	(86)	(2)	(892)
Additions	188	111	69	5	373
Disposals	(154)	(2)	(31)	(5)	(192)
Foreign exchange adjustments	(27)	(3)	-	-	(30)
Depreciation charge	(51)	(82)	(16)	(2)	(151)
CLOSING NET BOOK AMOUNT	877	239	85	4	1 205
At 30 June 2025					
Cost	1 066	700	168	6	1 940
Accumulated depreciation	(189)	(461)	(83)	(2)	(735)
NET BOOK AMOUNT	877	239	85	4	1 205

Notes to the consolidated annual financial statements *continued***15. Property and equipment** *continued*

R million	Land and buildings	Assets under Construction ¹	Computer equipment	Furniture fittings and office equipment	Motor vehicles	Total
Year ended 30 June 2024						
Opening net book amount	906	61	202	27	2	1 198
Cost	1 231	61	632	120	9	2 053
Accumulated depreciation	(325)	–	(430)	(93)	(7)	(855)
Additions	66	2	85	26	6	185
Disposals	–	(24)	(3)	–	(1)	(28)
Transfer of property under development	17	(38)	–	21	–	–
Foreign exchange adjustments	(27)	(1)	(1)	(1)	–	(30)
Depreciation charge	(41)	–	(68)	(10)	(1)	(120)
CLOSING NET BOOK AMOUNT	921	–	215	63	6	1 205
At 30 June 2024						
Cost	1 281	–	659	149	8	2 097
Accumulated depreciation	(360)	–	(444)	(86)	(2)	(892)
NET BOOK AMOUNT	921	–	215	63	6	1 205

1 Assets under construction represents the following: solar panel and ventilation system installation in the South African Group and fit-out works in the new office space of the Irish Group. These assets were completed in the prior financial year.

Land and buildings assets are utilised by the Group in the normal course of operations to provide services. The South African head office is situated in Centurion, Gauteng. The Australian head office for the Youi Group is situated on the Sunshine Coast. Both these properties are owner-occupied.

Information regarding land and buildings is kept at the respective Companies' registered offices. This information will be open for inspection in terms of section 20 of the Companies Act.

Refer to note 38 for the current and non-current analysis of property and equipment.

Notes to the consolidated annual financial statements *continued*

16. Intangible assets

Internally developed software relates to a project to redevelop the core insurance technology of the Group's insurance operations. These intangible assets are amortised once the software development is substantially completed and available for use.

R million	Internally developed computer software	Purchased computer software	Computer software under development	Total
Year ended 30 June 2025				
Opening net book amount	234	16	3	253
Cost	311	108	3	422
Accumulated amortisation	(77)	(92)	–	(169)
Additions	18	1	–	19
Foreign exchange adjustments	1	–	–	1
Amortisation charge	(40)	(9)	–	(49)
CLOSING NET BOOK AMOUNT	213	8	3	224
At 30 June 2025				
Cost	329	108	3	440
Accumulated amortisation	(116)	(100)	–	(216)
NET BOOK AMOUNT	213	8	3	224

R million	Internally developed computer software	Purchased computer software	Computer software under development ¹	Total
Year ended 30 June 2024				
Opening net book amount	194	20	23	237
Cost	240	159	23	422
Accumulated amortisation	(46)	(139)	–	(185)
Additions	–	2	56	58
Disposals ²	–	–	–	–
Reclassification ³	76	–	(76)	–
Foreign exchange adjustments	(4)	–	–	(4)
Amortisation charge	(32)	(6)	–	(38)
CLOSING NET BOOK AMOUNT	234	16	3	253
At 30 June 2024				
Cost	311	108	3	422
Accumulated amortisation	(77)	(92)	–	(169)
NET BOOK AMOUNT	234	16	3	253

1 Computer software under development relates to specific modules of the new policy administration system still being developed.

2 Fully amortised purchased computer software to the value of R51.1 million was derecognised in the prior financial year.

3 There was a reclassification from computer software under development to internally developed computer software.

Notes to the consolidated annual financial statements *continued*

17. Right-of-use assets

R million	Properties ¹	Motor vehicles ²	Total
Year ended 30 June 2025			
Opening net book amount	250	27	277
Cost	277	57	334
Accumulated depreciation	(27)	(30)	(57)
Additions ³	126	51	177
Depreciation	(73)	(17)	(90)
Terminations ⁴	–	(4)	(4)
Foreign currency adjustments	(5)	(1)	(6)
CLOSING NET BOOK AMOUNT	298	56	354
At 30 June 2025			
Cost	396	81	477
Accumulated depreciation	(98)	(25)	(123)
CLOSING NET BOOK AMOUNT	298	56	354

1 Property leases relate to the use of regional offices.

2 Leased motor vehicles are for the use by operational staff.

3 The addition is new leases entered into in OUTsurance Shared Services for motor vehicles and Youi for properties.

4 Following Youi's transitioning to electric vehicles during the current financial year, motor vehicles with a cost of R20.1 million and an accumulated depreciation of R15.8 million was derecognised.

R million	Properties ^{1,2}	Motor vehicles ³	Total
Year ended 30 June 2024			
Opening net book amount	47	18	65
Cost	65	47	112
Accumulated depreciation	(18)	(29)	(47)
Additions ⁴	239	19	258
Depreciation	(46)	(10)	(56)
Renewals	14	1	15
Foreign currency adjustments	(4)	(1)	(5)
CLOSING NET BOOK AMOUNT	250	27	277
At 30 June 2024			
Cost	277	57	334
Accumulated depreciation	(27)	(30)	(57)
CLOSING NET BOOK AMOUNT	250	27	277

1 Property leases relate to the use of regional offices by OHL.

2 Two property leases lapsed during the prior financial year, and therefore the related right-of-use asset with a cost of R6.5 million and an accumulated depreciation of R6.5 million was derecognised.

3 Leased motor vehicles are for the use of operational staff.

4 The increase is associated with new leases entered into in Ireland and Australia.

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries

The following companies are subsidiaries of OGL as at 30 June 2025:

Subsidiary	Nature of business	Country of Incorporation	Issued ordinary shares		Effective holdings	
			2025 R million	2024 R million	2025 %	2024 %
Directly held by the company:						
Main Street 1353 Proprietary Limited	Holdings company	South Africa	6 131	6 131	100	100
OUTsurance Holdings Limited ¹	Holdings company	South Africa	4 259	2 288	92.8	92.2
RMI Asset Holdings Proprietary Limited ²	Holdings company	South Africa	–	11 726	100	100
RMI Treasury Company Limited ³	Holdings company	South Africa	7 973	8 691	100	100
Additiv Proprietary Limited	Holdings company	South Africa	9	–	100	–
Indirectly held via OUTsurance Holdings Limited:						
OUTsurance Designated Activity Company ⁴	Short-term Insurer	Ireland	2 229	2 038	100	100
OUTsurance Insurance Company Limited	Short-term Insurer	South Africa	25	25	100	100
OUTsurance International Holdings Proprietary Limited ⁴	Holdings company	South Africa	4 263	4 103	100	100
OUTsurance Irish Insurance Holdings Ltd ⁴	Long-term insurer	Ireland	2 229	2 038	100	100
OUTsurance Life Insurance Company Limited	Long-term insurer	South Africa	435	435	100	100
OUTsurance Properties Proprietary Limited ⁵	Property company	South Africa	–	38	100	100
OUTsurance Shared Services Proprietary Limited	Service company	South Africa	180	180	100	100
Youi Holdings Proprietary Limited	Holdings company	Australia	1 522	1 522	95.0	92.6
Youi New Zealand Proprietary Limited ⁶	Administration company	New Zealand	–	34	–	92.6
Youi Properties Proprietary Limited ⁷	Property company	Australia	–	–	95.0	92.6
Youi Proprietary Limited (Australia)	Short-term Insurer	Australia	2 409	2 365	95.0	92.6

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries *continued*

Subsidiary	Nature of business	Country of Incorporation	Issued ordinary shares		Effective holdings	
			2025 R million	2024 R million	2025 %	2024 %
Indirectly held via RMI Treasury Company Limited:						
AlphaCode Proprietary Limited	Holdings company	South Africa	37	37	100	100
Firness International Proprietary Limited	Holdings company	South Africa	1 874	1 874	100	100
RMI Investment Holdings Proprietary Limited	Holdings company	South Africa	835	835	100	100
RMI Invest One Proprietary Limited	Holdings company	South Africa	26	26	100	100
RMI Invest Two Proprietary Limited	Holdings company	South Africa	239	239	100	100
RMI Invest Three Proprietary Limited	Holdings company	South Africa	499	499	100	100
RMI Invest Four Proprietary Limited	Holdings company	South Africa	69	69	100	100
RMI Invest Five Proprietary Limited ⁸	Holdings company	South Africa	–	–	100	100
RMI Invest Six Proprietary Limited ⁸	Holdings company	South Africa	–	–	100	100
RMI Investment Managers Affiliates 1 Proprietary Limited	Holdings company	South Africa	248	248	100	100
RMI Investment Managers Group Proprietary Limited	Holdings company	South Africa	719	719	100	100

1 The OHL shares previously held by the share trust was acquired by the company during the current financial year. The effective shareholding for the prior financial year is after consolidating the share trust.

2 The company's investment in RMI Asset Holdings was derecognised following the filing of the liquidation of the company.

3 During the current financial year, the company received R718 000 000 in cash from RMI Treasury Company Limited as a return of capital distribution.

4 During the current financial year, the Group made additional share capital investment of R191 million (€10 million) (2024: R1 870 million (€91.1 million)) in OUTsurance Designated Activity Company and OUTsurance Irish Insurance Holdings Ltd through its interest in OUTsurance International Holdings Proprietary Limited.

5 As part of the Group's capital optimisation strategy, the Centurion Head office building and other minor assets were sold internally to OUTsurance Insurance Company Limited. OUTsurance Properties Proprietary Limited declared a final dividend of R7 million and is in the process of being wound-up.

6 Youi New Zealand Proprietary Limited operationally ceased its activities in June 2024 and formally deregistered as a company in the current financial period.

7 An amount of R10 000 relating to Youi Properties Proprietary Limited issued ordinary capital in the current and prior financial years were excluded due to rounding.

8 Amounts of R100 relating to these investments were excluded due to rounding.

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries *continued*

Investment in Ireland

During the prior financial year, the Group made additional share capital investments of €91.1 million in Ireland, OUTsurance Irish Insurance Holdings Limited (OUTsurance Irish Holdings), and its 100% owned subsidiary, OUTsurance Designated Activity Company (OUTsurance DAC), the operational entity.

In addition to the share capital investment, the Group committed capital to fund the growth in OUTsurance DAC by subscribing for additional shares in OUTsurance Irish Holdings to the value of €10 million per year for five years until 2029.

In line with the capital commitment agreement an investment of €10 million was made on 1 November 2024 at a spot rate of R20.53 with a total foreign exchange gain of R0.1 million.

Up to 15% of the issued ordinary share capital of OUTsurance Irish Holdings can be made available under the employee share capital scheme in Ireland.

All subsidiaries are included in the consolidation. The proportion of voting rights in subsidiaries does not differ from the proportion of ordinary shares held.

Effective interest in subsidiaries

In the prior financial year, there was a difference between the effective and actual holdings in associates and subsidiaries as a result of the consolidation by such entities of:

- Treasury shares held by them; and
- Shares held in them by their share incentive trusts.

The effective interest held can be compared to the actual interest held by OGL in the statutory share capital of the companies as follows:

	Interest held			
	2025		2024	
%	Effective	Actual	Effective	Actual
OUTsurance Holdings Limited	92.75	92.75	92.15	90.45
RMI Treasury Company Limited	100	100	100	100
RMI Investment Managers	100	100	100	100

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries *continued*

Effective interest in subsidiaries *continued*

R million	2025	2024
OUTsurance Holdings Limited		
Financial year: 30 June		
Year used for consolidation: 30 June		
Number of shares held	3 523 520 226	3 436 208 444
Equity shares at cost	12 039	10 068
Net profit for the year	5 285	3 993
Results for the year ended 30 June		
Income statement		
Insurance revenue	37 131	31 913
Insurance service expenses	(28 668)	(24 977)
Net expenses from reinsurance contracts held	(882)	(1 347)
Insurance service result	7 581	5 589
Administration and other income	450	498
Net investment income	2 455	1 536
Investment income	282	216
Interest income on financial assets using the effective interest rate method	1 316	1 255
Net gains from fair value adjustments on financial assets	857	62
Expected credit losses reversed on financial assets	-	3
Net insurance finance expenses	(296)	(241)
Finance expenses from insurance contracts issued	(452)	(343)
Finance income from reinsurance contracts held	156	102
Fair value adjustment to financial liabilities	(211)	(200)
Net insurance administration and investment result	9 979	7 182
Operating expenses	(2 355)	(1 567)
Finance costs	(131)	(73)
Equity accounted earnings	67	91
Profit on sale of subsidiary	-	22
Loss on change in shareholding of investments in associates	-	(4)
Profit on sale of associates	176	44
Impairment of investment in asset held for sale	(10)	-
Profit before taxation	7 726	5 695
Taxation	(2 441)	(1 702)
PROFIT FOR THE YEAR	5 285	3 993
Profit attributable to:		
Ordinary shareholders	5 151	3 888
Non-controlling interests	134	105
PROFIT FOR THE YEAR	5 285	3 993
Financial position as at 30 June		
Current assets	30 471	24 932
Non-current assets	7 377	7 067
Current liabilities	(16 743)	(12 810)
Non-current liabilities	(6 136)	(6 019)
Cash flows for the year ended 30 June		
Cash inflow from operating activities	5 724	2 629
Cash outflow from investing activities	(1 288)	(390)
Cash outflow from financing activities	(4 301)	(2 267)

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries *continued*

Effective interest in subsidiaries *continued*

R million	2025	2024
RMI Treasury Company Limited consolidated		
Financial year: 30 June		
Year used for consolidation: 30 June		
Number of shares held	27 623	27 623
Equity shares at cost	7 973	8 691
Profit for the year	114	502
Results for the year ended 30 June		
Income statement		
Administration and other income	-	4
Investment income	22	69
Interest income on financial assets using the effective interest rate method	6	7
Net (loss)/gain from fair value adjustments on financial assets	(27)	2
Operating expenses	(24)	(72)
Result of operating activities	(23)	10
Finance costs	(5)	-
Equity accounted earnings	122	36
Profit on sale of assets held for sale	35	33
Profit on change in shareholding of investment in associates	-	513
Impairment of investment in associate	-	(9)
Profit before taxation	129	583
Taxation	(15)	(81)
PROFIT FOR THE YEAR	114	502
Financial position as at 30 June		
Current assets	326	874
Non-current assets	794	1 275
Current liabilities	(26)	(17)
Non-current liabilities	(38)	(57)
Cash flows for the year ended 30 June		
Cash outflow from operating activities	(23)	(41)
Cash inflow from investing activities	789	240
Cash outflow from financing activities	(722)	(230)

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries *continued*

Reconciliation of non-controlling interests

R million	Non-controlling interests relating to:		
	OUTsurance Holdings Limited 7.2%	Youi Holdings Proprietary Limited 5.6%	Total
At 30 June 2025			
Opening balance of non-controlling interests	1 007	295	1 302
Profit attributable to non-controlling interests	378	134	512
FCTR attributable to non-controlling interests	(7)	(16)	(23)
Non-controlling interest in other reserves	(2)	-	(2)
Transactions with non-controlling interests	35	5	40
Dividends paid	(363)	(67)	(430)
CLOSING BALANCE OF NON-CONTROLLING INTERESTS	1 048	351	1 399

R million	Non-controlling interests relating to:			Total
	OUTsurance Holdings Limited 8.6%	Youi Holdings Proprietary Limited 7.4%	RMI Investment Managers Group Proprietary Limited ¹ 30.0% – 49%	
At 30 June 2024				
Opening balance of non-controlling interests	1 043	429	96	1 568
Profit/(loss) attributable to non-controlling interests	331	105	(6)	430
FCTR attributable to non-controlling interests	(25)	(19)	-	(44)
Non-controlling interest in retained earnings	(8)	-	-	(8)
Non-controlling interest in other reserves	2	-	-	2
Transactions with non-controlling interests	(134)	(151)	-	(285)
Sale of assets held for sale owned by non-controlling assets	-	-	(71)	(71)
Dividends paid	(202)	(69)	(19)	(290)
CLOSING BALANCE OF NON-CONTROLLING INTERESTS	1 007	295	-	1 302

¹ Non-controlling interests relating to RMI Investment Managers Group Proprietary Limited related to its 51%-held subsidiary, RMI Investment Managers Affiliates 2 Proprietary Limited and 30% shareholding held by RMI Investment Managers Affiliates 2 Proprietary Limited in RMI Investment Managers Affiliates 2B Proprietary Limited. These investments were disposed of during the prior financial year.

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries *continued*

Transactions with non-controlling interests

OUTsurance Holdings Limited

Transactions in the current financial year

During the current financial year, OGL acquired an additional 87 311 782 OHL ordinary shares in exchange for issuing 18 461 156 new OGL ordinary shares with a total market value of R990 million and a total cash consideration of R981 million.

These acquisitions of OHL shares can be broken down as follows:

1. Acquiring OHL shares from the OHL Share Trust

On 16 September 2024, OGL issued 12 079 169 new ordinary shares at R48.69 per share (R588 million) and paid R900 million in cash in exchange for 69 996 930 OHL ordinary shares acquired from the OHL Share Trust (total consideration of R1 488 million). This transaction increased OGL's actual shareholding in OHL from 90.45% (as at 1 July 2024) to 92.15% (as at 16 September 2024).

2. Acquiring OHL shares from OHL minority shareholders

- On 15 November 2024, OGL issued 5 552 510 new ordinary shares at R61.12 per share (R339 million) in exchange for 12 720 025 OHL shares acquired from minority shareholders;
- On 20 June 2025, OGL issued 829 477 new ordinary shares at R75.68 per share (R63 million) in exchange for 1 899 976 OHL shares acquired from minority shareholders; and
- OGL acquired a further 1 684 751 OHL shares from minority shareholders for a total cash consideration of R81 million at various times during the current financial year.

The total consideration for OHL shares acquired from OHL minority shareholders is therefore R483 million, which resulted in OGL's shareholding in OHL increasing by 0.6% from 92.15% to 92.75% as at 30 June 2025.

R million	Transactions with OHL minority shareholders
Carrying amount of the 7.85% non-controlling interests before the transactions with the OHL minority shareholders	1 073
Carrying amount of the 0.6% non-controlling interests acquired	82
Non-controlling interests in total consideration in respect of the OHL shares acquired from the OHL share trust	(117)
Total consideration for OHL shares acquired from OHL minority shareholders	(483)
Excess of consideration exchanged and recognised in the transactions with non-controlling interests reserve	(518)

Notes to the consolidated annual financial statements *continued*

18. Subsidiaries *continued*

Transactions with non-controlling interests *continued*

OUTsurance Holdings Limited *continued*

Transactions in the prior financial year

On 15 November 2023 and 26 June 2024, OGL issued 980 207 ordinary shares at 4 102 cents per ordinary share and 4 146 879 ordinary shares at 4 227 per ordinary share in exchange for 2 245 012 OHL ordinary shares and 9 495 612 OHL ordinary shares respectively. The chief financial officer held, indirectly, 1 084 011 of the OHL ordinary shares exchanged on 26 June 2024. Following the 15 November 2023 ordinary share exchange, OGL's shareholding increased by 0.06% from 89.77% to 89.83% and after the 26 June 2024 ordinary share exchange, OGL's shareholding increased by 0.25% from 90.20% to 90.45%. 100% of OHL's assets and liabilities are consolidated, however NCI is updated for the change in ownership interest.

On 03 June 2024, OGL also acquired 14 000 000 OHL ordinary shares from the OUTsurance Equity Trust 2 for a cash consideration of R88 million and a shares-for-asset in the form of a loan receivable from OUTsurance Equity Trust 2 in the amount of R176 million. OGL's shareholding increased by 0.37% from 89.83% to 90.20% as result of this transaction the results of OHL were consolidated in line with the updated percentage holding from the effective date.

Prior financial year effect on the equity attributable to owners of OHL was as follows:

R million	15 November 2023
Carrying amount of the 8.64% non-controlling interests before the sale	994
Carrying amount of the 0.06% non-controlling interests acquired	7
Company shares exchanged for the non-controlling interests	(40)
Excess of consideration exchanged and recognised in the transaction with non-controlling interests reserve	(33)
R million	03 June 2024
Carrying amount of the 8.54% non-controlling interests before the sale	1 067
Carrying amount of the 0.37% non-controlling interests acquired	47
Company shares exchanged for the non-controlling interests	(264)
Excess of consideration exchanged and recognised in the transaction with non-controlling interests reserve	(217)
R million	26 June 2024
Carrying amount of the 8.11% non-controlling interests before the sale	1 034
Carrying amount of the 0.25% non-controlling interests acquired	32
Company shares exchanged for the non-controlling interests	(175)
Excess of consideration exchanged and recognised in the transaction with non-controlling interests reserve	(143)

Notes to the consolidated annual financial statements *continued***18. Subsidiaries** *continued***Transactions with non-controlling interests** *continued***Youi Holdings Proprietary Limited (Youi Holdings)**

During the current financial year Youi Holdings Pty Limited (Youi Holdings) issued 5 030 000 additional ordinary shares to its Share Trust in September 2024. The issue price per share was A\$1.23 for a total market value of A\$6.2 million. The OHL Group's ownership in Youi Holdings decreased from 94.64% to 94.41% as a result of this transaction and the results of the Youi Group were consolidated in line with the updated percentage holding from the effective date.

In the prior financial year the Group purchased 54 687 500 Youi Holdings Pty Limited (Youi Holdings) ordinary shares from a minority shareholder in October 2023. The purchase price per share was A\$0.777 and fixed at US\$0.6324 per Australian Dollar. The exchange rate on payment date was R12.03. The OHL Group's ownership in Youi Holdings increased from 92.01% to 94.64% as a result of this transaction and the results of the Youi Group were consolidated in line with the updated percentage holding from the effective date.

The effect of the transaction on equity attributable to owners of Youi Holdings during September 2024 (2024: during October 2023) is summarised as follows:

R million	2025	2024
Carrying amount of the 5.36% (2024: 7.99%) non-controlling interests before the sale	284	439
Carrying amount of the 0.23% (2024: 2.63%) non-controlling interests acquired	(58)	145
Consideration paid for the non-controlling interest	74	(512)
Excess of consideration exchanged and recognised in the transaction with non-controlling interests reserve	16	(367)

Derecognition of non-controlling interests ownership in assets held for sale disposed of

During the prior financial year, on 28 March 2024, the Group disposed of its interest in certain assets and liabilities associated with the RMI Investment Managers Group associates. The Group's interest in these assets and liabilities were included under assets held for sale and liabilities associated with assets held for sale as at 01 July 2024 until the date of disposal. Non-controlling interest is as a result of the Group's share of a 51%-held subsidiary, RMI Investment Managers Affiliates 2 Proprietary Limited and 70% shareholding held by RMI Investment Managers Affiliates 2 Proprietary Limited in RMI Investment Managers Affiliates 2B Proprietary Limited. The carrying value of non-controlling interests at the date of disposal amounted to R71 million which is also the amount that was derecognised.

Notes to the consolidated annual financial statements *continued*

19. Investment in associates

	Number of shares		% of equity	
	2025	2024	2025	2024
The following companies are associates of the Group as at 30 June 2025:				
Polar Star Management	155 000	155 000	25.0	25.0
Sancreed Proprietary Limited (Guidepost) ¹	122 839	122 839	45.5	45.5
Additiv Proprietary Limited (Additiv)	-	400	-	40.8
CloudBadger Technologies Proprietary Limited (CloudBadger) ²	-	400 000	-	45.0
Blue Zebra Insurance Proprietary Limited (BZI) ³	-	2 397 631	-	36.9
Merchant Capital Advisory Services Proprietary Limited (Merchant Capital) ⁴	-	333 430	-	21.2

1 Guidepost is carried at R nil following its full impairment (R9 million) in the prior financial year.

2 CloudBadger was classified as held for sale with effect from 31 December 2024.

3 An unconditional sale of the BZI shares was in place as at 30 June 2025.

4 Merchant Capital was classified as held for sale with effect from 31 December 2024 and was subsequently sold during January 2025.

R million	2025	2024
Investment in associates		
Polar Star Management	258	281
Additiv Proprietary Limited	-	2
Merchant Capital Advisory Services Proprietary Limited	-	58
CloudBadger Proprietary Limited	-	135
Blue Zebra Insurance Proprietary Limited	-	330
INVESTMENT IN ASSOCIATES	258	806
Reconciliation of investment in associates		
Opening balance	806	788
Additional acquisition of associates	-	39
Equity-accounted earnings for the year	189	127
Dividends received for the year	(185)	(39)
Share of associates' other reserves ¹	-	(4)
Foreign exchange adjustments	(12)	(8)
Impairment of investment in associate	-	(9)
Effect of change in shareholding of investment in associates	-	483
Carrying value of associate sold	(350)	(16)
Carrying value of associates classified as held for sale	(188)	-
Associate becoming a subsidiary	(2)	-
Associate derecognised as a result of dilution effect	-	(555)
CLOSING BALANCE	258	806

1 Share of associates' other reserves related to the Group's share in CloudBadger's movement in the share-based payment reserve and retained earnings adjustments. The retained earnings adjustments related to share buy-backs where the market value of the shares exceeded the original issue price.

The Group assesses whether there is an indicator for impairment of its associate investments on an annual basis and performs an impairment assessment if such an indicator exists. The assessments are based on discounted cash flow models with company forecasts used as inputs. These forecasts can be adjusted to allow for our own assessment of expected performance.

There are no contingent liabilities relating to the Group's investment in associates.

Notes to the consolidated annual financial statements *continued*

19. Investment in associates *continued*

AlphaCode associates

During the current financial year, in January 2025, an agreement was reached to dispose of Merchant Capital Advisory Services Proprietary Limited (Merchant Capital) (an AlphaCode associate) by way of a company share buy-back. This disposal is tranching over a period of 15 months with total proceeds amounting to R92 million. The investment has been classified as held for sale with an effective date of 31 December 2024. Additiv Proprietary Limited and its 100% subsidiary Additiv Capital Proprietary Limited changed from being previously treated as an associate to a 100%-owned subsidiary as at 30 June 2025. The increase in shareholding is as a result of the acquisition of all the shares not previously held for a nominal amount.

During the prior financial year, the Group's shareholding in an AlphaCode associate diluted to 14.7% resulting in the Group losing significant influence and was therefore no longer considered to be an associate. The carrying value of the associate was subsequently revalued to its fair value and then transferred to financial assets at fair value through other comprehensive income.

CloudBadger Proprietary Limited

CloudBadger is a banking platform service company operating in South Africa.

The Sales Purchase Agreement (SPA) for the sale of Cloudbadger was signed on 1 July 2025, following the signing of a Memorandum of Understanding (MOU) in December 2024. The SPA is binding following the conditions precedent and pending approval of the competition commission of the authorities of Eswatini. The investment in Cloudbadger is classified as held for sale as at 30 June 2025.

During the prior financial year, the Group's ownership in CloudBadger decreased from 46.0% to 45.0% as a result of ordinary shares issued by the associate. The Group did not acquire any of the ordinary shares issued which gave rise to the dilution of ownership to 45.0% resulting in the Group recognising a loss on change in shareholding of R3.5 million.

Blue Zebra Insurance Proprietary Limited (BZI)

The Group's subsidiary, Youi Holdings had an associate investment in BZI, which is an insurance underwriting agency operating in Australia.

During the current financial year, Youi Holdings sold its share in BZI which was unconditional as at 30 June 2025. The interest was sold to Envest Pty Ltd for a total net proceeds of R526 million, resulting in a profit of R176 million (pre-tax) included in profit or loss. The net proceeds is included in "other receivables" as at 30 June 2025 which was received on 1 July 2025.

During the prior financial year, Youi Holdings invested a further R38.9 million (A\$3.2 million) relating to the 2.73% additional investment made on 26 May 2023 which increased the shareholding to 36.9%.

Investment in AutoGuru Australia Proprietary Limited (AutoGuru)

At the beginning of the prior financial year, the Group held an equity share (25.09%) in AutoGuru, an Australian based associate, which was sold during the prior financial year for an amount of R67.7 million, resulting in a profit of R50.8 million.

Notes to the consolidated annual financial statements *continued***19. Investment in associates** *continued*

Profit on sale of associates are as follows:

R million	BZI 2025	AutoGuru 2024
Sales proceeds	526	68
Foreign exchange gain ¹	-	(8)
Carrying amount of associate sold	(350)	(16)
PROFIT ON SALE OF ASSOCIATES	176	44

1 In the prior year the foreign exchange gain comprises of R5 million relating to the change in exchange rate on the cost price of the original investment and R3 million relates to the gain from entering into a foreign exchange derivative for the sales price.

Profit on change in shareholding of investment in associates:

R million	2024
Fair value/carrying value of associates after dilution	690
Carrying value of associates prior to dilution	(207)
Effect of change in shareholding of investment in associates	483
Other equity accounted reserves recycled to profit or loss	26
PROFIT ON CHANGE IN SHAREHOLDING OF INVESTMENT IN ASSOCIATES	509

Associates classified as held for sale are as follows:

R million	Merchant Capital	CloudBadger	Total
2025			
Carrying value at 1 July 2024	58	135	193
Equity-accounted earnings for the year	-	(3)	(3)
Dividends received for the year	(2)	-	(2)
ASSOCIATES RECLASSIFIED AS HELD FOR SALE	56	132	188

The Group had no classification of associates to held for sale during the prior financial year.

The table below provides a summary of the financial information of the associates held within the Group:

R million	Polar Star Management
At 30 June 2025	
Statement of financial position	
Current assets	93
Non-current assets	1 065
Current liabilities	(775)
Non-current liabilities	(10)
EQUITY	373
Statement of profit or loss and other comprehensive income	
Revenue	608
After tax profit or loss	501
Closing balance of cash and cash equivalents	50

Notes to the consolidated annual financial statements *continued***19. Investment in associates** *continued*

The table below provides a summary of the financial information of the associates held within the Group:

R million	Polar Star Management	Merchant Capital	CloudBadger Proprietary Limited	Blue Zebra Insurance Proprietary Limited
At 30 June 2024				
Statement of financial position				
Current assets	99	492	86	1 001
Non-current assets	423	2	44	140
Current liabilities	(38)	-	(5)	(728)
Non-current liabilities	(6)	(307)	-	(14)
EQUITY	478	187	125	399
Statement of profit or loss and other comprehensive income				
Revenue	316	225	61	557
After tax profit or loss	265	26	-	260
Closing balance of cash and cash equivalents	45	28	9	683

The table below provides a reconciliation of the carrying value of the associates held within the Group:

R million	Polar Star Management
At 30 June 2025	
% of ownership ¹	25.0%
Nature of business	Asset Management
Place of business	South Africa
Opening net assets	479
Profit for the year	500
Foreign currency adjustments	(22)
Dividend	(584)
CLOSING NET ASSETS	373
Interest in associates ¹	95
Notional goodwill	161
Foreign currency translation reserve attributable to notional goodwill	2
CARRYING VALUE	258

¹ The percentage of ownership have been rounded to one decimal for disclosure purposes, where the actual ownership percentage is at least two decimals. This will have a slight impact on the interest in associates value being recalculated.

Notes to the consolidated annual financial statements *continued*

19. Investment in associates *continued*

The table below provides a reconciliation of the carrying value of the associates held within the Group:

R million	Polar Star Management	Merchant Capital	CloudBadger Proprietary Limited	Blue Zebra Insurance Proprietary Limited
At 30 June 2024				
% of ownership ¹	25.0%	21.2%	45.0%	36.9%
Nature of business	Asset Management	Fintech South Africa United States of America	Software	Insurance underwriting agency
Place of business	South Africa	South Africa United States of America	South Africa	Australia
Opening net assets	225	249	140	293
Profit/(loss) for the year ²	265	(99)	–	260
Foreign currency adjustments	(13)	–	–	(11)
Dividend	–	3	–	(110)
Ordinary shares bought back	–	–	(2)	–
Share-based payment reserve movement	–	–	(19)	–
Other adjustments to net asset value	2	34	6	(33)
CLOSING NET ASSETS	479	187	125	399
Interest in associates ¹	120	40	56	147
Notional goodwill ³	161	20	79	179
Foreign currency translation reserve attributable to notional goodwill ³	–	–	–	4
CARRYING VALUE	281	60	135	330

1 The percentage of ownership have been rounded to one decimal for disclosure purposes, where the actual ownership percentage is at least two decimals. This will have a slight impact on the interest in associates value being recalculated.

2 A loss for the current financial year of R358 000 relating to CloudBadger was excluded due to rounding.

3 For the notional goodwill on Cloudbadger, R58.0 million relates to the remeasurement to the fair value of our retained investment in CloudBadger on the date of loss of control.

Additiv and Guidepost were deemed to have an immaterial carrying value respectively and were therefore not shown in the prior financial year tables.

Notes to the consolidated annual financial statements *continued*

20. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

R million	Movement				Closing Balance
	Opening Balance	Profit or loss	Other comprehensive income	Equity ¹	
At 30 June 2025					
Deferred tax assets					
Provision relating to staff costs	397	178	-	(7)	568
Other provisions	13	-	-	(1)	12
Insurance contract assets	103	54	-	(4)	153
Fair value adjustments	3	(8)	-	-	(5)
Service costs on employee benefits	(32)	42	-	-	10
Operating lease charges	(5)	5	-	-	-
Lease liabilities	72	29	-	(2)	99
Financial assets at fair value through other comprehensive income	1	-	-	-	1
Allowances on fixed and intangible assets	26	7	-	(1)	32
Special transfer credit	12	(12)	-	-	-
Expected loss adjustment	7	-	-	-	7
Other	34	(9)	-	1	26
Reinsurance contract assets	(1)	1	-	-	-
Total before adjustment relating to offset	630	287	-	(14)	903
Adjustment relating to offset ²	(323)				(402)
TOTAL DEFERRED TAX ASSETS	307				501
Deferred tax liabilities					
Fair value adjustments	(199)	(169)	17	1	(350)
Investment in associates ³	(27)	17	-	1	(9)
Prepayments	(19)	7	-	-	(12)
Operating lease charges	(1)	1	-	-	-
Right-of-use assets	(68)	(26)	-	2	(92)
Insurance contract liabilities	(262)	135	-	-	(127)
Reinsurance contract assets	39	(8)	-	-	31
Capital loss utilised	(1)	-	-	-	(1)
Other adjustments	31	(31)	-	-	-
Total before adjustment relating to offset	(507)	(74)	17	4	(560)
Adjustment relating to offset ²	324				402
TOTAL DEFERRED TAX LIABILITIES	(183)				(158)

1 Included in the equity movement is the movement in the FCTR on the deferred tax balances where applicable.

2 The adjustment relating to offset relates to the reclassification of the balance from the underlying companies to disclose the net position per legal entity as the Group does not have a legal right of offset of the underlying companies.

3 The Group recognised a deferred tax liability of R9 million during the current financial year following the share buy-back transaction of an associate resulting in a disposal of the associate in the current financial year. As per the share buy-back agreement, this deferred tax liability will be settled within the next financial year.

Notes to the consolidated annual financial statements *continued*

20. Deferred tax *continued*

R million	Movement				
	Opening Balance	Profit or loss	Other comprehensive income	Equity ¹	Closing Balance
At 30 June 2024					
Deferred tax assets					
Provision relating to staff costs	299	104	–	(6)	397
Other provisions	28	(14)	–	(1)	13
Insurance contract assets	538	(421)	–	(14)	103
Fair value adjustments	11	(3)	(5)	–	3
Service costs on employee benefits	(2)	(30)	–	–	(32)
Operating lease charges	(9)	4	–	–	(5)
Lease liabilities	22	51	–	(1)	72
Financial assets at fair value through other comprehensive income	–	–	1	–	1
Allowances on fixed and intangible assets	18	9	–	(1)	26
Special transfer credit	20	(8)	–	–	12
Expected loss adjustment	9	(3)	1	–	7
Other	7	(5)	–	32	34
Assessed loss	6	(6)	–	–	–
Reinsurance contract assets	1	(2)	–	–	(1)
Insurance contract assets	(11)	11	–	–	–
Total before adjustment relating to offset	937	(313)	(3)	9	630
Adjustment relating to offset ²	(436)				(323)
TOTAL DEFERRED TAX ASSETS	501				307
Deferred tax liabilities					
Fair value adjustments ³	(120)	(77)	(2)	–	(199)
Investment in associates	(12)	(16)	–	1	(27)
Deferred acquisition costs	(301)	294	–	7	–
Prepayments	(11)	(8)	–	–	(19)
Operating lease charges	3	(4)	–	–	(1)
Right of use assets	(18)	(52)	–	2	(68)
Insurance contract liabilities	(203)	(59)	–	–	(262)
Reinsurance contract assets	47	(8)	–	–	39
Capital loss utilised	–	(1)	–	–	(1)
Other adjustments	25	6	–	–	31
Total before adjustment relating to offset	(590)	75	(2)	10	(507)
Adjustment relating to offset ²	437				324
TOTAL DEFERRED TAX LIABILITIES	(153)				(183)

1 Included in the equity movement is the movement in the FCTR on the deferred tax balances where applicable.

2 The adjustment relating to offset relates to the reclassification of the balance from the underlying companies to disclose the net position per legal entity as the Group does not have a legal right of offset of the underlying companies.

3 The Group recognised a deferred tax liability of R55 million during the current financial year as a result of the dilution effect of an equity investment in an associate being transferred to financial assets carried at fair value through other comprehensive income. The Group's profit has been affected by the expense of R55 million recognised in taxation and any related subsequent deferred tax expense is recognised in other comprehensive income.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The following deferred tax assets were not recognised:

- During the financial year, OUTsurance purchased the Embankment office building that was owned by fellow subsidiary, OUTsurance Properties, under a section 45 Inter-group transaction of the Income Tax Act. In terms of the Act, the transaction has a roll-over effect where OUTsurance and Properties are assumed to be one in the same person for purposes of the transaction. The deferred tax liabilities to the value of R88 million previously recognised by OUTsurance Properties have been rolled forward to OUTsurance for tax purposes. However they are not recognised because the transaction is not a business combination as required by IAS 12 and will realise when the building is disposed of to a third party.

Notes to the consolidated annual financial statements *continued*

20. Deferred tax *continued*

- An amount of R220 million (2024: R234 million) which relates to the individual policyholder tax fund in OUTsurance Life Insurance Company. For the foreseeable future there will not be sufficient profits in the individual policyholder fund to raise a deferred tax asset as the deductible expenses exceed its taxable income.
- An amount of R108 million (2024: R48 million) which relates to OUTsurance DAC, the Group's start-up subsidiary who does not have sufficient future taxable profits at this stage.

The unrecognised deferred tax assets do not have an expiry date. Refer to note 38 for the current and non-current analysis of deferred taxation.

21. Financial assets

R million	2025	2024
Fair value through profit or loss	6 758	5 632
Measured at fair value through profit or loss	4 108	3 369
Debt securities		
Zero-coupon deposits backing endowment policies	1 863	1 738
Convertible loan	14	19
Equity securities		
Listed perpetual preference shares	227	189
Exchange traded funds	1 184	1 089
Collective investment schemes ¹	810	324
Unlisted equity	10	10
Designated at fair value through profit or loss	2 650	2 263
Debt securities		
Money market securities	20	738
Zero-coupon deposits	1 730	1 351
Unsecured investment in development fund	84	57
Contingent receivable	74	117
Collective investment schemes ²	742	-
Fair value through other comprehensive income	8 111	8 203
Debt securities		
Government, municipal and public utility securities	789	675
Money market securities <1year	1 898	2 508
Money market securities >1 year	3 046	2 330
Collective investment schemes ³	1 904	1 782
Equity securities		
Unlisted equity	474	908
Amortised cost	14 355	12 634
Debt securities		
Term deposits	14 347	12 525
Preference share investment	8	109
TOTAL FINANCIAL ASSETS	29 224	26 469

1 The Group's investment in Equity Collective investment schemes consist of R41.6 million for MSCI World Index Feeder Fund and R768.5 million for the Australian Equity Index Fund.

2 This investment relates to the Group's investment in the Australian Bond Fund.

3 These investments relate to the Group's investment in the Money Market Funds of which the most material fund is OUTsurance Ireland's investment of R1 892 million in Morgan Stanley Euro Liquidity Fund.

Refer to page 36 under level 2 fair value hierarchy description for more information on the type of collective investment schemes.

Notes to the consolidated annual financial statements *continued***21. Financial assets** *continued*

R million	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Year ended 30 June 2025				
Movement Analysis				
Opening balance	5 632	8 203	12 634	26 469
Additions (purchases and issues)	1 838	2 251	4 602	8 691
Dividends reinvested	9	-	-	9
Interest reinvested	25	559	380	964
Disposals (sales and redemptions)	(1 051)	(2 607)	(2 813)	(6 471)
Unrealised fair value adjustments	323	(421)	-	(98)
Expected credit loss movement	-	-	26	26
Foreign exchange difference	(18)	126	(474)	(366)
CLOSING BALANCE	6 758	8 111	14 355	29 224
Year ended 30 June 2024				
Movement Analysis				
Opening balance	4 751	6 427	11 267	22 445
Additions (purchases and issues)	1 294	4 348	7 860	13 502
Dividends reinvested	8	40	-	48
Interest reinvested	63	546	287	896
Disposals (sales and redemptions)	(640)	(3 663)	(6 385)	(10 688)
Unrealised fair value adjustments	166	9	-	175
Investment in associate diluting to a financial asset at fair value ¹	-	555	-	555
Foreign exchange difference	(10)	(59)	(395)	(464)
CLOSING BALANCE	5 632	8 203	12 634	26 469

1 The Group's investment in an AlphaCode associate, included as an associate as at 1 July 2023, diluted, and has resulted in a transfer to financial assets at fair value through OCI during the prior financial year.

A register of investments is available for inspection at the registered office of the Group.

Refer to note 3.3.1 for information relating to the fair value of investment securities. Refer to note 38 for the current and non-current analysis of investment securities.

Critical accounting estimates – ECL

In determining the ECL allowances for financial instruments carrying credit risk, the following significant judgements and estimates were considered:

- Judgement was applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through, amongst others, market curve movements, credit quality of the instrument and issuing party, and portfolio assessments.
- Where financial instruments have a term to maturity of less than 12 months (per instrument type) the 12 month ECL is calculated from the outset.
- The Group applies judgement in identifying default and credit-impaired financial assets. In making this judgement, the Group considers whether the balance is in legal review, debt review or under administration or expert judgement. Financial assets are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- Management relies on the discount rates observed on the zero-coupon bond curve as published by the Johannesburg Stock Exchange to discount all cash flows to their present value. These discount rates are considered to be reflective of the current market conditions as well as those expected in the future.
- Management deems the instrument type aggregation to be the most appropriate manner to calculate the allowance for ECL taking undue costs and effort into account.

Notes to the consolidated annual financial statements *continued*

22. Derivative financial instruments

The Group utilises derivative financial instruments for the following:

- to reduce the impact of the interest rate risk contained in the insurance contract liabilities in its long-term insurance business;
- to reduce the impact of the currency risk contained in its open foreign currency exposures;
- to provide price certainty related to future equity investments; and
- to reduce equity price risk contained in the cash settled share-based payment scheme.

The Group undertakes transactions involving derivative financial instruments with other financial institutions. Management has established limits commensurate with the credit quality of the institutions with which it deals and manages the resulting exposures such that a default by any individual counterparty is unlikely to have a materially adverse impact on the Group.

R million	2025	2024
Derivative assets	326	87
Derivative liabilities	(7)	(88)
NET DERIVATIVE FINANCIAL INSTRUMENTS	319	(1)

The following table presents the detailed breakdown of the Group's derivative financial instruments outstanding at year-end that are subject to enforceable master netting arrangements as at 30 June:

R million	Gross assets	Gross liabilities	Net derivatives
At 30 June 2025			
Interest rate swap	1 181	(1 188)	(7)
Effect of assets relating to the floating rate swap	1 181	-	1 181
Effect of liability relating to the fixed rate swap	-	(1 188)	(1 188)
Collateralised swap	67	-	67
Bond forward ¹	-	-	-
Forward exchange derivatives			
EUR FEC	10	-	10
Total return swap	249	-	249
TOTAL	1 507	(1 188)	319

¹ The current value of the Bond forward of R461 105 was excluded due to rounding.

R million	Gross assets	Gross liabilities	Net derivatives
At 30 June 2024			
Interest rate swap	1 118	(1 203)	(85)
Effect of assets relating to the floating rate swap	1 118	-	1 118
Effect of liability relating to the fixed rate swap	-	(1 203)	(1 203)
Collateralised swap	77	-	77
Bond forward	10	-	10
Forward exchange derivatives			
EUR FEC	-	(3)	(3)
TOTAL	1 205	(1 206)	(1)

Notes to the consolidated annual financial statements *continued*

22. Derivative financial instruments *continued*

R million	Net derivatives	
	2025	2024
Movement analysis of derivative asset and liability		
Opening balance	(1)	(72)
Additions (purchases and issuings)	33	176
Disposals	166	(5)
Fair value adjustments	162	(69)
Interest accrued	(41)	(31)
CLOSING BALANCE	319	(1)

Derivatives for long-term insurance contract liabilities

The entire R7 million (2024: R85 million) net position of the derivative financial liability related to the interest rate swap, which is recoverable in more than 12 months from reporting date. The collateralised swap is recoverable in more than 12 months.

The collateralised swap arrangement is intended to match payments due to policyholders in the future, after a specified date. The collateralised swap is set to cover fulfilment cash flows from year 13 onward. The market value of the collateralised swap is R67 million (2024: R77 million).

The Bond forward contract has a fair value of R0.4 million (2024: R10 million) which is rolled on a 3 month basis. The interest on the underlying bonds is linked to inflation and which is intended to offset the Group's exposure to inflation risk.

Total return swap

The Group entered into a total return swap arrangement to hedge its obligation under the ESOP cash settled share-based payment scheme in OHL. OHL receives the growth in the OGL share price from transaction date and makes a floating payment equal to the 3-month JIBAR plus a spread based on the notional equity value of the underlying OGL shares.

Foreign exchange derivatives

The Group utilises derivative financial instruments to reduce the impact of the currency risk contained in its open foreign currency exposures. The Group undertakes transactions involving derivative financial instruments with other financial institutions.

The Group has entered into foreign derivative contracts to economically hedge its exposure against the volatility of the Rand against the Australian Dollar (AUD) and the Euro. The Euro derivative instrument as at 30 June 2025 is for the additional capital investment in OUTsurance Irish Insurance Holdings Limited on the 1st of November 2025 as required per the capital commitment deed.

Notes to the consolidated annual financial statements *continued***23. Other receivables**

R million	2025	2024
Due from agents, brokers and intermediaries ¹	479	530
Fees receivable from contact centre services	27	42
Interest receivable	333	300
Other receivables	83	154
Prepayments	207	195
Dividend receivable from investment in associate	146	–
Due in respect of associates sold	591	–
TOTAL OTHER RECEIVABLES	1 866	1 221

1 Due from agents, brokers and intermediaries represents premiums collected by the BZI broker channel. The policyholder has fulfilled their obligation, this receivable is directly with the broker.

Included in other receivables and prepayments are amounts due by related parties. Refer to note 39 for further details thereof.

Since other receivables have short-term maturities, the carrying amount approximates the fair value. Refer to note 38 for the current and non-current analysis of other receivables.

24. Assets held for sale**Investment in Cloudbadger Proprietary Limited (Cloudbadger)**

In line with the Group's strategy to sell its non-core assets and focus on its insurance operations, management have been on the lookout for an opportunity to sell its stake in Cloudbadger.

On 30 November 2024, the Group's management committed to a plan to sell its stake in Cloudbadger. The Sales Purchase Agreement (SPA) for the sale of Cloudbadger was signed on 1 July 2025, following the signing of a Memorandum of Understanding (MOU) in December 2024. The SPA is binding following the conditions precedent and pending approval of the competition commission of the authorities of Eswatini. The investment in Cloudbadger has therefore been classified as held for sale in the 2025 financial year. At classification date on 1 December 2024, the carrying amount was lower than the fair value of Cloudbadger less costs to sell.

At 30 June 2025, the investment in associate is valued at its carrying value which is the lower of carrying value and fair value less costs to sell.

Merchant Capital Advisory Services Proprietary Limited (Merchant Capital)

During January 2025, an agreement was reached to dispose of Merchant Capital (previously recorded as an associate) by way of a company share buy-back. This disposal is tranchised over a period of 15 months with total proceeds amounting to R92 million. The investment has been classified as held for sale with an effective date of 31 December 2024.

At the disposal date, 31 January 2025, the investment in associate was valued at its carrying value which is the lower of carrying value and fair value less costs to sell. This sale of Merchant Capital aligns with the Group's strategy to focus on the expansion of its insurance operations.

OUTvest Proprietary Limited (OUTvest) and its subsidiary OUTvest Nominees RF Proprietary Limited (OUTvest Nominees)

OUTvest and OUTvest Nominees were sold during the prior financial year on 1 February 2024 resulting in a profit of R22 million.

RMI Investment Managers Group

During the prior financial year, on 28 March 2024, the Group sold all of its interest in the RMI Investment Managers associates and the associated liabilities, excluding its investment in Polar Star Management, to the non-controlling interest party resulting in a profit of R33 million.

Effect on consolidated statement of financial position

R million	2025	2024
Cloudbadger	102	–
ASSETS HELD FOR SALE	102	–

Notes to the consolidated annual financial statements *continued*

24. Assets held for sale *continued*

Reconciliation of assets held for sale:

R million	Merchant Capital	Cloudbadger	Total
At 30 June 2025			
Reclassification from investment in associates	56	132	188
Dividends received in respect of an associate asset ¹	–	(20)	(20)
Impairment to net realisable value	–	(10)	(10)
	56	102	158
Carrying value of assets held for sale disposed of	(56)	–	(56)
ASSETS HELD FOR SALE	–	102	102

1 The dividend was negotiated as part of the sale agreement and reduces the capital value of the asset held for sale.

On 30 June 2025 the recoverable amount of CloudBadger was lower than the current carrying value. The recoverable was equal to the fair value less cost to sell of R122 million which resulted in an impairment loss of R10 million to be recognised.

The impairment loss was driven by lower forecast revenue earnings for CloudBadger post the sale of its shares to a new shareholder, due to some contracts potentially cancelling because of the sale.

The fair value of CloudBadger would be considered level 3 on the fair value hierarchy as its an unlisted entity.

Effect on consolidated statement of profit or loss

Reconciliation of profit on sale of assets held for sale:

R million	Merchant Capital
At 30 June 2025	
Proceeds	92
Proceeds in cash	24
Proceeds included in other receivables	68
Assets held for sale disposed of	(56)
Other reserves recycled	(1)
PROFIT ON SALE OF ASSETS HELD FOR SALE	35

R million	RMI Investment Managers associates	OUTvest	Total
At 30 June 2024			
Proceeds	229	39	268
Proceeds in cash	114	39	153
Contingent consideration	115	–	115
Assets held for sale disposed of	(337)	(49)	(386)
Liabilities directly associated with assets held for sale disposed of	53	32	85
Other reserves recycled	17	–	17
Non-controlling interest share of assets held for sale disposed of	71	–	71
PROFIT ON SALE OF ASSETS HELD FOR SALE	33	22	55

Impairment of asset held for sale

R million	2025	2024
Cloudbadger	(10)	–
IMPAIRMENT OF ASSET HELD FOR SALE	(10)	–

Notes to the consolidated annual financial statements *continued***25. Cash and cash equivalents**

Included in money market investments are deposits with a term of maturity to less than three months. The carrying value of cash and cash equivalents approximates the fair value.

R million	2025	2024
Cash at bank and on hand	1 849	1 505
Short-dated money market instruments	16	187
BALANCE AT THE END OF THE YEAR	1 865	1 692

Included in the cash and cash equivalent note are restricted cash balances relating to cash back and demand deposits to the value of R25.5 million (2024: R25.9 million). These deposits secure specific assets and are therefore not available for general use by the other entities within the Group.

26. Share capital and premium

R million	Number of shares after treasury shares	Ordinary share capital ¹	Share premium	Treasury shares	Total
At 30 June 2025					
Opening balance	1 537 535 862	–	15 667	(181)	15 486
Ordinary shares issued	9 695 643	–	562	–	562
Treasury shares	–	–	–	(126)	(126)
SHARE CAPITAL AND PREMIUM	1 547 231 505	–	16 229	(307)	15 922

R million	Number of shares after treasury shares	Ordinary share capital ¹	Share premium	Treasury shares	Total
At 30 June 2024					
Opening balance	1 532 408 776	–	15 452	–	15 452
Ordinary shares issued	5 127 086	–	215	–	215
Treasury shares	–	–	–	(181)	(181)
SHARE CAPITAL AND PREMIUM	1 537 535 862	–	15 667	(181)	15 486

¹ Due to rounding, the amounts were excluded.

Ordinary shares

The total authorised number of ordinary shares is 2 000 000 000, with a par value of R0.0001 per share. The total number of issued ordinary shares increased by 9 695 643 during the year (2024: 5 127 086) to 1 547 231 505 as at 30 June 2025 (2024: 1 537 535 862).

During the current financial year the company issued 12 079 169 ordinary shares at a value of R588 million, another 5 552 510 ordinary shares at a value of R339 million and 829 477 ordinary shares at a value of R63 million on 16 September, 22 November 2024 and 20 June 2025 respectively. These shares issued during the current financial year were in exchange for 42 283 911 OHL shares. 8 765 513 ordinary shares at a value of R428 million were cancelled on 14 October 2024 following an asset distribution (OGL shares) by OHL to its shareholders.

During the prior financial year the company issued 980 207 ordinary shares at a value of R40 million and 4 146 879 ordinary shares at a value of R175 million on 15 November 2023 and 26 June 2024 respectively. These shares issued during the prior financial year were in exchange for 11 740 624 OHL shares.

The unissued share capital is under the control of the board of directors until the forthcoming annual general meeting.

Notes to the consolidated annual financial statements *continued***26. Share capital and premium** *continued***Preference shares**

The total authorised number of cumulative, redeemable, par value preference shares is 100 000 000 with a par value of R0.0001 per share. The issued number of par value preference shares is nil (2024: nil).

The total authorised number of cumulative, redeemable, no par value preference shares is 100 000 000 with a par value of R0.0001 per share. The issued number of no par value preference shares is nil (2024: nil).

The company created a new class of 100 000 000 authorised, cumulative, redeemable, no par value preference shares in the 2016 financial year in terms of its debt programme. None of these preference shares have been issued yet.

OGL had no issued preference shares as at 30 June 2025. If any of these preference shares would be issued, it would be classified as debt.

	2025	2024
Number of treasury shares held at 30 June	6 877 750	4 295 856
Weighted number of treasury shares held during the year	7 054 561	3 233 144
The treasury shares are eliminated from the weighted number of shares in issue for the purposes of calculating earnings and headline earnings per share:		
Weighted number of issued shares	1 544 183 261	1 533 078 726
Less: Weighted number of treasury shares	(7 054 561)	(3 233 144)
WEIGHTED NUMBER OF SHARES IN ISSUE	1 537 128 700	1 529 845 582

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts

R million	30 June 2025					30 June 2024				
	OUTsurance	Youi	OUTsurance Ireland	OUTsurance Life	Total	OUTsurance	Youi	OUTsurance Ireland	OUTsurance Life	Total
Insurance contracts	2 077	13 246	273	263	15 859	1 945	10 295	19	396	12 655
Insurance contract liabilities	2 077	13 246	273	633	16 229	1 945	10 295	19	647	12 906
Insurance contract assets	-	-	-	(370)	(370)	-	-	-	(251)	(251)
Reinsurance contracts	4	(2 239)	(20)	(63)	(2 318)	(2)	(1 430)	(18)	(109)	(1 559)
Reinsurance contract assets	(26)	(2 239)	(20)	(68)	(2 353)	(27)	(1 430)	(18)	(112)	(1 587)
Reinsurance contract liabilities	30	-	-	5	35	25	-	-	3	28

27.1 Short-term insurance contracts issued

Material judgements – Short-term business

This note provides an overview of the areas that involve a higher degree of judgement or complexity on the measurement of insurance and reinsurance contract liabilities.

Unit of account

The Group has determined that the unit of account is not the insurance policy per policyholder but rather the separate risk insured in the contract. This is based on the substance of the insurance policy, which can contain several insured risks.

In concluding that the unit of account is the risk being insured, management considered the following to determine that the risks are not interdependent, do not lapse together, and are priced and sold separately:

- Each risk is priced separately. The premium is determined by assessing the duration of the insurance policy at inception of the contract and the risk covered. The premium is then determined separately for each risk.
- The Group has a sophisticated underwriting model. This model considers factors of the policyholder and the risk ensuring each risk is underwritten and monitored separately.
- The cancellation of one risk by the policyholder does not affect the continuation of cover of other risks covered by the policy.
- Renewals are done at a risk and policy level.

Profitability groupings

Contracts measured under the PAA are assumed to be profitable unless facts and circumstances suggest otherwise. Management monitors profitability by tracking the combined ratio of the portfolio over a period and considers pricing adequacy to determine if a risk class is onerous.

For the Group, a portfolio for contracts measured under the PAA will be mostly aligned to the classes used for regulatory risk reporting. Where applicable the risk classes are split by distribution channel to ensure the portfolio is homogeneous in nature. Additionally, this division facilitates the build for the segmental classification for the purpose of financial statement disclosure.

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.1 Short-term insurance contracts issued *continued*

Material judgements – Short-term business *continued*

Liability for incurred claims

To estimate the future claims cash flows within the boundary of the contract for contracts measured under the PAA, the Group uses the following methodologies to determine the ultimate value of the liability for incurred claims:

- Development Factor Method (DFM)
- Cape Cod Method (CC)
- Bornhuetter-Ferguson Method (BF)
- Expected Loss ratio
- System case estimates
- Payment Per Claim Incurred (PPCI).

Each method attempts to predict the progression of claims incurred and/or reported through a combination of various development factors, loss ratios and dependency factors. The method chosen depends on the materiality and data credibility of various cash flows. When determining the various cash flows of the calculation it is assumed at a high level that past claims development can be used as a reasonable guide for future expected claim development. In all cases judgement is applied to appropriately allow for expected future experience.

The future expense cash flows are split between the allocated loss adjustment expenses (ALAE) and the unallocated loss adjustment expenses (ULAE). The ALAE reserve relates to costs directly attributable to claims. These are loaded on claims explicitly and included in the analysis of claims data. The ULAE reserve relates to overhead costs directly attributable to claims management and is allowed for by expressing total claims-related management expenses as a proportion of gross claims paid, for the 12 months preceding the calibration date. This assumption is then applied, using Kittel's method, to estimate the ULAE.

The OUTbonus liability makes use of a probability adjustment which is calibrated using the long-term average ratio of the ultimate OUTbonus cost to OUTbonus accrual. This probability adjustment is then applied to the total OUTbonus accrued liability at the reporting date.

Directly attributable expenses

IFRS 17 requires an entity to include a portion of its overhead costs that is directly attributable in fulfilling the obligations under the insurance contract, in the fulfilment cash flows of the liability. The Group leveraged off its current methodology and processes to evaluate expenses and allocate all expenses as either directly attributable or non-attributable depending on each expense cost centre.

In the instances, where the costs within a cost centre were deemed to be not attributable, the cost centre is classified as non-attributable. Once the costs have been allocated as attributable, they are allocated to a risk code using an activity-based costing methodology.

Discount rate – Contracts measured under the PAA

The Group has long tail claim components and chose to discount the LIC for claims that are expected to be settled within 1 year from the date the claim was incurred, rather than utilising the practical expedient available. As there are no referenced asset portfolios backing the LIC because of the volatility and uncertainty of claims on short term insurance contracts, it was deemed more appropriate to use the bottom-up approach.

Under this approach, a risk-free bond yield curve was used. No illiquidity premium was added to the discount rate as there is no penalty or surrender value required to exit the insurance contract.

Treatment of the OUTbonus under PAA

The Group awards an OUTbonus to all policyholders who remain claim free for a specified period of time. The OUTbonus is forfeited with cancellation of the insurance policy and highly interrelated to the host contract. Given that the OUTbonus is largely dependent on the claim's behaviour of the policyholder, it's accounted for under the LIC as an unsettled claim as it relates to insurance contract services already provided.

The OUTbonus is forfeited when the underlying insurance contract is cancelled, and thus it does not serve to extend the contract boundary of the underlying contract given that the contract can be cancelled or repriced with a month's notice. Consequently, the OUTbonus liability is limited to the same boundary as the underlying contract, which is one month. If the policyholder does not claim, the contractual obligation created by the OUTbonus results in a liability which accrues monthly and accumulates over the period.

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.1 Short-term insurance contracts issued *continued*

Material judgements – Short-term business *continued*

Risk adjustment

For the personal, business and CTP segments, the risk adjustment is a Value at Risk (VaR) approach on the distribution of the relevant LIC.

In the LIC, a reserve risk volatility factor is calculated for main major risk classes by leveraging off methods described in the regulatory framework. The standardised reserve risk volatility factors, as specified in the regulatory framework, are applied to smaller classes. The reserve risk volatility factors represent fluctuations in the timing and amount of claims settlements.

For the OUTbonus liability, the risk adjustment is calibrated by using the Mack Bootstrapping approach on the OUTbonus liability ratio.

A confidence level ranging between the 75th and 85th percentile, depending on each underlying portfolio, is deemed appropriate. New risks may require a larger confidence interval until stable claims experience is obtained.

27.2 Short-term Insurance Contracts Issued – OUTsurance

The following events and considerations have been considered in the fulfilment cash flows of OUTsurance

Claims experience from natural perils was favourable compared to the previous year, with fewer notable events and a combined estimated loss of R104 million. There were no events that breached the catastrophe excess-of-loss deductible.

There were no material methodology or assumption changes made to the fulfilment cash flows of the Company. The changes made resulted from experience updates, made in the ordinary course of business.

The effect of changes in interest rates (disclosed in note 8) had a less than 1% impact on the entire LIC balance in the current financial year. Therefore, a sensitivity on the potential changes in interest rates would not have a material impact on profit or loss or equity.

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.2 Short-term Insurance Contracts Issued – OUTsurance** *continued*

R million	30 June 2025					30 June 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present Value of Future Cash Flows	Risk Adjustment for Non Financial Risk	Total	Excluding loss component	Loss Component	Present Value of Future Cash Flows	Risk Adjustment for Non Financial Risk	Total
OPENING LIABILITIES	427	11	1 397	110	1 945	471	10	1 304	135	1 920
Changes in the statement of profit or loss and OCI	-	-	-	-	-	-	-	-	-	-
Insurance revenue	(13 347)	-	-	-	(13 347)	(12 166)	-	-	-	(12 166)
Insurance service expenses	-	(6)	8 364	11	8 369	-	1	8 398	(38)	8 361
Total claims expense	-	-	7 634	100	7 734	-	-	7 843	85	7 928
Incurred claims	-	-	4 998	100	5 098	-	-	5 326	85	5 411
Other insurance service expenses	-	-	2 636	-	2 636	-	-	2 517	-	2 517
OUTbonus accrual	-	-	563	7	570	-	-	392	9	401
Amortisation of acquisition cost	-	-	-	-	-	-	-	-	-	-
Losses and reversal of losses on onerous contracts	-	(6)	-	-	(6)	-	1	-	-	1
Changes that relate to past service: adjustment to liabilities for incurred claims	-	-	(68)	(87)	(155)	-	-	(96)	(120)	(216)
Changes that relate to past service: Adjustment to liabilities for OUTbonus	-	-	235	(9)	226	-	-	259	(12)	247
Insurance service result	(13 347)	(6)	8 364	11	(4 978)	(12 166)	1	8 398	(38)	(3 805)
Net finance expenses from insurance contracts	-	-	126	9	135	-	-	129	13	142
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(13 347)	(6)	8 490	20	(4 843)	(12 166)	1	8 527	(25)	(3 663)
Transfer to other items in the statement of Financial position	-	-	871	-	871	-	-	98	-	98
Cash flows	-	-	-	-	-	-	-	-	-	-
Premiums received	13 353	-	-	-	13 353	12 122	-	-	-	12 122
Claims	-	-	(5 034)	-	(5 034)	-	-	(5 322)	-	(5 322)
Other insurance service expenses paid	-	-	(3 507)	-	(3 507)	-	-	(2 614)	-	(2 614)
OUTbonus claims paid	-	-	(708)	-	(708)	-	-	(596)	-	(596)
TOTAL CASH FLOWS	13 353	-	(9 249)	-	4 104	12 122	-	(8 532)	-	3 590
CLOSING LIABILITIES	433	5	1 509	130	2 077	427	11	1 397	110	1 945

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.3 OUTsurance – Reinsurance Contracts Held**

	30 June 2025					30 June 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
R million	Excluding loss recovery component	Loss recovery component ¹	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk ³	Total	Excluding loss recovery component	Loss recovery component ¹	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk ³	Total
Opening asset	(10)	–	37	–	27	(12)	–	38	1	27
Opening liabilities	(4)	–	(21)	–	(25)	(5)	–	(25)	–	(30)
NET OPENING BALANCE	(14)	–	16	–	2	(17)	–	13	1	(3)
Changes in the statement of profit or loss										
Reinsurance expense	(197)	–	–	–	(197)	(199)	–	–	–	(199)
Incurred claims recovery	–	–	2	–	2	–	–	14	–	14
Changes that relate to past service – Changes to the FCF relating to incurred claims recovery	–	–	1	–	1	–	–	6	(1)	5
Changes relating to future services: loss recovery component ²	–	–	–	–	–	–	–	–	–	–
Net income (expense) from reinsurers contracts held	(197)	–	3	–	(194)	(199)	–	20	(1)	(180)
Finance income from reinsurance contracts held	–	–	–	–	–	–	–	1	–	1
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(197)	–	3	–	(194)	(199)	–	21	(1)	(179)
Cash flows										
Premiums paid	207	–	–	–	207	202	–	–	–	202
Recoveries from Reinsurer	–	–	(19)	–	(19)	–	–	(18)	–	(18)
TOTAL CASH FLOWS	207	–	(19)	–	188	202	–	(18)	–	184
NET CLOSING BALANCE	(4)	–	–	–	(4)	(14)	–	16	–	2
Closing asset	(10)	–	36	–	26	(10)	–	37	–	27
Closing liability	6	–	(36)	–	(30)	(4)	–	(21)	–	(25)

1 The Loss recovery component of R68 256 (2024: R290 454) was omitted due to rounding.

2 Movements in the period immaterial.

3 The net balance of the risk adjustment for the asset for incurred claims of R236 747 (2024: R80 718) was omitted due to rounding in the prior financial year. The gross amounts are also immaterial.

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.4 OUTsurance – Critical accounting estimates and judgements

Sensitivity to underwriting risk variables

The table below presents the impact on profit or loss for changes in assumptions in determining the LIC balance.

In order to determine the appropriate level of sensitivity on the risk variables, an assessment was performed to assess the impact of an acceptable change in the loss ratio together with the impact of when the full risk adjustment raised were to be utilised. With this assessment performed, a reasonable level of sensitivity equates to a 15% increase in the underlying assumptions.

The impact of the sensitivities was performed on the attritional claims only. Given that the reinsurance program's objective is mainly to protect the business against catastrophe events, the sensitivities do not have a material impact on the reinsurance contacts and were therefore only performed on the gross claims impact.

The sensitivities on the LIC also exclude the OUTbonus liability component of the LIC, as it is unaffected by the severity shock and accrues at a fixed percentage. The sensitivity impact on equity equals the sensitivity impact in profit or loss.

The sensitivity analysis on the Liability for incurred claims

R million	30 June 2025		30 June 2024	
	LIC at 30 June 2025	Impact on profit or loss with a 15% increase in underlying assumptions	LIC at 30 June 2024	Impact on profit or loss with a 15% increase in underlying assumptions
Direct insurance contracts				
Change in assumptions				
Claims severity				
South Africa	1 639	(124)	1 507	(128)
Recoveries and Salvages				
South Africa	1 639	(174)	1 507	(170)

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.4 OUTsurance – Critical accounting estimates and judgements *continued*

27.4.1 Personal and business – Claims development

For OUTsurance, the claims with an incurred date prior to the current financial year, have a greater proportion of outstanding salvages and recoveries from third parties due to the longer tailed nature of these cashflows. This could result in the claims paid exceeding the ultimate claims costs in previous years.

Gross claims development – undiscounted excluding direct attributable expenses

R million	Accident year						Total
	2025	2024	2023	2022	2021	2020	
At the end of the accident year	4 665	4 947	4 751	4 914	3 910	3 528	26 715
one year later	–	4 947	4 729	4 917	3 826	3 543	21 962
two years later	–	–	4 757	4 949	3 813	3 501	17 020
three years later	–	–	–	4 948	3 822	3 513	12 283
four years later	–	–	–	–	3 823	3 509	7 332
five years later	–	–	–	–	–	3 504	3 504
Gross cumulative ultimate claims	4 665	4 947	4 757	4 948	3 823	3 504	26 644
Gross cumulative paid claims	(4 168)	(4 988)	(4 788)	(4 969)	(3 826)	(3 512)	(26 251)
Gross cumulative claims outstanding	497	(41)	(31)	(21)	(3)	(8)	393
Accident years beyond 2020							(3)
Directly attributable expenses							346
OUTbonus							875
Risk adjustment							137
Discounting							(108)
Other insurance payables							(1)
LIC (INSURANCE CONTRACTS)							1 639

Net claims development – undiscounted, net of reinsurance excluding direct attributable expenses

R million	Accident year						Total
	2025	2024	2023	2022	2021	2020	
At the end of the accident year	4 663	4 933	4 747	4 662	3 908	3 526	26 439
one year later	–	4 933	4 724	4 613	3 825	3 540	21 635
two years later	–	–	4 754	4 642	3 812	3 499	16 707
three years later	–	–	–	4 637	3 822	3 512	11 971
four years later	–	–	–	–	3 822	3 507	7 329
five years later	–	–	–	–	–	3 502	3 502
Net cumulative ultimate claims	4 663	4 933	4 754	4 637	3 822	3 502	26 311
Net cumulative paid claims	(4 168)	(4 974)	(4 785)	(4 656)	(3 824)	(3 511)	(25 918)
Net cumulative claims outstanding	495	(41)	(31)	(19)	(3)	(9)	393
Accident years beyond 2020							(5)
Directly attributable expenses							346
OUTbonus							875
Risk adjustment							137
Discounting							(108)
Other insurance payables							1
LIC (INSURANCE CONTRACTS)							1 639

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.4 OUTsurance – Critical accounting estimates and judgements** *continued***27.4.1 Personal and business – Claims development** *continued*

Average weighted term to settlement

The table below represents the average time it takes to settle a claim. The weighted average time includes the expected term to payout on the OUTbonus liability. The claims liability and OUTbonus liability are used as weightings in the term to settlement.

	30 June 2025		30 June 2024	
	Personal	Business	Personal	Business
Average weighted term to settlement in years	0.78	1.15	0.74	1.02

The following yield curves were used in discounting the LIC:

	1 year	2 years	3 years	10 years	15 years
30 June 2025					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	7.0%	8.0%	8.0%	11.0%	12.0%
	1 year	2 years	3 years	10 years	15 years
30 June 2024					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	8.0%	9.0%	9.0%	12.0%	14.0%

27.5 Short-term Insurance Contracts Issued – Youi

The following events and considerations have considered in the fulfilment cash flows of Youi

During the financial year there were 3 major natural catastrophe events in Youi with a gross ultimate loss above R134 million. The largest being ex-tropical Cyclone Alfred, with an ultimate estimated loss of R819 million, of which R505 million has been reported as of 30 June 2025. The net exposure is R60 million due to the reinsurance catastrophe program in place. The overall gross loss estimate is tracking lower than Youi's market share in the exposed region. All other events have ultimate estimated losses below R221 million.

The increase in the Youi reinsurance contract assets from R1 430 million to R2 239 million is mostly due to losses incurred with ex-tropical Cyclone Alfred which is recoverable from the Australian Reinsurance Pool corporation (ARPC).

The effect of changes in interest rates (disclosed in note 8) had a less than 1% impact on the entire LIC balance in the current financial year. Therefore, a sensitivity on the potential changes in interest rates would not have a material impact on profit or loss and equity.

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.5 Short-term Insurance Contracts Issued – Youi** *continued*

R million	30 June 2025					30 June 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Excluding loss component	Loss Component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
Opening liabilities	4 296	6	5 552	441	10 295	3 589	4	3 854	299	7 746
Changes in the statement of profit or loss and OCI										
Insurance revenue	(22 550)	–	–	–	(22 550)	(18 801)	–	–	–	(18 801)
Insurance service expenses	3 637	(5)	15 625	40	19 297	2 652	2	13 064	145	15 863
Total claims expense	–	–	15 510	326	15 836	–	–	12 698	293	12 991
Incurred claims	–	–	13 003	326	13 329	–	–	10 597	293	10 890
Other insurance service expenses	–	–	2 507	–	2 507	–	–	2 101	–	2 101
Amortisation of insurance acquisition costs	3 637	–	–	–	3 637	2 652	–	–	–	2 652
Losses and reversal of losses on onerous contracts	–	(5)	–	–	(5)	–	2	–	–	2
Changes that relate to past service: adjustment to liabilities for incurred claims	–	–	115	(286)	(171)	–	–	366	(148)	218
Insurance service result	(18 913)	(5)	15 625	40	(3 253)	(16 149)	2	13 064	145	(2 938)
Net finance expenses from insurance contracts	–	–	163	22	185	–	–	68	8	76
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(18 913)	(5)	15 788	62	(3 068)	(16 149)	2	13 132	153	(2 862)
Transfer to other items in the statement of Financial position	(137)	–	(276)	–	(413)	(96)	–	(35)	–	(131)
Cash flows										
Premiums received	24 378	–	–	–	24 378	20 119	–	–	–	20 119
Insurance acquisition cash flows paid	(4 129)	–	–	–	(4 129)	(3 037)	–	–	–	(3 037)
Claims	–	–	(11 190)	–	(11 190)	–	–	(9 183)	–	(9 183)
Other insurance service expenses paid	–	–	(2 231)	–	(2 231)	–	–	(2 066)	–	(2 066)
TOTAL CASH FLOWS	20 249	–	(13 421)	–	6 828	17 082	–	(11 249)	–	5 833
Foreign exchange movement	(164)	–	(214)	(18)	(396)	(130)	–	(150)	(11)	(291)
CLOSING LIABILITIES	5 331	1	7 429	485	13 246	4 296	6	5 552	441	10 295

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.6 Youi – Reinsurance Contracts held

R million	30 June 2025					30 June 2024				
	Asset for remaining coverage		Asset for Incurred claims			Asset for remaining coverage		Asset for Incurred claims		
	Excluding loss recovery component	Loss recovery component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Excluding loss recovery component	Loss recovery component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
Opening asset	(100)	2	1 401	127	1 430	(316)	(15)	1 225	98	992
Opening liabilities	-	-	-	-	-	-	-	-	-	-
NET OPENING BALANCE	(100)	2	1 401	127	1 430	(316)	(15)	1 225	98	992
Changes in the statement of profit or loss										
Reinsurance expense	(1 620)	-	-	-	(1 620)	(1 917)	-	-	-	(1 917)
Incurred claims recovery	-	-	831	14	845	-	-	772	6	778
Changes that relate to past service – Changes to the FCF relating to incurred claims recovery	-	-	183	(32)	151	-	-	(58)	16	(42)
Changes relating to future services: loss recovery component	-	(2)	-	-	(2)	-	17	-	-	17
Net income (expense) from reinsurers contracts held	(1 620)	(2)	1 014	(18)	(626)	(1 917)	17	714	22	(1 164)
Finance income/(expense) from reinsurance contracts held	-	-	82	13	95	-	-	29	10	39
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(1 620)	(2)	1 096	(5)	(531)	(1 917)	17	743	32	(1 125)
Cash flows										
Premiums paid	1 863	-	-	-	1 863	2 124	-	-	-	2 124
Recoveries from Reinsurer	-	-	(466)	-	(466)	-	-	(522)	-	(522)
TOTAL CASH FLOWS	1 863	-	(466)	-	1 397	2 124	-	(522)	-	1 602
Foreign exchange movements	3	-	(55)	(5)	(57)	9	-	(45)	(3)	(39)
NET CLOSING BALANCE	146	-	1 976	117	2 239	(100)	2	1 401	127	1 430
Closing asset	146	-	1 976	117	2 239	(100)	2	1 401	127	1 430
Closing liability	-	-	-	-	-	-	-	-	-	-

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.7 Youi – Critical accounting estimates and judgements

Sensitivity to underwriting risk variables

The table below presents the impact on profit or loss for changes in assumptions in determining the LIC balance.

In order to determine the appropriate level of sensitivity on the risk variables, an assessment was performed to assess the impact of an acceptable change in the loss ratio together with the impact of utilisation of the entire risk adjustment. With this assessment performed, a reasonable level of sensitivity equates to a 5% increase in the underlying assumptions.

Youi have a proportional reinsurance program on the CTP portfolio which represents a less material proportion of the entire insurance portfolio. The current year reinsurance asset is increased by the once-off reinsurance recovery from the Australian Reinsurance Pool Corporation (ARPC) for the losses incurred relating to Cyclone Alfred.

The sensitivities is therefore done on a net basis to best reflect the potential impact on profit or loss. The sensitivity impact on equity equals the sensitivity impact in profit or loss.

The sensitivity analysis on the Liability for incurred claims

R million	30 June 2025		30 June 2024	
	LIC at 30 June 2025	Impact on Profit or loss with a 5% increase in underlying assumptions	LIC at 30 June 2024	Impact on Profit or loss with a 5% increase in underlying assumptions
Net insurance contract assets				
Change in assumptions				
<i>Claims severity</i>				
Australia	7 914	(425)	5 993	(257)
<i>Recoveries and Salvages</i>				
Australia	7 914	(30)	5 993	(32)

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.7 Youi – Critical accounting estimates and judgements

27.7.1 Personal and business – Claims development

Gross claims development – undiscounted excluding direct attributable expenses

R million	Accident year						Total
	2025	2024	2023	2022	2021	2020	
At the end of the accident year	12 904	10 138	7 824	8 164	5 644	29 527	74 201
one year later	–	10 073	7 925	7 554	5 609	29 874	61 035
two years later	–	–	8 058	7 649	5 615	32 127	53 449
three years later	–	–	–	7 720	5 624	32 149	45 493
four years later	–	–	–	–	5 685	32 223	37 908
five years later	–	–	–	–	–	32 001	32 001
Gross cumulative ultimate claims	12 904	10 073	8 058	7 720	5 685	32 001	76 440
Gross cumulative paid claims	(7 587)	(8 971)	(7 504)	(7 563)	(5 636)	(31 961)	(69 222)
Gross cumulative claims outstanding	5 317	1 102	554	157	48	41	7 219
Directly attributable expenses							453
Discounting							(281)
Risk adjustment							508
Other							15
LIC (INSURANCE CONTRACTS)							7 914

Net claims development – undiscounted, net of reinsurance excluding direct attributable expenses

R million	Accident year						Total
	2025	2024	2023	2022	2021	2020	
At the end of the accident year	12 103	9 451	7 098	6 024	4 676	25 518	64 870
one year later	–	9 117	7 230	5 858	4 649	25 617	52 471
two years later	–	–	6 983	5 944	4 642	27 884	45 453
three years later	–	–	–	6 166	4 643	27 901	38 710
four years later	–	–	–	–	4 383	27 933	32 316
five years later	–	–	–	–	–	28 245	28 245
Net cumulative claims	12 103	9 117	6 983	6 166	4 383	28 245	66 997
Net cumulative paid claims	(7 375)	(8 504)	(6 809)	(6 094)	(4 358)	(28 202)	(61 342)
Net cumulative claims outstanding	4 729	613	174	72	25	43	5 656
Directly attributable expenses							453
Discounting							(196)
Risk adjustment							384
Other							(476)
LIC (INSURANCE CONTRACTS)							5 821

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.7 Youi – Critical accounting estimates and judgements** *continued***27.7.1 Personal and business – Claims development** *continued***Average weighted term to settlement**

The table below represent the average time it takes to settle a claim.

	30 June 2025			30 June 2024		
	Personal	Business	CTP	Personal	Business	CTP
Average weighted term to settlement in years	0.35	0.35	2.79	0.32	0.42	3.87

The following yield curves that were used in discounting the LIC:

	1 year	2 years	3 years	10 years	15 years
30 June 2025					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	3.3%	3.2%	3.3%	4.3%	4.7%
	1 year	2 years	3 years	10 years	15 years
30 June 2024					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	4.4%	4.2%	4.1%	4.4%	4.6%

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.8 Short-term Insurance Contracts Issued – OUTsurance Ireland

The following events and considerations have been considered in the fulfilment cash flows of Ireland

During the current financial year there was one natural catastrophe event, Storm Éowyn, with a gross ultimate loss of R3.8 million. At 30 June 2025, 62% of this amount had been settled with claimants.

OUTsurance Ireland also suffered one third party injury claim during the current financial year, with a gross ultimate loss of R12.7 million, none of which had been paid as at 30 June.

The effects of changes in interest rates (disclosed in note 8) had a negligible impact on the LIC balance in the current financial year, and hence a sensitivity on the potential changes in interest rates would not have a material impact on profit or loss. A sensitivity of a 20% increase in the yield curve would not have a material impact on profit or loss and equity.

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.8 Short-term Insurance Contracts Issued – OUTsurance Ireland** *continued*

R million	30 June 2025					30 June 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Excluding loss component	Loss Component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
Opening liabilities	6	13	-	-	19	-	-	-	-	-
Changes in the statement of profit or loss and OCI										
Insurance revenue	(97)	-	-	-	(97)	-	-	-	-	-
Insurance service expenses	73	128	249	2	452	-	14	43	-	57
Total claims expense	-	-	191	-	191	-	-	43	-	43
Incurred claims	-	-	23	-	23	-	-	-	-	-
Other insurance service expenses	-	-	168	-	168	-	-	43	-	43
OUTbonus accrual	-	-	7	-	7	-	-	-	-	-
Amortisation of acquisition cost	73	-	-	-	73	-	-	-	-	-
Losses and reversal of losses on onerous contracts	-	128	-	-	128	-	14	-	-	14
Changes that relate to past service: adjustment to liabilities for incurred claims	-	-	51	2	53	-	-	-	-	-
Insurance service result	(24)	128	249	2	355	-	14	43	-	57
Net finance expenses from insurance contracts	-	-	-	-	-	-	-	-	-	-
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(24)	128	249	2	355	-	14	43	-	57
Transfer to other items in the statement of Financial position	-	-	(53)	-	(53)	-	-	(23)	-	(23)
Cash flows										
Premiums received	241	-	-	-	241	6	-	-	-	6
Insurance acquisition cash flows paid	(165)	-	-	-	(165)	-	-	-	-	-
Claims	-	-	(24)	-	(24)	-	-	-	-	-
Other insurance service expenses paid	-	-	(115)	-	(115)	-	-	(20)	-	(20)
TOTAL CASH FLOWS	76	-	(139)	-	(63)	6	-	(20)	-	(14)
Foreign exchange movement	3	8	4	-	15	-	(1)	-	-	(1)
CLOSING LIABILITIES	61	149	61	2	273	6	13	-	-	19

Notes to the consolidated annual financial statements *continued*
27. Insurance and Reinsurance contracts *continued*
27.9 OUTsurance Ireland– Reinsurance Contracts Held

	30 June 2025					30 June 2024				
	Asset for remaining coverage		Asset for Incurred claims ¹			Asset for remaining coverage		Asset for Incurred claims		
R million	Excluding loss recovery component	Loss recovery component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Excluding loss recovery component	Loss recovery component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
Opening asset	18	-	-	-	18	-	-	-	-	-
Opening liabilities	-	-	-	-	-	-	-	-	-	-
NET OPENING BALANCE	18	-	-	-	18	-	-	-	-	-
Changes in the statement of profit or loss										
Reinsurance expense	(29)	-	-	-	(29)	(6)	-	-	-	(6)
Changes relating to future services: loss recovery component	-	6	-	-	6	-	-	-	-	-
Net income (expense) from reinsurers contracts held	(29)	6	-	-	(23)	(6)	-	-	-	(6)
Finance income/(expense) from reinsurance contracts held	-	-	-	-	-	-	-	-	-	-
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(29)	6	-	-	(23)	(6)	-	-	-	(6)
Cash flows										
Premiums paid	24	-	-	-	24	25	-	-	-	25
Recoveries from Reinsurer	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOWS	24	-	-	-	24	25	-	-	-	25
Foreign exchange movements	1	-	-	-	1	-	-	-	-	-
NET CLOSING BALANCE	14	6	-	-	20	18	-	-	-	18
Closing asset	14	6	-	-	20	18	-	-	-	18
Closing liability	-	-	-	-	-	-	-	-	-	-

1 OUTsurance Ireland have not incurred claims that reached the minimum attachment points of the reinsurance contracts and therefore have not recorded any reinsurance incurred claims during the current financial year.

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.10 Ireland – Critical accounting estimates and judgements****Sensitivity to underwriting risk variables**

The table below presents the impact on profit or loss for changes in assumptions in determining the LIC balance.

In order to determine the appropriate level of sensitivity on the risk variables, an assessment was performed to assess the impact of an acceptable change in the loss ratio together with the impact of utilisation of the entire risk adjustment. With this assessment performed, a reasonable level of sensitivity equates to a 20% increase in the underlying assumptions. The sensitivity impact on equity equals the sensitivity impact in profit or loss.

The impact of the sensitivities was performed on the attritional claims only. Given that the reinsurance program's objective is mainly to protect the business against catastrophe events, the sensitivities do not have a material impact on the reinsurance contracts and were therefore only performed on the gross claims impact.

The sensitivity analysis on the Liability for incurred claims

R million	30 June 2025		30 June 2024	
	LIC at 30 June 2025	20% increase in underlying assumptions	LIC at 30 June 2024	20% increase in underlying assumptions
Net insurance contract assets				
Change in assumptions				
Claims severity				
Ireland ¹	63	13	-	-

1 The impact of sensitivity on the prior financial year amounts is negligible.

Gross claims development – undiscounted excluding direct attributable expenses

R million	Accident year						Total
	2025	2024	2023	2022	2021	2020	
At the end of the accident year	80	-	-	-	-	-	80
Gross cumulative ultimate claims	80	-	-	-	-	-	80
Gross cumulative paid claims	(23)	-	-	-	-	-	(23)
Gross cumulative claims outstanding including attributable expenses	57	-	-	-	-	-	57
Discounting							(4)
Risk adjustment							3
OUTbonus							7
LIC (INSURANCE CONTRACTS)							63

OUTsurance Ireland only commenced trading in May 2024 and therefore no claims development prior to 2025.

Average weighted term to settlement

The table below represents the average expected time it takes to settle a claim based on similar claims in the Irish market.

	30 June 2025	30 June 2024
	Personal	Personal
Average weighted term to settlement in years	3.30	2.28

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.10 Ireland – Critical accounting estimates and judgements** *continued*

The following yield curves that were used in discounting the LIC:

	1 year	2 years	3 years	10 years	15 years
30 June 2025					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	2.0%	2.0%	2.0%	2.0%	3.0%
	1 year	2 years	3 years	10 years	15 years
30 June 2024					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	4.0%	3.0%	3.0%	3.0%	3.0%

27.11 Material adjustments – Life insurance business

This note provides an overview of the areas that involve a higher degree of judgement or complexity on measurement of insurance and reinsurance contract assets and liabilities.

Unit of account

The Group has determined that the unit of account is not the insurance policy per policyholder but rather the separate risk insured in the contract. This is based on the substance of the insurance policy, which can contain several insurance risks.

Profitability groupings

OUTsurance Life applies both a qualitative and quantitative assessment to determine the profitability groupings. The quantitative approach supports the qualitative assessment and is based on a projected cash flow stress calibration methodology. Based on the outcome of the stress tests, the contract is grouped as insurance contracts that are onerous at initial recognition, insurance contracts that have no possibility of becoming onerous, and the remainder of the contracts.

Fulfilment cash flows (FCF)**Directly attributable cash flows**

IFRS 17 requires an entity to include a portion of its overhead costs that are directly attributable in fulfilling the obligations under the insurance contract, in the fulfilment cash flows of the liability. Similar to the short-term insurance business, the Group leveraged off its current methodology and processes to evaluate expenses and allocate all expenses as either directly attributable or non-attributable depending on each expense cost center.

The Group uses the following non-financial assumptions: lapses, expenses, retrenchment rates, morbidity rates, mortality rates and disability rates in its estimation of future cash flows for the Life insurance business. The best estimate assumptions in respect of dread disease & disability, mortality and retrenchment rates were set taking into consideration the rates provided by the reinsurers, actual past experience and modifications for expected future trends. In particular, the base industry rates provided by the reinsurers are explicitly adjusted based on actual vs expected analyses performed on a bi-annual basis. The level of granularity adopted in each analysis depends on the credibility of the data available. The Group reviews its assumptions to measure insurance contracts and reinsurance contracts at each reporting period, which have been reviewed and approved by the Head of Actuarial Function. All adjustments to future assumptions will adjust the CSM.

Discount rate

The discount rate is determined using the bottom-up approach as the cash flows do not vary based on the underlying items. Under this approach, the JSE bond and swap curve are used as the risk-free rate. The discount curve is constructed from a combination of the swap and bond curve which reflects the underlying interest rate of the hedging instruments used in the asset liability matching. Additionally, non-recurring bonus cash flows at all durations make use of the swap curve and recurring bonus cash flows at all durations make use of the bond curve.

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.11 Material adjustments – Life insurance business *continued*

Discount rate *continued*

By calculating the weighted average of the two curves according to the magnitude of the various types of future expected cash flows of the contracts, the aforementioned curves are aggregated to form a single locked-in yield curve for each group of contracts. By doing so, the present value of the cash flows calculated using the single yield curve is equivalent to what would be obtained by applying each curve individually to the relevant cash flows at the corresponding points in time. The relevant spot rates are subjected to the weighting to generate the new single yield curve.

For direct insurance contracts and reinsurance contracts held, no illiquidity premium is added as there are no surrender values or exit penalties included in the insurance contract or reinsurance contract held.

Risk adjustment

The risk adjustment has been calculated through a risk quantification by using a historical empirical Actual vs Expected (AvE) analysis. Distributions are then generated from which the appropriate margin per underwriting factor can be determined to target the chosen percentile for the Risk Adjustment. A confidence level ranging between 70% and 80%, depending on each underlying portfolio, is deemed appropriate. The granularity of the probability distribution will also depend on the risk associated with the portfolio, with the margins currently calculated on a segment level. In the prior financial year a risk quantification was conducted by leveraging off the regulatory regime's Financial Soundness Standards for Insurers in order to facilitate the calculation of the Risk Adjustment. Refer to note 27.18 for the impact of the revised estimation technique used to determine the risk adjustment.

Coverage units

Direct insurance contracts

Coverage units are defined as the quantity of insurance contract services provided by the contracts in the group determined by considering the sum assured under the contract and its expected coverage period. The principles used to determine OUTsurance Life's coverage unit calculation methodology encapsulates the following:

- The maximum amount of benefits the insurer stands ready to provide the insured at any claims event throughout the coverage period.
- Adjusting the maximum amounts payable to reflect the time value of money at the locked-in discount rate.
- Adjusting the maximum amounts payable to reflect the expected coverage duration.

Reinsurance contracts held

Coverage units that represent the amount of coverage ceded to the reinsurer are calculated separately and used to release the contractual service margin recognised on the reinsurance contracts held. The judgement used to determine the coverage unit methodology for reinsurance contracts held are:

- The maximum amount of coverage ceded to the reinsurer.
- Adjusting the maximum amounts payable to reflect the time value of money at the locked-in discount rate.
- Adjusting the maximum amounts payable to reflect the expected coverage duration.

Reinsurance contract boundary

The reinsurance contract boundary is influenced by the guarantee period of the reinsurer supported by any changes of reinsurer behaviour in the reinsurance market with regards to in-force insurance contracts, if relevant. The contract boundary also considers that a re-assessment of the reinsurance rates and reduction or cancellation of the treaty, needs to be done on a mutually agreed basis. Refer to note 27.18 for the impact of the change in the reinsurance contract boundary and estimated cash flows.

Risk of non-performance of reinsurers

Management have assessed the risk of non-performance by quantifying the loss given default based on the credit quality steps of the respective reinsurers to which they are exposed. The outcome of this assessment had an immaterial impact on the balances which is also due to management's stringent requirements of reinsurance credit quality.

Loss recovery ratio

The loss recovery component is determined as a proportion of the loss component, based on the ratio of expected reinsurance recoveries relative to gross expected outflows to service the in-force book.

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.12 Life risk – insurance contracts issued

Reconciliation of the liability for remaining coverage and the liability for incurred claims

30 June 2025

R million	Liabilities for Remaining Coverage			
	Excluding loss component	Loss component	Liabilities for Incurred claims	Total
Opening insurance contract assets	(415)	150	14	(251)
Opening insurance contract liabilities	194	364	89	647
NET OPENING BALANCE	(221)	514	103	396
Insurance revenue	(1 137)	-	-	(1 137)
CSM recognised for services provided	(302)	-	-	(302)
Change in risk adjustment for non-financial risk for risk expired	(36)	-	-	(36)
Expected insurance service expenses incurred	(549)	-	-	(549)
Recovery of insurance acquisition cash flows	(248)	-	-	(248)
Experience adjustment not related to future service	(2)	-	-	(2)
Insurance Service Expenses				
Incurred insurance service expenses:	-	(31)	546	515
Claims	-	(27)	507	480
Expenses	-	(4)	87	83
Changes in the risk adjustment on the LIC	-	-	(48)	(48)
Amortisation of insurance acquisition cash flows	248	-	-	248
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	(13)	(13)
Changes that relate to future service	-	(201)	-	(201)
Losses for the net outflow recognised on initial recognition	-	5	-	5
Losses and reversal of losses on onerous contracts – subsequent measurement	-	(206)	-	(206)
Total Insurance Service Expenses	248	(232)	533	549
Total Insurance Service Result	(889)	(232)	533	(588)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	77	39	16	132
Total Insurance Finance Income or Expense	77	39	16	132
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(812)	(193)	549	(456)
Cash flows				
Premium received	1 186	-	-	1 186
Claims and other insurance service expenses paid	-	-	(576)	(576)
Insurance acquisition cash flows	(287)	-	-	(287)
TOTAL CASH FLOWS	899	-	(576)	323
NET CLOSING BALANCE	(134)	321	76	263
Closing insurance contract assets	(520)	138	12	(370)
Closing insurance contract liabilities	386	183	64	633
NET CLOSING BALANCE	(134)	321	76	263

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.12 Life risk – insurance contracts issued *continued*

Reconciliation of the liability for remaining coverage and the liability for incurred claims *continued*

R million	30 June 2024			
	Liabilities for Remaining Coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	(347)	126	5	(216)
Opening insurance contract liabilities	(29)	456	98	525
NET OPENING BALANCE	(376)	582	103	309
Insurance revenue	(946)	-	-	(946)
CSM recognised for services provided	(195)	-	-	(195)
Change in risk adjustment for non-financial risk for risk expired	(31)	-	-	(31)
Expected insurance service expenses incurred	(479)	-	-	(479)
Recovery of insurance acquisition cash flows	(265)	-	-	(265)
Experience adjustment not related to future service	24	-	-	24
Insurance Service Expenses				
Incurred insurance service expenses:	-	(48)	509	461
Claims	-	(31)	497	466
Expenses	-	(17)	89	72
Changes in the risk adjustment on the LIC	-	-	(77)	(77)
Amortisation of insurance acquisition cash flows	265	-	-	265
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	(16)	(16)
Changes that relate to future service	-	(66)	-	(66)
Losses for the net outflow recognised on initial recognition	-	34	-	34
Losses and reversal of losses on onerous contracts – subsequent measurement	-	(100)	-	(100)
Total Insurance Service Expenses	265	(114)	493	644
Total Insurance Service Result	(681)	(114)	493	(302)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	66	46	13	125
Total Insurance Finance Income or Expense	66	46	13	125
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(615)	(68)	506	(177)
Cash flows				
Premium received	1 072	-	-	1 072
Claims and other insurance service expenses paid	-	-	(506)	(506)
Insurance acquisition cash flows	(302)	-	-	(302)
TOTAL CASH FLOWS	770	-	(506)	264
NET CLOSING BALANCE	(221)	514	103	396
Closing insurance contract assets	(415)	150	14	(251)
Closing insurance contract liabilities	194	364	89	647
NET CLOSING BALANCE	(221)	514	103	396

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.12 Life risk – insurance contracts issued *continued*

Reconciliation of the measurement components of insurance contract balances

30 June 2025

R million	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
Opening insurance contract assets	(689)	86	352	(251)
Opening insurance contract liabilities	(323)	245	725	647
NET OPENING BALANCE	(1 012)	331	1 077	396
Changes that relate to current services	(36)	(36)	(302)	(374)
CSM recognised for services provided	-	-	(302)	(302)
Change in risk adjustment for non-financial risk for risk expired	-	(36)	-	(36)
Experience adjustments not related to future service	(36)	-	-	(36)
Changes that relate to future services	(913)	(90)	802	(201)
Contracts initially recognised in the year	(526)	132	399	5
Changes in estimates that adjust the CSM	(295)	(108)	403	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(92)	(114)	-	(206)
Changes that relate to past services	-	(13)	-	(13)
Changes in estimates in LIC fulfilment cash flows	(26)	(6)	-	(32)
Experience adjustments in claims and other insurance service expenses in LIC	26	(7)	-	19
Total Insurance Service Result	(949)	(139)	500	(588)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	(123)	147	108	132
Total Insurance Finance Income or Expense	(123)	147	108	132
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(1 072)	8	608	(456)
Cash flows				-
Premiums received	1 186	-	-	1 186
Claims and other insurance service expenses paid	(576)	-	-	(576)
Insurance acquisition cash flows	(287)	-	-	(287)
TOTAL CASH FLOWS	323	-	-	323
NET CLOSING BALANCE	(1 761)	339	1 685	263
Closing insurance contract assets	(1 052)	141	541	(370)
Closing insurance contract liabilities	(709)	198	1 144	633
NET CLOSING BALANCE	(1 761)	339	1 685	263

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.12 Life risk – insurance contracts issued *continued*

Reconciliation of the measurement components of insurance contract balances *continued*

R million	30 June 2024			
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
Opening insurance contract assets	(385)	31	138	(216)
Opening insurance contract liabilities	(445)	242	728	525
NET OPENING BALANCE	(830)	273	866	309
Changes that relate to current services	5	(31)	(195)	(221)
CSM recognised for services provided	–	–	(195)	(195)
Change in risk adjustment for non-financial risk for risk expired	–	(31)	–	(31)
Experience adjustments not related to future service	5	–	–	5
Changes that relate to future services	(436)	45	325	(66)
Contracts initially recognised in the year	(315)	86	263	34
Changes in estimates that adjust the CSM	(22)	(40)	62	–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(99)	(1)	–	(100)
Changes that relate to past services	(6)	(9)	–	(15)
Changes in estimates in LIC fulfilment cash flows	45	4	–	49
Experience adjustments in claims and other insurance service expenses in LIC	(51)	(13)	–	(64)
Total Insurance Service Result	(437)	5	130	(302)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	(9)	53	81	125
Total Insurance Finance Income or Expense	(9)	53	81	125
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(446)	58	211	(177)
Cash flows				
Premiums received	1 072	–	–	1 072
Claims and other insurance service expenses paid	(506)	–	–	(506)
Insurance acquisition cash flows	(302)	–	–	(302)
TOTAL CASH FLOWS	264	–	–	264
NET CLOSING BALANCE	(1 012)	331	1 077	396
Closing insurance contract assets	(689)	86	352	(251)
Closing insurance contract liabilities	(323)	245	725	647
NET CLOSING BALANCE	(1 012)	331	1 077	396

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.13 Life risk – Reinsurance contracts held

Reconciliation of the Movement in Carrying Amounts – By Remaining Coverage Component and Incurred Claims Component for reinsurance – GMM

R million	30 June 2025			
	Remaining Coverage Component			Total
	Excluding Loss-recovery Component	Loss-recovery Component	Incurred Claims Component	
Opening reinsurance contract assets	(86)	114	84	112
Opening reinsurance contract liabilities	(5)	1	1	(3)
NET OPENING BALANCE	(91)	115	85	109
Allocation of the premiums paid	(231)	-	-	(231)
CSM recognised for services provided	16	-	-	16
Change in risk adjustment for non-financial risk for risk transferred	(9)	-	-	(9)
Expected recoveries of incurred claims and other insurance service expense	(253)	-	-	(253)
Experience adjustment not related to future service	15	-	-	15
Amounts Recovered from Reinsurance				
Recoveries of incurred claims and other insurance service expense	-	(11)	257	246
Changes related to past service (changes related to incurred claims component)	-	-	(11)	(11)
Changes that relate to future service:		(44)	-	(44)
Recoveries of losses on onerous underlying contracts on initial recognition	-	3	-	3
Recoveries and reversals of recoveries of losses on onerous underlying contracts – subsequent measurement	-	(47)	-	(47)
Total Amounts Recovered from Reinsurance	-	(55)	246	191
Effect of changes in non-performance risk of reinsurers	1	-	-	1
Total Net Expenses from Reinsurance	(230)	(55)	246	(39)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	43	12	6	61
Total Insurance Finance Income or Expense	43	12	6	61
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(187)	(43)	252	22
Cash flows				
Premiums paid	195	-	-	195
Amounts recovered	-	-	(263)	(263)
TOTAL CASH FLOWS	195	-	(263)	(68)
NET CLOSING BALANCE	(83)	72	74	63
Closing reinsurance contract assets	(46)	63	51	68
Closing reinsurance contract liabilities	(37)	9	23	(5)
NET CLOSING BALANCE	(83)	72	74	63

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.13 Life risk – Reinsurance contracts held *continued*

Reconciliation of the Movement in Carrying Amounts – By Remaining Coverage Component and Incurred Claims Component for reinsurance – GMM *continued*

	30 June 2024			
	Remaining Coverage Component			
R million	Excluding Loss-recovery Component	Loss-recovery Component	Incurred Claims Component	Total
Opening reinsurance contract assets	(128)	143	53	68
Opening reinsurance contract liabilities	(8)	1	1	(6)
NET OPENING BALANCE	(136)	144	54	62
Allocation of the premiums paid	(172)	–	–	(172)
CSM recognised for services provided	54	–	–	54
Change in risk adjustment for non-financial risk for risk transferred	(8)	–	–	(8)
Expected recoveries of incurred claims and other insurance service expense	(221)	–	–	(221)
Experience adjustment not related to future service	3	–	–	3
Amounts Recovered from Reinsurance				
Recoveries of incurred claims and other insurance service expense	–	(16)	214	198
Changes related to past service (changes related to incurred claims component)	–	–	4	4
Changes that relate to future service:	–	(27)	–	(27)
Recoveries of losses on onerous underlying contracts on initial recognition	–	15	–	15
Recoveries and reversals of recoveries of losses on onerous underlying contracts – subsequent measurement	–	(42)	–	(42)
Total Amounts Recovered from Reinsurance	–	(43)	218	175
Total Net Expenses from Reinsurance	(172)	(43)	218	3
Insurance Finance Income or Expense	–	–	–	–
The effect of and changes in time of time value of money and financial risk	41	14	7	62
Total Insurance Finance Income or Expense	41	14	7	62
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(131)	(29)	225	65
Cash flows	–	–	–	–
Premiums paid	176	–	–	176
Amounts recovered	–	–	(194)	(194)
TOTAL CASH FLOWS	176	–	(194)	(18)
NET CLOSING BALANCE	(91)	115	85	109
Closing reinsurance contract assets	(86)	114	84	112
Closing reinsurance contract liabilities	(5)	1	1	(3)
NET CLOSING BALANCE	(91)	115	85	109

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.13 Life risk – Reinsurance contracts held *continued*

Reconciliation of the measurement components of reinsurance contract balances – GMM

30 June 2025				
R million	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
Opening reinsurance contract assets	280	73	(241)	112
Opening reinsurance contract liabilities	3	2	(8)	(3)
NET OPENING BALANCE	283	75	(249)	109
Changes that relate to current services	8	(9)	16	15
CSM recognised for services received	–	–	16	16
Change in risk adjustment for non-financial risk for risk expired	–	(9)	–	(9)
Experience adjustments not related to future service	8	–	–	8
Changes that relate to future services	(294)	(24)	274	(44)
Contracts initially recognised in the year	42	6	(45)	3
Changes in estimates that adjust the CSM	(307)	7	300	–
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	(29)	(37)	–	(66)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	19	19
Changes that relate to past services	(4)	(7)	–	(11)
Changes in fulfilment cash flows re asset for incurred claims	2	(5)	–	(3)
Experience adjustments in claims and other insurance service expenses in asset for incurred claims	(6)	(2)	–	(8)
Effect of changes in non-performance risk of reinsurance	1	–	–	1
Total Net Expenses from Reinsurance	(289)	(40)	290	(39)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	60	24	(23)	61
Total Insurance Finance Income or Expense	60	24	(23)	61
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(229)	(16)	267	22
Cash flows				
Premiums received	195	–	–	195
Amounts recovered	(263)	–	–	(263)
TOTAL CASH FLOWS	(68)	–	–	(68)
NET CLOSING BALANCE	(14)	59	18	63
Closing reinsurance contract assets	(24)	44	48	68
Closing reinsurance contract liabilities	10	15	(30)	(5)
NET CLOSING BALANCE	(14)	59	18	63

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.13 Life risk – Reinsurance contracts held *continued*

Reconciliation of the measurement components of reinsurance contract balances – GMM *continued*

	30 June 2024			
R million	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non- financial Risk	CSM	Total
Opening reinsurance contract assets	426	77	(435)	68
Opening reinsurance contract liabilities	(3)	2	(5)	(6)
NET OPENING BALANCE	423	79	(440)	62
Changes that relate to current services	(20)	(7)	54	27
CSM recognised for services received	–	–	54	54
Change in risk adjustment for non-financial risk for risk expired	–	(7)	–	(7)
Experience adjustments not related to future service	(20)	–	–	(20)
Changes that relate to future services	(193)	(12)	177	(28)
Contracts initially recognised in the year	142	8	(135)	15
Changes in estimates that adjust the CSM	(293)	(18)	311	–
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	(42)	(2)	–	(44)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	1	1
Changes that relate to past services	9	(5)	–	4
Changes in fulfilment cash flows re asset for incurred claims	19	(1)	–	18
Experience adjustments in claims and other insurance service expenses in asset for incurred claims	(10)	(4)	–	(14)
Total Net Expenses from Reinsurance	(204)	(24)	231	3
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	82	20	(40)	62
Total Insurance Finance Income or Expense	82	20	(40)	62
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(122)	(4)	191	65
Cash flows				
Premiums received	177	–	–	177
Amounts recovered	(195)	–	–	(195)
TOTAL CASH FLOWS	(18)	–	–	(18)
NET CLOSING BALANCE	283	75	(249)	109
Closing reinsurance contract assets	280	73	(241)	112
Closing reinsurance contract liabilities	3	2	(8)	(3)
NET CLOSING BALANCE	283	75	(249)	109

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.14 Life risk – Effect of Contracts Initially Recognised in the Period for Insurance

R million	30 June 2025			30 June 2024		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Insurance Contracts Issued Initially Recognised in the Period						
Estimates of the present value of future cash outflows:	1 040	55	1 095	917	226	1 143
Insurance acquisition cash flows	315	28	343	201	95	296
Claims and other cash outflows	725	27	752	716	131	847
Estimates of the present value of future cash inflows	(1 565)	(55)	(1 620)	(1 252)	(205)	(1 457)
Risk adjustment for non-financial risk	126	5	131	72	14	86
Contractual service margin	399	-	399	263	-	263
LOSSES FOR THE NET OUTFLOW RECOGNISED ON INITIAL RECOGNITION	-	5	5	-	35	35

27.15 Life risk – Effect of Contracts Initially Recognised in the Period for Reinsurance

R million	30 June 2025			30 June 2024		
	Contracts Initiated			Contracts Initiated		
	Without Loss Recovery Component	With Loss Recovery Component	Total	Without Loss Recovery Component	With Loss Recovery Component	Total
Reinsurance Contracts Held Initially Recognised in the Period						
Estimates of the present value of future cash inflows	(329)	-	(329)	424	70	494
Estimates of the present value of future cash outflows	287	-	287	(303)	(50)	(353)
Risk adjustment for non-financial risk	(6)	-	(6)	7	1	8
Loss recovery related to losses on underlying insurance contracts at initial recognition	-	3	3	-	(15)	(15)
CONTRACTUAL SERVICE MARGIN	(48)	3	(45)	128	6	134

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.16 Life risk – Expected recognition of CSM

Movement in CSM

The CSM increased by R340 million (2024: R20 million) for the period under review. This was driven by the sale of profitable new business, increasing the CSM with R444 million. Furthermore, the CSM increased by R131 million (2024: R120 million) due to interest accrued during the period under review, as well as with R43 million (2024: R4 million) due to the reversal of the loss component. Assumptions were updated to reflect actual experience and methodology changes introduced improving accuracy of the valuation model, leading to a further increase in the CSM of R40 million. The abovementioned increased impacts were partly offset due to CSM amortisation as services are provided, which decreased the CSM with R318 million (2024: R249 million).

The following table represents a reconciliation of the opening to closing of the CSM balance for the period under review:

R million	30 June 2025	30 June 2024
Opening CSM	1 326	1 306
Statement of financial position movement		
New business	444	398
Method and non-economic assumptions	41	(253)
– In-force business	95	(141)
– New business	(54)	(112)
Statement of profit or loss movement		
Unwind of discount rate	131	120
– In-force business	111	101
– New business	20	19
Reversal of loss component	43	4
– In-force business	41	4
– New business	2	–
Closing balance before CSM amortisation	1 985	1 575
– In-force business	1 573	1 269
– New business	412	306
CSM amortisation	(318)	(249)
– In-force business	(266)	(218)
– New business	(52)	(31)
CLOSING CSM	1 667	1 326

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.16 Life risk – Expected recognition of CSM *continued*

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

30 June 2025								
R million	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
Insurance contracts issued	1 685	275	228	178	163	137	407	297
Reinsurance contracts held	(18)	11	3	–	(1)	(2)	(10)	(19)
TOTAL	1 667	286	231	178	162	135	397	278

30 June 2024								
R million	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
Insurance contracts issued	1 077	142	119	99	82	67	197	371
Reinsurance contracts held	249	50	41	34	27	21	50	26
TOTAL	1 326	192	160	133	109	88	247	397

The yield curves that were used in discounting the insurance and reinsurance contract liabilities:

30 June 2025	1 year	5 years	10 years	20 years	30 years
Life Risk (issued and reinsurance held)	7.0%	7.3%	8.7%	12.2%	11.9%
Fulfillment cash flows (R million)	(46)	28	(21)	(1)	22
30 June 2024	1 year	5 years	10 years	20 years	30 years
Life Risk (issued and reinsurance held)	8.0%	8.1%	9.5%	12.9%	11.9%
Fulfillment cash flows (R million)	(46)	18	(9)	5	32

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.17 Interest rate sensitivity

The table below represents the impact in profit or loss, should there be a change in the yield curve. The sensitivity was performed on the fulfilment cash flows of the insurance contracts which is the components of the liability measured using a market related interest rate.

R million	30 June 2025		30 June 2024	
	2% increase in yield curve	2% decrease in yield curve	2% increase in yield curve	2% decrease in yield curve
Insurance contract assets	72	(84)	45	(50)
Insurance contract liabilities	18	16	(99)	202
Reinsurance contract assets	(8)	9	36	(55)
Reinsurance contract liabilities	-	-	-	(1)

The results of the sensitivity only indicate the impact on profit or loss and does not reflect the change in the net position on the statement of financial position of the insurance and reinsurance contracts as a result of the change in yield curves.

The sensitivity impact on equity equals the sensitivity impact in profit or loss.

27.18 Critical accounting estimates and adjustments relating to long-term insurance

The following events and considerations have been considered in the fulfilment cash flows of OUTsurace Life

During the current financial year, valuation improvements have been introduced, enhancing the accuracy of contract liability projection. The impact of these changes in assumptions are as follows:

Impact of changes in assumptions to the Mega Bonus Premium

The first 15-year OUTbonus payments are payable in 2027, and assumptions have been set in line with the latest operational decisions applicable to the coverage periods following the OUTbonus payments. This change resulted in onerous contracts becoming profitable and the CSM to increase which resulted in a net increase of the liability for remaining coverage.

The net impact of the change in estimate of the OUTbonus payments on the statement of financial position was a R6 million increase in the net liability and a loss of R6 million to the statement of profit or loss.

Statement of financial position impact (R million)	Estimate of Present Value of Future Cash Flows	Risk Adjustment	CSM	Net impact
Liability for remaining coverage (LRC)	(177)	(17)	199	6

Statement of profit or loss impact (R million)	Gross	Reinsurance	Net impact
Insurance service expense	116	(30)	85
Total Finance Income or Expense	(91)	-	(91)

Impact on changes in assumptions to the risk adjustment

The Group also revised the estimation technique used to determine the risk adjustment for Life insurance contracts. The revised estimate focuses more intently on the Group's actual historical data which emphasises the specific risk to the Group.

The net impact of the change in estimate of the risk adjustment resulted in a net increase of the reinsurance asset of R5 million and a loss of R5 million to the statement of profit or loss.

Statement of financial position impact (R million)	Risk adjustment	CSM	Net impact
Liability for remaining coverage (LRC)	(21)	-	(21)
Asset for remaining coverage (ARC)	6	20	26

Notes to the consolidated annual financial statements *continued*

27. Insurance and Reinsurance contracts *continued*

27.18 Critical accounting estimates and adjustments relating to long-term insurance *continued*

Impact on changes in assumptions to the risk adjustment continued

	Movement in loss component/loss recovery component
Statement of profit or loss impact (R million)	
Liability for remaining coverage (LRC)	101
Asset for remaining coverage (ARC)	(31)

	Effect of measuring changes in estimates and adjusting the CSM at locked in interest rate
Statement of profit or loss impact (R million)	
Insurance finance expenses from insurance contracts issued	(79)
Reinsurance finance income from reinsurance contracts held	4

Impact on changes in reinsurance contract cash flows

During the current financial year, the estimated cash flows were adjusted to align with reinsurer pricing behavior, as observed. This improvement allowed more dynamically for potential future reinsurance price within the contract boundary.

The net impact on the reinsurance asset for remaining coverage was a decrease of R55 million and an increase in the reinsurance finance income from reinsurance contracts in the statement of profit or loss of R55 million, for the effect of measuring changes in estimates and adjusting the CSM at the locked in interest rate.

	Estimate of Present Value of Future Cash Flows	Risk Adjustment	CSM	ARC
Statement of financial position impact (R million)				
Assets for remaining coverage (ARC)	(291)	(19)	365	55

	Effect of measuring changes in estimates and adjusting the CSM at locked in interest rate
Statement of profit or loss impact (R million)	
Reinsurance finance income from reinsurance contracts held	55

Best estimate assumptions applied in the valuation of the insurance contract liabilities

The best estimate assumptions in respect of dread disease & disability, mortality and retrenchment rates were set taking into consideration the rates provided by the reinsurers, actual past experience and modified by expected future trends. These rates have further been reviewed and approved by the Head of Actuarial Function. The underwritten business has continued to exhibit improved experience resulting in mortality expectation being lightened.

The best estimate assumptions for renewal expenses were set taking into consideration the board approved business budget, which is based on past experience as well as expected changes in the business' landscape. Continuous cost efficiencies resulted in this assumption being lowered.

The following risk adjustments were applied in the valuation of the insurance contract liability at 30 June 2025:

Assumption	Margin	
Mortality	3.38%	increase
Morbidity	6.11%	increase
Disability	6.11%	increase
Retrenchment	8.22%	increase
Expenses	5.78%	increase
Lapses	11.35%	increase/decrease* on best estimate

* Depending on which change increases the liability.

Notes to the consolidated annual financial statements *continued***27. Insurance and Reinsurance contracts** *continued***27.18 Critical accounting estimates and adjustments relating to long-term insurance**
*continued***Economic assumptions****Investment return**

The Group calculates its investment return assumption using a full yield curve as opposed to using a point estimate on the underlying yield curve. The comparative point estimate of the current yield curve at the valuation date is 10.96% (2024: 11.82%).

Inflation

The Group calculates its inflation assumption using a full inflation curve as opposed to using a point estimate on the underlying inflation curve, derived from nominal and real curves. The comparative point estimate of the current inflation curve at the valuation date is 5.98% (2024: 6.48%).

Taxation

The tax position is taken into account and the taxation rates, consistent with that position and the likely future changes in that position, are allowed for.

The below table illustrates the economic assumptions considered in the valuation of fulfilment cashflows.

Economic Assumptions	2025	2024
Discounted Mean Term	7.18	8.17
Securities backing non-bonus liabilities	11.0%	11.8%
Securities backing bonus liabilities	7.8%	8.9%
Inflation rate	6.0%	6.5%

* The rates are calculated as cash flow weighted average rates to reflect the sensitivity of the liabilities to the shape of the yield curve.

27.19 Sensitivity on CSM

The following sensitivities are provided on insurance risk assumptions:

Assumption	Change in variable	2025 Effect on CSM	2024 Effect on CSM
Life contracts			
Insurance contract liabilities			
Change in assumptions			
Lapses	+10%	(4.3%)	(3.2%)
	-10%	5.5%	2.2%
Morbidity/Mortality/Retrenchment	+10%	(16.2%)	(21.3%)
	-10%	18.5%	22.1%
Expenses	+10%	(1.8%)	(3.6%)
	-10%	1.8%	2.5%
Reinsurance contract assets			
Change in assumptions			
Lapses	+10%	(63.3%)	9.2%
	-10%	105.0%	(11.8%)
Morbidity /Mortality/Retrenchment	+10%	157.4%	(17.5%)
	-10%	(112.5%)	14.2%
Expenses	+10%	10.7%	(1.6%)
	-10%	(10.4%)	1.6%

Insurance risk sensitivities are applied as a proportional percentage change to the assumptions made in the measurement of policyholder liabilities and the impact is reflected as the change in policyholder liabilities.

Each sensitivity is applied in isolation with all other assumptions left unchanged.

The sensitivity impact on equity equals the sensitivity impact in profit or loss.

The sensitivities shown in the table above are based on the assumption that negative reserves, amounting to R1 443 million (2024: R1 170 million), are not eliminated in order to derive sensitivity scenarios which are more closely aligned with economic reality.

Notes to the consolidated annual financial statements *continued*

28. Investment contract liability

The investment contract liability relates to linked endowment products sold by OUTsurance Life. The balance and the movements on the liability equally offsets against the investment contract asset held, with a third party.

R million	2025	2024
Balance at beginning of the year	1 738	1 231
Investment contract receipts	-	355
Terminations	(64)	(39)
Fair value adjustments	22	35
Interest accrued on linked endowment product	167	156
BALANCE AT END OF THE YEAR	1 863	1 738

29. Lease liabilities

R million	2025	2024
Balance at beginning of the year	294	80
Cash movements		
Lease payments	(120)	(62)
Non-cash movements		
New leases entered into and lease extensions during the year	172	272
Interest	38	8
Foreign exchange adjustments	(5)	(4)
BALANCE AT THE END OF THE YEAR	379	294

The following table summarises the contractual maturity dates for lease liabilities. The maturity analysis is represented on an undiscounted contractual cash flow basis.

R million	Within 1 year	1-5 years	More than 5 years	Total
30 June 2025				
Lease liability	114	294	-	408

R million	Within 1 year	1-5 years	More than 5 years	Total
30 June 2024				
Lease liability	87	234	6	327

Short-term leases are leases that have a duration of 12 months or less from date of inception. At 30 June 2025, the Group was not committed to any short-term leases.

Low-value leases are immaterial.

Notes to the consolidated annual financial statements *continued*

30. Share based payments

The various Group share schemes are as follows:

NAME OF SCHEME	METHOD OF SETTLEMENT	IFRS 2 CLASSIFICATION
OUTsurance Holdings notional scheme	Cash	Cash-settled
Divisional incentive scheme	Cash	Cash-settled
OUTsurance Holdings Conditional Share Plan scheme	Equity – OUTsurance Group shares	Equity-settled
Youi Holdings share scheme	Equity – Youi Holdings shares	Equity-settled
OUTsurance Irish Holdings share scheme	Equity – Irish Holdings shares	Equity-settled

The purpose of these schemes is to attract, incentivise and retain managers within the Group by exposing them to growth in the Group's equity value and providing them with an option to acquire shares.

Consolidated view of share-based payment liability and movement for the year

R million	2025	2024
Cash settled share-based payment liability	1 454	811
TOTAL LIABILITY	1 454	811
Reconciliation of cash settled share-based payment liability		
Opening balance	811	635
Charge to profit or loss for the year	1 358	585
Liability settled	(715)	(411)
Derecognition of share-based payment liability relating to subsidiary being classified as held for sale	–	3
Foreign exchange difference	–	(1)
CLOSING BALANCE	1 454	811

The charge to profit or loss for share-based payments is as follows:

R million	2025	2024
Equity settled share scheme¹		
Youi Holdings equity-settled scheme	13	–
OUTsurance Irish Holdings equity-settled scheme	28	28
OUTsurance Holdings CSP cash-settled scheme	84	38
CHARGE TO SHARE-BASED PAYMENT RESERVE	125	66
Cash settled share schemes		
Youi Holdings Divisional Incentive cash-settled scheme	28	(74)
OUTsurance Holdings cash-settled scheme ²	1 301	647
OUTsurance Holdings Divisional Incentive cash-settled scheme	29	12
CHARGE TO STATEMENT OF PROFIT OR LOSS	1 358	585

1 Refer to the Statement of Changes in Equity for a reconciliation of the opening and closing balances.

2 The prior financial year includes the expense of OUTvest, which was sold on 1 February 2024, for the proportion of the liability relating to OUTvest that vested.

Notes to the consolidated annual financial statements *continued***30. Share based payments** *continued***OUTsurance Holdings Limited cash-settled share scheme****Description and valuation methodology of the scheme**

In terms of the scheme rules, 12% of the issued share capital of the company is available to employees under the scheme.

Under the cash-settled scheme, participants receive notional shares which have a value equal to the market value of an OUTsurance Holdings Limited ordinary share if the employee is still under the employment of the Group. Participants will receive the after-tax gain in the market value over the vesting period of three years as a cash payment. Participants of this scheme have the option to purchase one ordinary share for each vested notional share from the OUTsurance Holdings Share Trust at the ruling market price on the date of purchase.

This scheme is currently in run-off and the last tranche will settle in the next financial year.

Valuation methodology

The cash-settled scheme issuances are valued using a Black-Scholes option pricing model with all notional shares (share appreciation rights) vesting in one tranche at the end of year three. The scheme is cash-settled and will thus be repriced at each reporting date.

Market data consists of the following:

- Considering OHL represents the material part of OGL, the 'expected volatility' is derived with reference to the volatility of OGL only.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

Dividend data consists of the following:

- The dividend growth assumption is based on the historic annual dividend paid on OUTsurance Holdings Limited ordinary shares.

Employee statistic assumptions:

- The number of rights granted is reduced by the actual staff turnover at year-end. This turnover is then assumed to be constant over the period of the grant and used to estimate the expected number of rights which will vest on the vesting date.

Measurement of the share price:

- The fair value of the OHL shares have been based off the Volume Weighted Average Price (VWAP) of the OGL share price.
- The VWAP is calculated using the cumulative 15-day value traded, divided by the cumulative 15-day volume. The daily change in the 15-day VWAP is applied to the indexed price. The indexed price was the share price as at 30 June 2022 calculated using the DCF methodology.

There was no modification of the share option scheme in the current or prior financial year.

Notes to the consolidated annual financial statements *continued*

30. Share based payments *continued*

OUTsurance Holdings Limited cash-settled share scheme *continued*

Share scheme expenditure

The following assumptions were applied in determining the OUTsurance cash-settled share-based payment liability:

	OUTsurance Holdings notional scheme	
	2025	2024
Share price	R34.43	R19.49
Exercise price range	R11.95 to R15.19	R10.55 to R15.19
Remaining duration	< 1 year	< 2 years
Expected volatility	22.83%	22.28%
Risk free interest rate	8.06%	8.60%
Dividend yield	3.50%	3.75%

Number of notional shares linked to the OUTsurance Holdings notional scheme

	OUTsurance Holdings notional scheme	
	2025	2024
Number of options in force at the beginning of the year	121 211 100	176 009 788
Number of options delivered during the year	(54 339 800)	(49 063 688)
Number of options cancelled/forfeited during the year	(2 775 000)	(5 735 000)
Number of options/notional units in force at the end of the year	64 096 300	121 211 100
Range of strike prices/notional units of closing balance	R11.95 to R15.19	R10.09 to R15.19
Price per ordinary share ¹ /notional unit	R34.43	R19.49
Number of scheme participants	217	238
Maximum remaining vesting period (years)	0.83	1.75

¹ The market value of the ordinary shares for OUTsurance Holdings scheme is based on the 15 day-weighted VWAP share price as at the end of the financial year.

Notes to the consolidated annual financial statements *continued*

30. Share based payments *continued*

OUTsurance Holdings Limited cash-settled share scheme *continued*

OUTsurance Holdings Share Trust

The objective of the OUTsurance Holdings Share Trust (the Trust) was to facilitate the employee share incentive scheme of the OUTsurance Holdings Limited's (OHL) group of entities. The purpose in holding the treasury shares was to back the OUTsurance Holdings Share Option Scheme (ESOP). Furthermore, the Trust has played the market making role for OHL employee shareholders wishing to dispose of their OHL shares. With the introduction of the OUTsurance Conditional Share Plan (OGL CSP), which ultimately settles in OUTsurance Group Limited (OGL) shares, the Trust served no further purpose due to the CSP instruments issued being listed OGL shares with no requirement for internal market making.

During the current financial year, management undertook action to wind-up the Trust. The trust's assets have been disposed of and all liabilities have been paid off. This has resulted in OGL acquiring 69 996 930 OHL ordinary shares from the Trust. This transaction was funded through a combination of cash amounting to R900 million and the issuing of 12 079 169 new OGL ordinary shares.

The remaining OGL shares post the share swop were declared as a capital distribution to OHL. The surplus OGL shares were declared as a special dividend in specie to its shareholders resulting from the Trust dissolution.

Any OHL shares now being sold by employees will be purchased by OGL directly.

	2025	2024
Number of treasury shares and market value		
Number of shares in portfolio at the beginning of the year	69 996 930	66 156 569
Number of shares purchased during the year	-	7 824 243
Number of shares released during the year	-	(3 983 882)
Number of shares sold during the year	(42 333 020)	-
Number of shares swapped for OGL shares	(27 663 910)	-
NUMBER OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR	-	69 996 930
Market value per share held in portfolio at transaction date and year-end (Rand) ^{1,2}	21,26	19,49
Market value of portfolio at year-end	-	1 364 240 166
Cost price of treasury shares		
Cost price of shares held in portfolio at the beginning of the year (R million)	439	367
Cost price of shares purchased during the year (R million)	-	142
Cost price of shares released during the year (R million)	-	(70)
Cost price of shares sold to OGL and swapped for OGL shares (R million)	(439)	-
COST PRICE OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR	-	439
Loans to the share trust		
Value of loans made to the trust at the beginning of the year (R million)	439	367
Value of loans made to the trust at the end of the year (R million)	-	439

1 From December 2022, the market value of ordinary shares has been based off the Volume Weighted Average Price (VWAP) of the OGL share price.

2 Transaction date is the effective date that transactions relating to the share trust wind-up took place.

Notes to the consolidated annual financial statements *continued***30. Share based payments** *continued***Divisional Incentive cash-settled Scheme****Description and valuation methodology of the scheme**

With effect 1 July 2019, a new Divisional Incentive Scheme (DIS) was implemented with the objective to incentivise senior management based on the success of new and emerging business units which are in the South African and Australian operations. These new and emerging business units include OUTsurance Business, OUTsurance Life, Youi CTP and Youi BZl.

Management is considering the opportunity to replace the Youi DIS scheme with Youi ESOP instruments with the objective of simplifying the remuneration strategy considering the sale of our interest in BZl and focusing on organic growth in the core Direct channel. The replacement is not yet effective and will be finalised in the 2026 financial year.

The scheme is designed to closely align management and shareholders by mirroring an equity participation in these business units.

The mechanics of the DIS are as follows:

- The DIS is exposed to the net economic value created by the Business Unit. This gain is calculated as the difference between increase in the valuation of the Business Unit and a capital charge levied, on a cumulative basis, on the valuation of the Business Unit at 1 July 2019. The capital charge is referenced to weighted average cost of capital and reduced for any dividend distributions deemed to have been made from the business unit. Subsequent capital contributions also attract the capital charge.
- Notional Incentive Units have been created to reference individual participation in each of the Business Units. These Notional Incentive Units are valued bi-annually in accordance with the net measurement above. The Notional Incentive Units are valued by means of a Black-Scholes option pricing model. The eventual strike price at each of the vesting dates is variable in nature. In order to derive this value a Monte Carlo simulation has been designed to create a normal distribution of eventual strike prices. The normal distribution allows for a mean value of the eventual strike prices to be estimated which was included in the Black-Scholes option pricing model.

The scheme vests as follows:

- 50% of the Notional Incentive Units vest on the 5th anniversary
- 25% of the Notional Incentive Units vest on the 6th anniversary
- 25% of the Notional Units vest on the 7th anniversary

Although the first and second tranche has vested, no units have been exercised by any of the participants as at 30 June 2025.

Participants may elect to defer the exercise of the vested Notional Incentive Units up to the 10th anniversary of the DIS.

Upon exercise, participants will receive either OUTsurance Holdings or Youi Holdings ordinary shares depending on the gain released and their participation in the Business Units.

These shares will be held for a year before it can be disposed of at the ruling market value of the shares on date of disposal. The following conditions apply:

- Minimum Group and Company normalised earnings hurdles as vesting conditions.
- The DIS allows for the claw-back of vested gains where warranted by the conduct of the participants.

The scheme is accounted for as a cash-settled scheme for the purposes of IFRS 2 at a Group level. This accounting approach results in the cost of the scheme being expensed through profit or loss over the lifetime thereof. A corresponding liability is recognised until settlement.

The respective subsidiaries participating in the DIS are allocated the cost associated with the Business Units represented by such entities.

Notes to the consolidated annual financial statements *continued*

30. Share based payments *continued*

Divisional Incentive cash-settled Scheme *continued*

Description and valuation methodology of the scheme *continued*

To determine IFRS 2 charge, the following input assumptions were used for the Business Units:

2025				
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Risk-free rate ¹	7.44% – 8.47%	7.44% – 8.47%	2.60% – 4.30%	2.60% – 4.30%
Volatility	22.83%	22.83%	30.00%	30.00%
Dividend yield	3.50%	3.50%	0.00%	0.00%
Employee exit rate ²	10.00%	10.00%	0.00%	0.00%

2024				
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Risk-free rate ¹	8.41% – 10.09%	8.41% – 10.09%	4.04% – 4.39%	4.04% – 4.39%
Volatility	22.00%	22.00%	30.00%	30.00%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Employee exit rate	10.00%	10.00%	10.00%	10.00%

1 The vesting date that is being calculated will determine which risk-free rate is used within the disclosed range.

2 The exit rate for the Youi CTP and Youi BZI schemes have been revisited to best reflect the anticipated behaviour of the scheme participants.

The following assumptions were applied in the calculation of the DIS units:

2025				
Divisional Incentive cash-settled Scheme				
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Fair value per notional unit	R560.62	R245.71	A\$21.52	A\$5.25
Exercise price	R560.62 – R821.11	R245.74 – R359.93	A\$21.52 – A\$24.59	A\$5.25 – A\$6.00
Remaining duration	1 – 2 years	1 – 2 years	1 – 2 years	1 – 2 years
Expected volatility	22.83%	22.83%	30.00%	30.00%
Risk free interest rate	7.44% – 8.47%	7.44% – 8.47%	2.60% – 4.30%	2.60% – 4.30%
Dividend yield (0% yield as cost of capital charge will be reduced by dividends distributed)	3.50%	3.50%	0.00%	0.00%
Annual employee turnover	10.00%	10.00%	0.00%	0.00%

2024				
Divisional Incentive cash-settled Scheme				
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Fair value per notional unit	R376.09	R206.11	A\$9.60	A\$14.68
Exercise price	R376.09 – R659.23	R206.11 – R361.19	A\$9.60 – A\$11.74	A\$14.65 – A\$17.98
Remaining duration	1 – 3 years	1 – 3 years	1 – 3 years	1 – 3 years
Expected volatility	22.00%	22.00%	30.00%	30.00%
Risk free interest rate	8.41% – 10.09%	8.41% – 10.09%	4.04% – 4.39%	4.04% – 4.39%
Dividend yield (0% yield as cost of capital charge will be reduced by dividends distributed)	0.00%	0.00%	0.00%	0.00%
Annual employee turnover	10.00%	10.00%	10.00%	10.00%

Notes to the consolidated annual financial statements *continued*

30. Share based payments *continued*

Divisional Incentive cash-settled Scheme *continued*

Description and valuation methodology of the scheme *continued*

	2025			
	OUTsurance Holdings Divisional Incentive cash-settled scheme			
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Number of options in force at the beginning of the year	898 000	770 000	930 000	960 000
Number of options/notional units granted during the year	-	-	150 000	-
Number of options cancelled/forfeited during the year	(2 500)	(162 500)	(20 000)	(30 000)
Number of options/notional units in force at the end of the year	895 500	607 500	1 060 000	930 000
Intrinsic value per unit				
2019 tranche	(R11.72)	R4.00	A\$4.72	A\$2.58
2022 tranche	R85.41	(R21.00)	-	-
Price per notional unit ^{1,2}	R560.62	R245.71	-	-
Number of scheme participants	41	27	20	15
Weighted average remaining vesting period (years)	1.00	1.00	1.60	1.08

1 The market value of ordinary shares resets six monthly on 1 July and 1 January each year.

2 The price per notional unit related to OUTsurance Business and OUTsurance Life in the prior financial year was updated to reflect the final valuation.

	2024			
	OUTsurance Holdings Divisional Incentive cash-settled scheme			
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Number of options in force at the beginning of the year	965 000	960 000	960 000	960 000
Number of options/notional units granted during the year	-	-	80 000	80 000
Number of options cancelled/forfeited during the year	(67 000)	(190 000)	(170 000)	(160 000)
Number of options/notional units in force at the end of the year	898 000	770 000	870 000	880 000
Intrinsic value per unit				
2019 tranche	(R77.62)	(R15.93)	A\$1.99	A\$6.01
2022 tranche	(R15.57)	(R24.59)	-	-
Price per notional unit ^{1,2}	R376.09	R206.11	A\$9.60	A\$14.68
Number of scheme participants	42	29	19	16
Weighted average remaining vesting period (years)	1.50	1.50	1.57	1.69

1 The market value of ordinary shares resets six monthly on 1 July and 1 January each year.

2 The prior financial year price per notional unit was updated to align with the fair value per notional unit.

Notes to the consolidated annual financial statements *continued***30. Share based payments** *continued***OUTsurance Holdings Conditional Share Plan (CSP)****Description and valuation methodology of the scheme**

A new CSP was introduced in the first half of the 2024 financial year to create long-term incentive for employees which is more aligned to shareholder value creation and appropriate in a listed environment. The CSP is designed to enable participants to share in the growth of the Group and create alignment between the interests of shareholders and participants. The intention of the incentive is to drive performance of the participants through a strong link between remuneration, financial, strategic performance and corporate sustainability. The shares are granted under the plan for no consideration and carry no dividend or voting rights. Although the scheme is classified as a cash-settled scheme at OHL, its ultimately settled in OGL shares and therefore equity settled at OGL Group level.

The maximum number of shares issued, or treasury shares used to settle CSP awards shall not exceed 5% of the issued share capital of OUTsurance Group Limited (OGL). The maximum number of shares that can be settled to any one participant under the CSP is 0.5% of the issued share capital.

The following instruments will be awarded in terms of the CSP:

- Performance Shares – full value conditional share awards, which will vest on condition that participants fulfil pre-determined performance conditions and remain in the employment of the company for the duration of the performance period. Only executive directors and core senior management will receive performance shares. A separate set of performance conditions are calibrated for executives and senior management of the South African operation, which are specific to their area of influence. These are disclosed as part in the integrated report.
- Restricted Shares – full value conditional share awards which are awarded based on the performance of an employee and will vest on condition that a participant remains in the employment of the company for the duration of the performance period. Restricted Shares are awarded to employees below executive committee level and to CSP participants who do not receive Performance Shares.

Valuation methodology

A share-based payment expense is recognised based on the measurement of the fair value of employee service received. The fair value of share options is determined at grant date and expensed over the vesting period. The fair value of options at grant date is determined by the use of the Black-Scholes option pricing model. The 'option duration' is 3 years which is the number of years before the options expire per the share scheme rules.

Market data consists of the following:

- The volatility is derived with reference to the volume weighted average share price of the OGL share price.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

Other model inputs include:

- Dividend growth is based on the best estimate of expected future dividends.
- The average 'annual employee turnover' estimates the number of participants in the option schemes that will leave before the options have vested.

Performance conditions:

- During the current financial year, the performance conditions applicable to the performance shares, reached 130% of the targeted requirements. An additional expense of R22.9 million was recognised to account for the target being reached.

Share scheme expenditure

The following assumptions were applied in determining the fair value of the CSP's.

	OUTsurance Holdings CSP scheme	
	2025	2024
Share price	R69.87	R44.94
Award date price range	R40.49 – R53.47	R40.49
Remaining duration	1.25 – 2.25 years	2.25 years
Expected volatility	22.83%	22.28%
Risk free interest rate	8.06%	8.79%
Dividend yield	3.50%	3.75%

Notes to the consolidated annual financial statements *continued*

30. Share based payments *continued*

OUTsurance Holdings Conditional Share Plan (CSP) *continued*

Share options

	OUTsurance Holdings CSP scheme	
	2025	2024
Number of awards in force at the beginning of the year	4 700 802	–
Number of awards granted during the year	2 419 625	4 964 434
Range of strike prices of options granted during the year	R53.37	R40.49
Number of awards delivered during the year	–	–
Number of awards cancelled/forfeited during the year	(313 628)	(263 632)
Number of awards in force at the end of the year	6 806 799	4 700 802
Range of strike prices of awards in force at the end of the year	R40.49 – R53.47	R40.49
Price per ordinary share	R78.85	R44.94
Number of scheme participants	250	268
Average remaining vesting period (years)	1.25 – 2.25	2.00

CSP Instruments under issue

	OUTsurance Holdings CSP scheme		
	The 2024 tranche	The 2023 tranche	Total
At issue date			
Number of OUTsurance Group CSP instruments issued	2 419 625	4 964 434	7 384 059
Restricted	807 344	3 741 102	4 548 446
Subject to performance conditions	1 612 281	1 223 332	2 835 613
Share price at date of issuance	R53.37	R40.49	
Total participant value of CSP's at issue date (Rand)	129 135 386	201 009 933	330 145 319
Number of participants – at issue	104	269	
Current balance – 30 June 2025			
Number of OUTsurance Group CSP instruments remaining in issue	2 334 867	4 471 932	6 806 799
Restricted	767 794	3 290 931	4 058 725
Subject to performance conditions	1 567 073	1 181 001	2 748 074
Share price at date of issuance	R53.37	R40.49	
Total participant value of CSP's at issue date (Rand)	124 611 852	181 068 527	305 680 379
Number of participants – current	100	231	
Number of years to vesting	2.25	1.25	
Current balance – 30 June 2024			
Number of OUTsurance Group CSP instruments remaining in issue	–	4 700 802	4 700 802
Restricted	–	3 477 470	3 477 470
Subject to performance conditions	–	1 223 332	1 223 332
Share price at date of issuance	–	R40.49	R40.49
Total participant value of CSP's at issue date (Rand)	–	190 335 473	190 335 473
Number of participants – current	–	249	
Number of years to vesting	–	2.00	

Notes to the consolidated annual financial statements *continued***30. Share based payments** *continued***Youi Holdings Pty Limited equity-settled share scheme****Description and valuation methodology of the scheme**

In terms of the plan rules, 10% of the issued share capital of the company is available under the plan for the granting of options to employees. Scheme participants currently own 5.6% (2024: 5.4%) of the issued ordinary shares of Youi Holdings Pty Limited.

Valuation methodology

A share-based payment expense is recognised based on the measurement of the fair value of employee services received. The fair value of share options is determined at grant date and expensed over the vesting period. The fair value of options at grant date is determined by the use of the Black-Scholes option pricing model.

The 'option duration' is the number of years before the options expire. Market data consists of the following:

- Since Youi Holdings Pty Limited is not listed, 'expected volatility' is derived with reference to the Australian market using the ASX volatility for Youi share prices. The volatility reflects an historic period matching the duration of the option.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

Dividend data consists of the following:

- 'Dividend growth' is based on the best estimate of expected future dividends.
- The average 'annual employee turnover' estimates the number of participants in the option schemes that will leave before the options have vested.

The inputs to the share option pricing model to determine the fair value of Youi equity settled grants were as follows:

	Youi Holdings equity-settled scheme	
	2025	2024
Share price ¹	A\$1.225 – \$1.515	A\$0.777
Exercise price	A\$1.225	A\$0.777
Remaining duration	3 – 4 years	3 years
Expected volatility	21.86% – 22.29%	12.59%
Risk free interest rate	3.51% – 3.84%	3.98%
Annual employee turnover	3.84%	8.94%
Dividend yield	4.22%	8.54%

1 After 30 June 2025, the share price reset to A\$1.225.

Share options

	Youi Holdings equity-settled scheme	
	2025	2024
Number of options in force at the beginning of the year	64 284 000	95 384 996
Number of options granted during the year	21 200 000	23 250 000
Range of strike prices of options granted during the year	A\$1.225	A\$0.777
Number of options delivered during the year	(23 384 000)	(44 500 996)
Number of options cancelled/forfeited during the year	(3 000 000)	(9 850 000)
Number of options in force at the end of the year	59 100 000	64 284 000
Range of strike prices of closing balance	A\$0.592 to A\$1.225	A\$0.47 to A\$0.777
Price per ordinary share ¹	A\$0.592 to A\$1.225	A\$0.47 to A\$0.777
Number of scheme participants	42	35
Weighted average remaining vesting period (years)	1.39	1.27

1 The market value for the Youi Holdings equity settled scheme resets six monthly on 1 of July and 1 January each year.

Notes to the consolidated annual financial statements *continued***30. Share based payments** *continued***Youi Holdings Pty Limited equity-settled share scheme** *continued***Youi Holdings Share Trust**

The Youi Holdings Share Trust holds shares to back the options in issue. The Trust's investment in Youi Holdings for the year ending 30 June was as follows:

	2025	2024
Number of treasury shares and market value		
Number of shares in portfolio at the beginning of the year (full number)	11 706 160	5 003 648
New Treasury shares issued by Youi to the Employee Share Trust (full number)	5 030 000	9 000 000
Number of shares purchased during the year (full number)	13 867 000	12 832 544
Number of shares released during the year (full number)	(18 132 534)	(15 130 032)
NUMBER OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR (FULL NUMBER)	12 470 626	11 706 160
Market value per share held in portfolio at year-end (A\$)	1.515	0.948
Market value of portfolio at year-end (A\$ million)	19	11
Cost price of treasury shares		
Cost price of shares held in portfolio at the beginning of the year (A\$ million)	8	3
Cost price of shares purchased during the year (A\$ million)	23	17
Cost price of shares released during the year (A\$ million)	(15)	(12)
COST PRICE OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR (A\$ MILLION)	16	8
Loans to the share trust		
Value of loans made to the trust at the beginning of the year (A\$ million)	8	3
Value of loans made to the trust at the end of the year (A\$ million)	16	8

Notes to the consolidated annual financial statements *continued***30. Share based payments** *continued***OUTsurance Irish Insurance Holdings Limited equity-settled share scheme****Description and valuation methodology of the scheme**

In terms of the plan rules, 15% of the issued share capital of the company is available under the plan for the granting of options to employees. Scheme participants currently do not hold any of the issued ordinary shares of OUTsurance Irish Insurance Holdings Limited, as the first tranche of options has yet to vest.

Valuation methodology

The fair value of share options is determined at grant date and expensed over the vesting period. The fair value of options at grant date is determined by the use of the Black-Scholes option pricing model.

A share-based payment expense is only recognised if the options issued have a positive intrinsic value, therefore, if the market value of the underlying shares is expected to rise above the strike price over the vesting period of the options, the expense is recognised.

The 'option duration' is the number of years before the options expire. Market data consists of the following:

- Since OUTsurance Irish Insurance Holdings Limited is not listed, 'expected volatility' is derived based on S&P Insurance Index benchmark with annualised volatility of 26%.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

The following table lists the inputs to the model used for the long term incentive plan for the year ended 30 June 2025:

	OUTsurance Irish Holdings equity-settled scheme	
	2025	2024
Share price	€0.10	€0.10
Exercise price	€0.13	€0.13
Remaining duration	1	2
Expected volatility	31.16%	31.16%
Risk free interest rate	3.05%	3.05%
Annual employee turnover	0.00%	0.00%
Dividend yield	0.00%	0.00%

The following table illustrates the number and weighted average exercise prices of, and movements in share options during the year:

Share options

	OUTsurance Irish Holdings equity-settled scheme	
	2025	2024
Number of options in force at the beginning of the year	269 176 471	-
Number of options granted during the year	-	269 176 471
Range of strike prices of options granted during the year	€0.13 – €0.15	€0.13 – €0.15
Number of options delivered during the year	-	-
Number of options cancelled/forfeited during the year	-	-
Number of options in force at the end of the year	269 176 471	269 176 471
Range of strike prices of closing balance	€0.13 – €0.15	€0.13 – €0.15
Price per ordinary share	€0.13 – €0.15	€0.13 – €0.15
Number of scheme participants	24	24
Weighted average remaining vesting period (years)	1.00	2.00

Notes to the consolidated annual financial statements *continued***31. Employee benefits**

Uncertainty exists relating to the timing and extent of cash flows from the leave pay provision. The outstanding balance represents the current value of leave due to employees currently in the employ of companies within the Group.

The value of the discretionary bonus is determined through employees' performance which is linked to a balanced scorecard that is approved by the Remuneration Committee of the Group. The balanced scorecard is determined for each business unit annually.

The intellectual property bonuses are recognised as current service costs over a range of retention periods from six months to two years. The balance of the intellectual property bonuses are recognised as an employee benefit asset.

R million	2025	2024
Leave pay liability	342	315
Non-discretionary bonus liability	39	42
Discretionary bonus liability	289	269
TOTAL LIABILITY	670	626
Intellectual property bonus asset ¹	-	-
TOTAL ASSET	-	-
Reconciliation of leave pay liability		
Opening balance	315	299
Charge for the year	180	181
Liability utilised	(145)	(158)
Foreign translation difference	(8)	(7)
CLOSING BALANCE	342	315
Reconciliation of non-discretionary bonus liability		
Opening balance	42	44
Charge for the year	79	96
Liability utilised	(82)	(98)
CLOSING BALANCE	39	42
Reconciliation of discretionary bonus liability		
Opening balance	269	238
Charge for the year	279	227
Liability utilised	(255)	(192)
Foreign translation difference	(4)	(4)
CLOSING BALANCE	289	269
Reconciliation of intellectual property bonus asset		
Opening balance	-	-
Service cost for the year	-	12
Derecognition of carrying amount on sale of subsidiary	-	(12)
CLOSING BALANCE¹	-	-

¹ Due to rounding, the amount relating to intellectual property bonus asset has been excluded.

Refer to note 38 for the current and non-current analysis of employee benefits.

Notes to the consolidated annual financial statements *continued***32. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss relate to the preference shares issued by OUTsurance and OUTsurance Life for the profit sharing arrangements. Profits arising from these arrangements are distributed by way of bi-annual preference dividends payable bi-annually in February and August by OUTsurance and annually in August by OUTsurance Life. The preference dividend attributable to the profit share for the financial year is recognised in profit or loss as a fair value adjustment to the liability. The portion of the unpaid preference dividend at 30 June is recognised as a financial liability at fair value through profit or loss.

R million	2025	2024
Shareholders for preference dividends on profit share arrangement	126	113

Refer to note 3.3.1 for a reconciliation of the opening and closing balance.

Refer to note 38 for the current and non-current analysis of shareholders for preference dividends.

33. Financial liabilities at amortised cost

R million	2025	2024
Movement Analysis		
Opening balance for the year	774	-
Draw down of loan facility	-	1 225
Repayment of loan facility	(774)	(451)
CLOSING BALANCE FOR THE YEAR	-	774

The Group has a revolving credit facility (RCF) in place to assist with additional funding for strategic investments of the Group. The amount available under the RCF is R1 350 million for the current and prior financial year.

The interest charged on any drawdown of the facility is calculated on the relevant quarterly JIBAR plus a margin of 145bps (2024: 145bps). Interest is split and payable equally to each lender participating in the RCF.

A commitment fee is charged on the available facility and interest is charged at a rate per annum compounded quarterly on the amount drawn down.

During the current financial year, the RCF balance outstanding in the amount of R774 million was settled in full.

During the prior financial year, the Group acquired a further 2.6% in Youi from a minority shareholder and deployed EUR 89.1 million to OUTsurance Ireland. This capital injection and the Youi minority acquisition was partly funded by surplus Group capital and a drawdown of the OHL Group's RCF.

Refer to note 38 for the current and non-current analysis of financial liabilities at amortised costs.

34. Other payables

R million	2025	2024
Due to intermediaries	13	10
Trade creditors	162	109
Other payables and accruals	787	661
Indirect tax liability	155	132
Stamp duty payable	202	162
Payroll provisions and accruals	115	98
TOTAL OTHER PAYABLES	1 434	1 172

The carrying amount of other payables approximates the fair value. Refer to note 38 for the current and non-current analysis of other payables.

Notes to the consolidated annual financial statements *continued*

35. Cash generated from operations

R million	2025	2024
Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	7 681	6 285
Adjusted for:		
Profit on sale of held for sale assets	(35)	(55)
Profit on sale of associates	(176)	(44)
Profit on change in shareholding in associate	-	(509)
Loss on sale of property and equipment	1	-
Foreign currency movements ¹	15	-
Equity accounted earnings	(189)	(127)
Impairment of investments in associates	-	9
Impairment of held for sale assets	10	-
Depreciation of property and equipment	151	121
Depreciation of right of use asset	90	56
Amortisation of intangible assets	49	38
Intangible assets acquired	(19)	(58)
Movement in share-based payment liability ¹	761	231
Movement in employee benefits liability	44	45
Investment income	(1 636)	(1 574)
Finance costs	174	81
Net fair value movements on financial assets at fair value through profit or loss	(568)	(198)
Fair value adjustments to financial liabilities	13	1
Derecognition of retained earnings on deregistration of subsidiary	(3)	-
Discounting of proceeds on sale of held for sale assets	2	-
Purchase of treasury shares of subsidiary by share scheme participants	-	70
Purchase of treasury shares of subsidiary by share trust from share scheme participants	-	(142)
Non-cash items relating to transactions with non-controlling interests	109	38
Other non-cash items	147	41
Change in insurance contracts ¹	3 134	2 629
Change in reinsurance contracts ¹	(658)	(445)
Finance expenses from insurance contracts issued ¹	452	343
Finance income from reinsurance contracts held ¹	(156)	(102)
Investment contracts	125	507
Changes in working capital		
Current receivables and prepayments	92	(179)
Current payables and provisions	274	70
CASH GENERATED FROM OPERATIONS	9 884	7 132

¹ The adjustments made to profit before taxation to derive cash generated from operations in respect of the movement in the share-based payment liability, insurance contracts and reinsurance contracts have been re-presented for 2024 to align with the expanded presentation in 2025.

36. Taxation paid

R million	2025	2024
Taxation payable – opening balance	(35)	(352)
Charge to profit or loss	(2 462)	(1 794)
Adjustment for deferred tax charge	(213)	238
Taxation payable – closing balance	349	35
Other adjustments – equity	48	35
Foreign currency adjustments	(2)	-
TAXATION PAID	(2 315)	(1 838)

Notes to the consolidated annual financial statements *continued*

37. Preference dividends paid

R million	2025	2024
Preference dividends unpaid at the beginning of the year	(113)	(112)
Preference dividend charged to the statement of profit or loss in respect of profit share arrangements	(211)	(200)
Preference dividend unpaid at the end of the year	126	113
PREFERENCE DIVIDEND PAID	(198)	(199)

38. Current/non-current split of amounts recognised on the statement of financial position

The analysis shows the current/non-current split of assets and liabilities based on the expected contractual maturities thereof. Items classified as current have expected or contractual maturities within the next twelve months. Non-current items are expected or will legally mature in longer than twelve months. Equity instruments are considered to have no contractual maturity.

R million	Carrying amount	Current	Non-current
30 June 2025			
Assets			
Property and equipment	1 205	-	1 205
Intangible assets	224	-	224
Right-of-use assets	354	-	354
Investments in associates	258	-	258
Deferred tax	501	-	501
Reinsurance assets	2 353	1 556	797
Insurance assets	370	49	321
Financial assets			
Fair value through profit or loss	6 758	2 787	3 971
Fair value through other comprehensive income	8 111	7 637	474
Measured at amortised cost	14 355	14 350	5
Derivative financial instrument	326	259	67
Other receivables	1 866	1 866	-
Taxation	1	1	-
Assets held for sale	102	102	-
Cash and cash equivalents	1 865	1 865	-
TOTAL ASSETS	38 649	30 472	8 177
Liabilities			
Reinsurance liabilities	35	12	23
Insurance liabilities	16 229	12 678	3 551
Derivative financial instrument	7	-	7
Investment contract liability	1 863	16	1 847
Lease liabilities	379	101	278
Share-based payment liability	1 454	1 447	7
Employee benefits	670	634	36
Deferred tax ¹	158	9	149
Financial liabilities at fair value through profit or loss	126	126	-
Taxation	350	350	-
Other payables	1 434	1 434	-
TOTAL LIABILITIES	22 705	16 807	5 898

¹ The current deferred tax originated on profit from share-buy backs which realises in the financial year ending 30 June 2026.

Notes to the consolidated annual financial statements *continued*

38. Current/non-current split of amounts recognised on the statement of financial position *continued*

R million	Carrying amount	Current	Non-current
30 June 2024			
Assets			
Property and equipment	1 205	–	1 205
Intangible assets	253	–	253
Right-of-use assets	277	–	277
Investment in associates	806	–	806
Deferred tax	307	–	307
Reinsurers assets	1 587	492	1 095
Insurance assets	251	251	–
Financial assets			
Fair value through profit or loss	5 632	1 980	3 652
Fair value through other comprehensive income	8 203	7 295	908
Measured at amortised cost	12 634	12 625	9
Derivative financial instruments	87	10	77
Other receivables	1 221	1 221	–
Taxation	102	102	–
Cash and cash equivalents	1 692	1 692	–
TOTAL ASSETS	34 257	25 668	8 589
Liabilities			
Reinsurance liabilities	28	20	8
Insurance liabilities	12 906	9 860	3 046
Derivative financial instrument	88	3	85
Investment contract liability ¹	1 738	27	1 711
Lease Liability	294	78	216
Share based payment liability	811	449	362
Employee benefits	626	587	39
Deferred tax	183	–	183
Financial liabilities at fair value through profit or loss	113	113	–
Taxation	137	137	–
Financial liabilities at amortised cost	774	358	416
Other payables	1 172	1 172	–
TOTAL LIABILITIES	18 870	12 804	6 066

1 The current and non-current split of the investment contract liability was updated in the prior year to reflect its correct expected contractual maturity.

39. Related party transactions

The Group defines related parties as:

- The principle shareholders are Remgro Limited and Royal Bafokeng Holdings Proprietary Limited (2024: Remgro Limited and Royal Bafokeng Holdings Proprietary Limited). Details of major shareholders are disclosed in the directors' report.
- Key management personnel such as the OUTsurace Group Limited Board of directors, the OUTsurace Holdings executive committee.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 18.

Transactions between OUTsurace Group Limited and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Associates

Details of investments in associates are disclosed in note 19.

Notes to the consolidated annual financial statements *continued*

39. Related party transactions *continued*

For the financial year under review, the OUTsurance Group Limited entered into arms-length transactions with related parties:

R million	2025	2024
Transactions with related parties		
Principal shareholders		
Dividends paid	1 660	1 014
Key management personnel		
Dividends paid	9	3
Associates		
Income statement effect:		
RMI Investment Managers Group associates		
Dividend received	146	-
Blue Zebra Insurance Proprietary Limited ¹		
Dividend received	38	39
Commission paid	(251)	(260)
CloudBadger Technologies Proprietary Limited ¹		
Dividend received	20	-
Key management personnel		
Remuneration		
Salaries and bonuses	219	206
Non-executive directors fees	9	10
Non-executive directors fees subsidiaries	17	15
Other short-term employee benefits	8	6
Share-based payments expense for the year	391	314
	644	551
Insurance related transactions		
Premiums received	1	2
Claims paid	(1)	(1)
Year-end balances with key management personnel		
Share-based payment liability	(466)	(269)
Year-end balances with related parties		
RMI Investment Managers associates		
Dividend receivable	146	-
Merchant Capital Advisory Services Proprietary Limited ¹		
Unsecured loan to associate net of ECL of R0.3 million	-	4
Blue Zebra Insurance Proprietary Limited ¹		
Commission payable	-	(151)
Other receivables ²	-	530
AutoGuru Australia (Pty) Limited		
Convertible loan	-	19

1 Associates derecognised as at 30 June 2025 as a result of being sold or classification to assets held for sale. Refer to notes 19 and 24 for more detail.

2 Amount relating to Blue Zebra Insurance (Pty) Ltd in its capacity as a broker channel.

In the 2022 financial year OUTsurance International (Pty) Ltd (OUTsurance International) issued a guarantee to the Common Wealth Bank of Australia for the loan obtained by the Youi ESOP trust to fund the shares issued to employees. OUTsurance International has full recourse against employees who default on their loan repayments. As part of the guarantee OUTsurance International also provided a term deposit as collateral to the value of 20% of the loan facility amount. The current value of the term deposit is R23.9 million and remains in place as long as the guarantee structure is in place.

All related party transactions are entered into on an arm's length basis.

Notes to the consolidated annual financial statements *continued*

39. Related party transactions *continued*

Remuneration

Prescribed officers' and directors' emoluments for the year ended 30 June is as follows:

R'000 ¹	Services as directors	Cash package	Performance related bonus	Benefit derived from share incentive scheme	Total
2025					
Non-executive directors					
HL Bosman	1 308	-	-	-	1 308
JJ Durand ²	648	-	-	-	648
B Hanise ³	340	-	-	-	340
A Kekana ²	438	-	-	-	438
F Knoetze (alternate) ⁴	-	-	-	-	-
UH Lucht (alternate) ⁵	-	-	-	-	-
MM Mahlare	438	-	-	-	438
GL Marx ⁶	254	-	-	-	254
ET Moabi	880	-	-	-	880
MM Morobe ³	261	-	-	-	261
SV Naidoo	895	-	-	-	895
RSM Ndlovu	816	-	-	-	816
K Pillay	946	-	-	-	946
WT Roos	498	-	-	-	498
JA Teeger	498	-	-	-	498
JE van Heerden	895	-	-	-	895
Executive directors and prescribed officers					
Executive directors					
MC Visser	-	7 859	8 068	36 995	52 922
JH Hofmeyr	-	5 979	6 138	29 269	41 386
Prescribed officer					
DH Matthee	-	6 159	6 323	29 269	41 751
N Simpson	-	9 132	6 338	33 642	49 112
TOTAL	9 115	29 129	26 867	129 175	194 286

1 Directors remuneration has been rounded to R'000 to better present the fees paid to each director.

2 Directors' fees for services rendered by Mr Durand was paid to Remgro and for Ms Kekana was paid to Royal Bafokeng for their time spent on the OGL Board.

3 Resigned 26 November 2024.

4 Alternate to Mr Durand.

5 Alternate to Ms Kekana.

6 Retired 12 September 2024.

Notes to the consolidated annual financial statements *continued*

39. Related party transactions *continued*

Remuneration *continued*

R'000 ¹	Services as directors	Cash package	Performance related bonus	Benefit derived from share incentive scheme	Total
2024					
Non-executive directors					
HL Bosman	1 149	-	-	-	1 149
JP Burger ²	630	-	-	-	630
JJ Durand ³	608	-	-	-	608
B Hanise	654	-	-	-	654
AW Hedding ⁴	213	-	-	-	213
A Kekana ³	416	-	-	-	416
F Knoetze (alternate) ⁵	-	-	-	-	-
UH Lucht (alternate) ⁶	-	-	-	-	-
MM Mahlare	416	-	-	-	416
GL Marx	895	-	-	-	895
ET Moabi	812	-	-	-	812
MM Morobe	495	-	-	-	495
SV Naidoo	654	-	-	-	654
RSM Ndlovu	686	-	-	-	686
K Pillay	878	-	-	-	878
WT Roos	416	-	-	-	416
JA Teeger	432	-	-	-	432
JE van Heerden	654	-	-	-	654
Executive directors and prescribed officers					
Executive directors					
MC Visser	-	7 464	7 493	23 880	38 837
JH Hofmeyr ⁷	-	5 678	5 700	16 020	27 398
Prescribed officer					
DH Matthee	-	5 849	6 148	18 893	30 890
N Simpson	-	7 595	6 781	10 643	25 019
TOTAL	10 008	26 586	26 122	69 436	132 152

1 Directors remuneration has been rounded to R'000 to better present the fees paid to each director.

2 Retired 30 November 2023.

3 Directors' fees for services rendered by Mr Durand was paid to Remgro and for Ms Kekana was paid to Royal Bafokeng for their time spent on the OGL Board.

4 Retired 12 September 2023.

5 Alternate to Mr Durand.

6 Alternate to Ms Kekana.

7 The benefit derived from the share incentive scheme for JH Hofmeyr excludes gains realised under the Youi Share Option and CloudBadger schemes as detailed in the OUTsurance Holdings share incentive schemes table that follow.

Notes to the consolidated annual financial statements *continued***39. Related party transactions** *continued***Remuneration** *continued*

Directors' and prescribed officers' participation in Group share incentive schemes

OUTsurance Holdings share incentive schemes

		Strike price Rand	Issue date	Vesting period (years)	Final exercise date	Settlement type	Opening balance 1 July 2024 Number of notional shares/ options	Exercised during the financial year	Granted in current year	Closing balance 30 June 2025 Number of notional shares/ options	Gain realised Rand
MC Visser	Group	10.55	2021/09/01	3	2024/09/01	Cash	2 901 600	(2 901 600)	-	-	36 995 400
	Group	11.95	2022/09/01	3	2025/09/01	Cash	2 901 600	-	-	2 901 600	-
	Total Group									2 901 600	
DH Matthee	Group	10.55	2021/09/01	3	2024/09/01	Cash	2 295 600	(2 295 600)	-	-	29 268 900
	Group	11.95	2022/09/01	3	2025/09/01	Cash	2 295 600	-	-	2 295 600	-
	Total Group									2 295 600	
JH Hofmeyr	Group	10.55	2021/09/01	3	2024/09/01	Cash	2 295 600	(2 295 600)	-	-	29 268 900
	Group	11.95	2022/09/01	3	2025/09/01	Cash	2 295 600	-	-	2 295 600	-
	Total Group									2 295 600	
	OUTsurance Ireland ESOP	€0.13	2023/07/01 Up to -	3	2026/09/01	Equity	28 235 294	-	-	28 235 294	-
	Youi ESOP	A\$0.45	2020/07/01	3	2024/09/01	Equity	916 667	(916 667)	-	-	A\$673 083
	CloudBadger Technologies	126.40	2019/07/01	4	2023/09/01	Equity	2 800	(2 800)	-	-	435 036

Notes to the consolidated annual financial statements *continued*

39. Related party transactions *continued*

Remuneration *continued*

Directors' and prescribed officers' participation in Group share incentive schemes *continued*

OUTsurance Holdings share incentive schemes *continued*

	DIS Incentive Unit				Total intrinsic value
	OUTsurance Business	OUTsurance Life	Youi Commercial and BZI	Youi CTP	
Issue date	2019/07/01	2019/07/01	2019/07/01	2019/07/01	
DIS unit value at issue date	R0	R0	R0	R0	
Vesting term	5 – 7 years	5 – 7 years	5 – 7 years	5 – 7 years	
Latest exercise date	2029/07/01	2029/07/01	2029/07/01	2029/07/01	
DIS intrinsic unit value at 30 June 2025 – Rand	(11.72)	4.00	29.70	54.40	
DIS intrinsic unit value at 30 June 2024 – Rand	(77.62)	(15.93)	72.95	24.16	
DIS intrinsic unit value at 30 June 2023 – Rand	(92.84)	(23.22)	149.00	26.00	
DIS intrinsic unit value at 30 June 2022 – Rand	(60.90)	5.18	16.30	17.65	
DIS intrinsic unit value at 30 June 2021 – Rand	(27.90)	(16.31)	14.87	13.86	
Executive interest – current intrinsic value					
MC Visser					
Number of units	75 000	75 000	75 000	75 000	
30 June 2025 intrinsic value – Rand	(879 000)	300 000	2 229 120	4 078 080	5 728 200
DH Matthee					
Number of units	125 000	125 000	25 000	25 000	
30 June 2025 intrinsic value – Rand	(1 465 000)	500 000	743 040	1 359 360	1 137 400
JH Hofmeyr					
Number of units	75 000	75 000	75 000	75 000	
30 June 2025 intrinsic value – Rand	(879 000)	300 000	2 229 120	4 078 080	5 728 200
N Simpson					
Number of units	–	–	110 000	80 000	
30 June 2025 intrinsic value – Australian Dollar	–	–	126 500	413 550	540 050

The above individuals have been granted rights to participate in the Divisional Incentive Scheme as follows:

- MC Visser
 - 7.5% participation in the OUTsurance Business and OUTsurance Life schemes.
 - 7.5% participation in the Youi schemes.
- DH Matthee
 - 12.5% participation in the OUTsurance Business and OUTsurance Life schemes.
 - 2.5% participation in the Youi schemes.
- JH Hofmeyr
 - 7.5% participation in the OUTsurance Business and OUTsurance Life schemes.
 - 7.5% participation in the Youi schemes.
- N Simpson
 - 11.0% participation in the Youi Commercial and BZI schemes.
 - 8.0% participation in the Youi CTP scheme.

Notes to the consolidated annual financial statements *continued*

39. Related party transactions *continued*

Remuneration *continued*

		Conditional share scheme							Closing balance 30 June 2025 Number of notional shares/options
		Strike price rands	Issue date	Vesting period (years)	Final exercise date	Settlement type	Opening balance 1 July 2024 Number of notional shares/options	Granted in current year	
MC Visser	Group	40.49	2023/09/22	3	2026/09/22	Equity	286 499	–	286 499
	Group	53.37	2024/09/26	3	2027/09/26	Equity	–	228 876	228 876
	Total Group								515 375
DH Matthee	Group	40.49	2023/09/22	3	2026/09/22	Equity	230 313	–	230 313
	Group	53.37	2024/09/26	3	2027/09/26	Equity	–	183 991	183 991
	Total Group								414 304
JH Hofmeyr	Group	40.49	2023/09/22	3	2026/09/22	Equity	212 480	–	212 480
	Group	53.37	2024/09/26	3	2027/09/26	Equity	–	169 745	169 745
	Total Group								382 225

Notes to the consolidated annual financial statements *continued*

40. Events after the reporting period, contingencies and commitments

Events after the reporting period

Dividend

The board of directors approved the declaration of an ordinary dividend of 149.0 cents per ordinary share and a special dividend of 33.1 cents per ordinary share on 12 September 2025, payable on 20 October 2025. This is a non-adjusting event.

Sale of an asset

Subsequent to the financial year-end and before the date of approval of the annual financial statements, binding terms were reached to dispose of 83% of the Group's 14.4% interest in Entersekt. The transaction is expected to close by December 2025. This is a non-adjusting event.

There are no other matters which are material to the financial affairs of the Group that occurred between the reporting date and date of the approval of the annual financial statements.

Contingent liabilities and contingent assets

The Group has no other contingent liabilities and contingent assets in place.

Commitments

Details of the Group's obligations in respect of leases can be found in note 29.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies

The accounting policies were consistent with that of the prior financial year, unless where stated under the relevant accounting policy.

41.1 Consolidated financial statements

The consolidated financial statements include the assets and liabilities of the holding company and all of its subsidiary companies. The results of the OUTsurance Holdings Share Trust are also fully consolidated.

41.1.1 Subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

41.1.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

41.1.3 Non-controlling interest

Non-controlling interest can be measured at either:

- the proportionate share in the fair value of the identifiable net assets of the subsidiary at acquisition date; or
- fair value at acquisition date.

This measurement choice is applied at acquisition date per business combination transaction.

Non-controlling interest is presented in the group statement of financial position within equity, separately from the equity of the owners of the company. Profit or loss and each component of other comprehensive income are attributed to the owners of the group and to the non-controlling interests in proportion to their relative holdings.

Non-controlling interests are treated as equity participants of the subsidiary company. Therefore, all transactions of the Group with non-controlling interests in their capacity as owners, where there is no change in control, are treated as transactions within equity. In such transactions, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity in the "Transactions with non-controlling interests" reserve and attributed to the owners of the Group. Gains and losses on disposals to non-controlling interests are also recorded in equity.

41.1.4 Separate financial statements

Interests in subsidiaries and associates in the separate financial statements are shown at cost less any impairment. The carrying amounts of these investments are reviewed annually for impairment.

Notes to the consolidated annual financial statements *continued***41. Summary of material accounting policies** *continued***41.1 Consolidated financial statements** *continued***41.1.5 Associates**

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, without having control. The indicators that the group use in this assessment is representation on the board of directors of the investee, participation in policy-making processes, including participation in decisions about dividends and other distributions, material transactions with the investee company, interchange of managerial personnel and provision of essential technical information.

Investments in associates are accounted for using the equity method of accounting, from the effective date of acquisition to the effective date of disposal. The investment is initially recognised at cost. For acquisition of an associate in stages the Group follow a cost approach by accumulating the cost of all purchases (including transaction costs), to determine the amount of the investment. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group assesses at each reporting period whether there is objective evidence that an associate or joint venture is impaired. If such evidence of impairment exists, the entire carrying amount, including the goodwill, is tested for impairment in terms of IAS 36.

The Group's share of its associates' earnings is recognised in profit or loss and its share of associates' other comprehensive movements is accounted for in the group's other comprehensive income. The group's share of associates' movement in other equity is accounted for directly in equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments were made to the accounting policies of associates to ensure consistency with the policies adopted by the Group.

41.1.6 Changes in ownership interest

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

41.2 Insurance Contracts**41.2.1 Summary of measurement approaches**

CONTRACTS	MEASUREMENT APPROACH
Non-life insurance contracts Personal, business and CTP (South Africa, Australia and Ireland)	PAA
Non-life reinsurance contracts held Reinsurance contracts supporting PAA contracts	PAA
Life insurance contracts Life contracts – risk business	GMM
Life reinsurance contracts held Reinsurance contracts supporting GMM contracts	GMM

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.2 Insurance Contracts *continued*

41.2.2 Definition and classification

The Group applies IFRS 17: Insurance Contract to insurance contracts issued, and reinsurance contracts held. Contracts under which the Group accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts. The Group considers all substantive rights and obligations, including those that arise from law or regulation, in making this assessment on a contract-by-contract basis.

The Group cedes risk to reinsurers in the normal course of business to limit its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders. Reinsurance expenses and reinsurance income are presented on a net basis. Only reinsurance agreements that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts.

The classification of contracts is performed at the inception of each contract. The classification of the contract at inception remains the classification of the contract for the remainder of its lifetime unless the terms of the contract change to such an extent that it necessitates a change in classification.

41.3 Recognition and measurement of insurance contracts

41.3.1 Separation and combination of insurance contracts

An insurance contract may contain several components. These components should be separated if they are distinct and can be offered separately from the insurance contract. The Group assessed the additional services provided as part of the insurance contract and separated the material distinct services. For services containing an insurance risk, IFRS 17 is applied to the contract. The Group have insurance contracts that can also contain more than one insurance cover in one contract. Please refer to note 27 for the judgement regarding the unit of account.

A contract can contain a non-distinct investment component. This is the amount an insurance contract requires the Group to repay a policyholder in all circumstances regardless of whether an insured event occurs. The Group has assessed all contracts and has determined that there are no contracts with distinct investment components.

The Group does not issue any individual contracts of which the combination of two or more contracts, creates insurance risk or to the contrary eliminates the transfer of insurance risk.

41.3.2 Level of aggregation

The Group identified several portfolios of insurance contracts. A portfolio is defined as insurance contracts with similar risks that are managed together.

- For contracts measured under the PAA, a portfolio equals the risk class and where applicable, overlaid with distribution channel.
- For contracts measured under the GMM, a portfolio equals products as there is a unique one-to-one relationship between the products and their respective underlying risks. These products are priced for separately and experience analysis is performed on a product level.

Portfolios are divided into groups, as follows:

- Insurance contracts that are onerous at initial recognition.
- Insurance contracts that have no significant possibility of becoming onerous.
- All remaining insurance contracts.

These groups are determined at inception and not subsequently reassessed. The groups do not contain contracts issued more than one year apart.

The Group has reasonable and supportable information to conclude the grouping of insurance contracts. Please refer to note 27.1 for the significant judgements relating to the grouping of contracts measured under the PAA approach and note 27.1 for the unit of account for contracts measured under the GMM methodology.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.2 Level of aggregation *continued*

Reinsurance contracts held

Portfolios of reinsurance contracts held are assessed based on contracts that are collectively managed and hold similar risk. The aggregation assessment is performed independently from the portfolios of the underlying insurance contracts. In the context of similar risks, it is assumed that a “risk” is an event that would cause loss on the contract. The collective management of risks considers reinsurance structures and regulatory implications. Portfolios do not include reinsurance contracts issued more than one year apart.

Applying the group requirements, reinsurance contracts held are grouped within annual cohorts into three groups:

- contracts for which there is a net gain at initial recognition,
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently, and
- any remaining contracts.

41.3.3 Recognition

The Group recognises a group of issued insurance contracts at the earliest of the beginning of the coverage period, the date the first payment is due or when the group becomes onerous. For the majority of contracts issued, the date of payment received and the date coverage starts are the same.

Reinsurance contracts held

The Group recognises a group of reinsurance contracts at the earliest of the beginning of the coverage period and the date the entity recognises an onerous underlying insurance contract if the reinsurance contract held was entered into at or before that date. However, the Group recognises proportional reinsurance contracts at the later of the beginning of the coverage period and the initial recognition of the underlying contracts.

The Group only recognises insurance contracts and reinsurance contracts held that meet the recognition criteria during the reporting period. Any insurance contracts or reinsurance contracts held entered into after the reporting period are recognised in the period they were entered into.

41.3.4 Contract boundary

Cash flows are within the boundary of contract if they arise from the substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or the Group has a substantive obligation to provide the policyholder with services. A substantive obligation ends when the Group has the practical ability to reassess the risk of the policyholder and reprice for that risk or the practical ability to reassess the risk of the portfolio and reprice for the risk. In assessing the ability to reprice for risk, only insurance and financial risk is assessed. Risk relating to non-financial risk is not included.

The Group does not include cash flows outside the insurance contract boundary. These cashflows are recognised when those contracts meet the recognition criteria.

Contracts measured under the GMM

OUTsurance Life's products have a contract boundary of whole of life.

Contracts measured under the PAA

Insurance contracts are measured using the PAA if at the inception of the group, the Group reasonably expects that such simplification would produce a measurement of liability for remaining coverage (LRC) for the group that would not differ materially from using the GMM or the coverage period of each insurance contract in the group of insurance contracts held is one year or less. The Group's short-term products have contract boundaries that range from one to 12 months, given policy wording and “practical abilities” through the right to cancel and amend the excess. Please refer to note 27.1 for contracts that were assessed using the eligibility criteria.

Reinsurance contracts held

Cash flows are within the boundary of a reinsurance contract held if they arise from the substantive right and obligations that exist during the reporting period in which the Group is compelled to pay the reinsurer premiums or to receive services. A substantive obligation ends when there is a unilateral right to cancel the reinsurance contract.

Notes to the consolidated annual financial statements *continued***41. Summary of material accounting policies** *continued***41.3 Recognition and measurement of insurance contracts** *continued***41.3.4 Contract boundary** *continued***Reinsurance contracts measured under the GMM**

Reinsurance contracts associated with OUTsurance Life's contract boundary are aligned with the underlying insurance contracts and measured using the GMM. Each reinsurance contract relates to a specific product therefore, each portfolio will consist of a specific product. This is consistent with the portfolios defined for the underlying contracts. OUTsurance Life will group reinsurance contracts of the same portfolio recognised within the same cohort into the same six monthly cohort.

Reinsurance contracts measured under the PAA

Reinsurance contracts are measured using the PAA if, at the group's inception, the coverage period of each insurance contract in the group of reinsurance contracts held is one year or less, or if the asset for remaining coverage (ARC) for a group of reinsurance contracts using the GMM does not differ materially from the ARC of a group of reinsurance contracts held using the PAA.

The coverage period for loss occurring contracts was determined to be twelve months and the PAA was applied. Where the coverage period for risk attaching reinsurance contracts is more than twelve months due to the underlying contracts having a twelve month contract boundary, the Group used the eligibility criteria to measure the reinsurance contracts using the PAA.

41.3.5 Measurement**Fulfilment cash flows – Direct Insurance contracts**

The fulfilment cash flows are the current estimates of future cash flows within the boundary of the contract. It includes premiums, claims, OUTbonuses and expenses adjusted for timing and uncertainty. The fulfilment cash flows include a risk adjustment for non-financial risks.

The estimates of future cash flows are probability weighted, best estimate cash flows that are directly attributable to the insurance contract. These estimates are current, explicit and unbiased, and represent the perspective of the Group. Please refer to note 27.1 for the judgements regarding the assumptions included.

Cash flows within the boundary of the contract are those that relate directly to the fulfilment of an insurance contract. These include, but are not limited to, premiums, claims, acquisition costs, claims handling costs and a proportion of overheads directly related to fulfilling the obligations under the insurance contract. Costs that are not directly attributable are recognised in operating expenses.

Acquisition costs are defined as cash flows arising from the cost of selling, underwriting and starting a group of issued insurance contracts and are directly attributable. These costs are not determined at an individual insurance contract but at a portfolio level and then allocated to a group of contracts. In addition, acquisition costs are included in the assessment of onerous contracts.

The estimates of future cash flows are adjusted for the time value of money and the financial risks associated with those cash flow. Please refer to note 27.1 for the determination of the discount rate.

The risk adjustment adjusts the best estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty regarding the amount and timing of the cash flows. Please refer to note 27.1 for the judgement regarding the risk adjustment. Risk of the Groups' non-performance is not included in the measurement of insurance contracts issued.

Fulfilment cash flows – Reinsurance Insurance contracts

For reinsurance contracts held, the reinsurance risk of non-performance is included in the probability weighted estimates of the present value of future cash flows. The risk of non-performance is calculated based on the best estimate of the credit loss and other disputes of the reinsurer.

The risk adjustment for non-financial risk for reinsurance contracts held represents the amount of risk being transferred by the Group to the reinsurer. The Group determines the risk adjustment for reinsurance contracts held by using the same method as used for the underlying insurance contracts.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.6 Onerous contracts

The Group recognises an onerous contract if at initial recognition, the total of insurance acquisition cash flows and the fulfilment cash flows, result in a net cash outflow.

Onerous contracts are recognised as a loss component of the LRC. The Group allocates the expected incurred claims and expenses, the change in the RA and the insurance finance expenses between loss component and LRC, on a systematic basis (please refer to note 27).

In the event of unfavourable changes in the fulfilment cash flows allocated to the group as a result of changes in estimates of future cash flows to future services, a group of contracts can become onerous on subsequent measurement.

41.3.7 Contracts measured under the GMM

The GMM is the default model prescribed in IFRS 17. The Group applies the GMM to all its long-term contracts written and reinsurance contracts held in OUTsure Life.

Initial recognition

On initial recognition the group of insurance contracts is measured as the fulfilment cash flows which consist of the best estimate probability weighted future cash flows adjusted for the time value of money and a risk adjustment for non-financial risk and a CSM.

The CSM equals the unearned profit over the coverage period. At initial recognition the CSM is the balance of the fulfilment cash flows plus the risk adjustment and cannot be negative. If the CSM is negative, an onerous contract exists. The loss from the onerous contract is immediately accounted for in profit or loss and a loss component is established in the LRC.

Reinsurance contracts held

On initial recognition of reinsurance contracts held, the CSM is measured at an amount equal to the sum of:

- the fulfilment cash flows;
- any income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to an existing group.

However, if the net cost of purchasing reinsurance coverage relates to past events, the Group recognises such costs immediately in profit or loss.

Subsequent measurement

The insurance asset or liability is subsequently measured as the sum of the LRC and the LIC. The LRC consists of fulfilment cash flows relating to future services and the CSM. The LIC consists of the fulfilment cash flows related to past services.

At the end of each reporting period, the fulfilment cash flows are adjusted to reflect the current assumptions using the current estimates of the amount, timing and uncertainty of future cash flows and discount rates.

Changes relating to the LRC are recognised in the statement of profit or loss as follows:

- Insurance revenue relating to services provided in the period.
- Insurance expenses relating to losses and reversal of losses on onerous contracts.
- Insurance finance income and expenses for the effect of time value of money.

Changes relating to the LIC recognised in the statement of profit or loss:

- Insurance service expenses relating to claims and expenses incurred in the financial year as well as any changes in the fulfilment cash flows relating to insured claims and cash flows.
- Insurance finance income and expenses for the effect of time value of money.

The carrying amount of the CSM is also adjusted subsequently. The CSM at the end of each reporting period is calculated as follows:

- The opening balance,
- plus newly issued contracts added to the group in the reporting period,
- plus interest accreted at the locked in rate,
- plus/minus the changes in fulfilment cash flows that relate to future periods and experience adjustments,
- minus the release of the CSM to profit or loss (based on coverage units).

The CSM is only adjusted for changes in future services. Changes to current cash flows i.e. premiums, expenses and claims, risk adjustments and assumptions does not change the CSM.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.7 Contracts measured under the GMM *continued*

Reinsurance contracts held

On subsequent recognition, the CSM is measured as:

- The opening balance,
- plus/minus the effect of new contracts added to the group,
- interest accretion,
- income recognised in profit or loss due to onerous underlying contracts,
- reversals of the loss recovery component,
- changes to the fulfilment cash flows to the extent that the change relates to future services (unless the change does not change the CSM as it relates to the group of underlying insurance contracts),
- the release of the CSM based on the coverage period.

Interest accretion on the CSM

Interest is accreted on the carrying amount of the CSM and loss component at the start of the reporting period using the locked-in rate linked to the underlying insurance contract groups.

OUTsurance Life utilises six-monthly cohorts and as a result, the rate used is a weighted average based on the size of the cash flows over the lifetime of the contracts belonging to the particular six-monthly cohort. Please refer to note 27.8 for the determination of the discount rate.

Loss component on onerous contracts

The CSM and loss component balance is influenced by the fulfilment cash flows associated with future services, which are subsequently affected by changes in non-financial assumptions. Adverse changes in the cash flows associated with the provision of future services may result in an increase of the loss component. Consequently, an additional loss equal to this increase is recognised as insurance service expense for onerous contracts.

For profitable contracts, the unfavourable changes result in a decrease in the CSM balance. It is possible for a CSM balance to decrease to zero. Any further decreases would result in a loss component being established and a loss being immediately recognised as an insurance service expense.

Favourable changes in the fulfilment cash flows relating to future services decreases the loss component. The CSM is re-established if the loss component is completely reversed and any further decreases would result in a CSM being established. The notional loss component balance is to be completely reversed by the end of the coverage period of a particular group by allocating subsequent changes in fulfilment cash flows of the liability for remaining coverage between the loss component of the LRC and the LRC excluding the loss component on a systematic basis. The systematic basis is calculated using a systematic allocation ratio (SAR). The SAR is calculated by taking the loss component balance at the start of the financial period and dividing it with the risk adjustment at the start of the financial period summed with the present value of all future cash-outflows excluding acquisition cash flows and premiums.

The impact of interest accretion, release of the expected fulfilment cash-flows and non-financial assumption updates on contracts with a loss component is systematically allocated between the loss component of the LRC and the LRC excluding the loss component. At the end of the coverage period, the loss component is zero.

Interest is accreted on the LRC using the current rate. The calculation of the SAR involves dividing the loss component balance at the commencement of the financial period by the sum of the risk adjustment and the present value of all future cash-outflows, excluding acquisition cash flows.

Interest is accreted on the loss component of the LRC using the locked-in rate. Premium and acquisition cash flows do not impact the interest accreted on the loss component balance.

Loss recovery component for onerous contracts

The Group establishes (or adjusts) a loss-recovery component for each group of reinsurance contracts held depicting the recovery of losses made on onerous contracts. The loss-recovery component is presented in profit or loss as a gain depicting the amount of losses the Group recovers on onerous contracts by having reinsurance arrangements in place.

The Group calculates a recovery ratio linked to each group of reinsurance contracts held which is used to determine the amount of losses to be recovered from onerous contracts.

The Group does not have any reinsurance contracts held measured under the GMM with underlying contracts measured under the PAA.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.8 Contracts measured under the PAA

The PAA is applied to insurance/reinsurance contracts with a coverage period of one year or less at inception, or where the LRC measured under the PAA is not materially different from the LRC under the GMM.

At initial recognition, the LRC is calculated as the premiums received less acquisition cash flows paid (where acquisition cost is deferred, please refer to note 27). Subsequently, the liability is released over the passage of time.

Reinsurance contracts held

On initial recognition, the asset for remaining coverage (ARC) for the reinsurance contract held is measured as the amount of premiums paid (including ceding commissions not dependent on claims) plus broker fees paid. Subsequently the ARC is increased for ceding premiums and broker fees paid during the period and decreased for ceding premiums and broker fees recognised as reinsurance expenses for the period. The reinsurance asset for incurred claims (AIC) is adjusted for time value of money.

Broker fees are recognised over the coverage period of the contract.

Reinsurance commission that is not contingent on claims, is accounted for as a deduction of reinsurance premiums. The component of reinsurance commission that is contingent on claims is netted off against reinsurance income.

PAA eligibility

Where the coverage period is greater than one year, the contract needs to be assessed to determine if the PAA can be applied. For the Group, the majority of contracts have a coverage period ranging from 31 days to one year, however, some contracts have a coverage period of more than one year. For these contracts, the PAA eligibility is assessed as follows:

- The average absolute difference between evaluating a group of contracts using the LRC calculated using the GMM and the LRC using the current PAA approach adopted is assessed.
- The PAA approach is adopted where the absolute difference of this assessment is immaterial based on pre-determined materiality thresholds.

The Group continues to assess the contracts to ensure that pre-determined materiality levels are not breached.

Reinsurance contracts held

Where the coverage period is greater than one year, the reinsurance contract held needs to be assessed to determine if the PAA can be used. For the Group, the excess of loss contracts have a coverage period of one year, however for the quota share and risk attaching reinsurance contracts held, the coverage period is more than one year. As a result, both the quota share and risk attaching contracts are assessed for PAA eligibility as follows:

- The potential difference in the asset for remaining coverage is assessed between evaluating the quota share and risk attaching contracts using the GMM and the current PAA approach adopted.
- The PAA approach is adopted where the absolute difference of this assessment is immaterial based on pre-determined materiality thresholds.
- The Group continues to assess the contracts to ensure that pre-determined materiality levels are not breached.

Acquisition cash flows

The PAA allows a policy choice regarding whether to expense or defer insurance acquisition cash flows. The Group has elected to expense the insurance acquisition cash flows as incurred for contracts with a 31-day contract boundary and defer the acquisition costs over the coverage period for contracts with a contract boundary of between 31 days and 12-months. This policy choice was elected to recognise it in line with the revenue being earned under these contracts. For contracts with a 12-month boundary, acquisition costs are amortised systematically in line with revenue recognition of the underlying insurance contract as the acquisition cost does not relate to future contracts.

The Group does not have any insurance acquisition assets i.e. insurance acquisition cash flows that are recognised before the group of insurance contracts is recognised.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.8 Contracts measured under the PAA *continued*

Subsequent measurement

At the end of the reporting period, the insurance liability/asset is measured as the sum of the LRC and the LIC, which consists of the fulfilment cash flows relating to past services allocated to the group.

The carrying amount of the LRC is measured as follows:

- Opening balance;
- plus the premiums received,
- less the insurance acquisition cash flows, where deferred,
- plus any amounts relating to the amortisation of any deferred acquisition cash flows,
- plus any adjustment to a financing component,
- minus insurance revenue for the period.

The LRC is not adjusted for time value of money.

The Group recognises the following changes in the carrying amount of the LIC in the statement of profit or loss:

- Insurance service expenses relating to claims and expenses incurred in the financial year as well as any changes in the fulfilment cash flows relating to insured claims and cash flows.
- Insurance finance income and expenses relating to the effect of time value of money.

Discount rate

Contracts measured under the PAA have long-tail claim components (of more than one year) and therefore the LIC is discounted for all outstanding claims. Please refer to note 27.1 for the calculation of the discount rate.

Risk adjustment

The risk adjustment adjusts the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty regarding the amount and timing of the cash flows. Please refer to note 27.1 for the judgements made in the calculation of the risk adjustment. The risk of the Group's non-performance is not included in the measurement of insurance contracts issued.

Onerous contracts

The Group assumes that no contracts measured under the PAA are onerous at initial recognition, unless facts and circumstances indicate otherwise.

The following facts and circumstances may indicate that risk groups are onerous:

- A new risk class that is yet to achieve scale.
- A premium-weighted combined ratio of more than 100% based on three years' of data.
- Pricing and repricing strategies for marginal cases.

The Group recognises an onerous contract if, at initial recognition, the total of insurance acquisition cash flows and the fulfilment cash flows result in a net cash outflow.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts are onerous, the Group calculates the difference between the current LRC and the LRC using the GMM. The GMM is measured as the probability weighted cash flow adjusted for time value of money and risk adjustment for non-financial risk.

If the LRC calculated under the GMM exceeds the LRC calculated using the PAA, the Group recognises a loss in profit or loss and increases the LRC.

Loss component

The loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

Given that the LRC measured under the PAA is not discounted, the loss component is also not discounted.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.8 Contracts measured under the PAA *continued*

Loss recovery component

The Group establishes (or adjusts) a loss-recovery component for each group of reinsurance contracts held depicting the recovery of losses made on onerous contracts. The loss-recovery component adjusts the reinsurance asset for remaining coverage and is presented in profit or loss as a gain depicting the amount of losses the Group recovers on onerous contracts by having reinsurance arrangements in place.

The Group calculates a recovery ratio linked to each group of reinsurance contracts held which is used to determine the amount of losses to be recovered from onerous contracts.

The Group does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.

41.3.9 Modification and derecognition

If the terms of an insurance contract are modified, the Group derecognises the original contract and recognises a new contract only if the modified contract:

- would have been excluded from the scope of IFRS 17 at inception of the contract.
- would have resulted in the Group separating components from the insurance contracts.
- would have had a different contract boundary.
- would have been included in a different group of contracts.

If the modification meets none of the above conditions, the Group treats the modification as a change in fulfilment cash flow.

When the Group recognises the new contract, it is recognised from the date of modification and re-assessed for classification, separation, aggregation and measurement.

A contract is derecognised when the contract is extinguished or the above conditions are met. When the Group derecognises an insurance contract from a group of contracts, measured under the GMM, the fulfilment cash flows allocated to the group are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the derecognised contract. The CSM is adjusted for the change in the fulfilment cash flows and the change in the number of coverage units. The number of coverage units are adjusted to reflect the coverage units derecognised.

When the Group derecognises an insurance contract from a group of contracts, measured under the PAA, the changes in the LRC are recognised in profit or loss.

41.3.10 Presentation and disclosure in the statement of profit or loss and other comprehensive income

Insurance revenue

Contracts measured under the PAA

The Group recognises insurance revenue by allocating expected premiums based on the passage of time over the coverage period of a group of contracts. Expected premiums excludes any amounts that relates to transaction-based taxes collected on behalf of third parties (such as premium taxes, value added taxes and goods and services taxes) and expected credit risk.

Contracts measured under the GMM

The Group determines revenue as the sum of the changes in the LRC in the period that relate to the services for which the Group expects to receive consideration.

The changes consist of:

- insurance service expenses incurred in the period (measured at the amounts expected at the beginning of the period), excluding:
 - amounts allocated to the loss component of the LRC,
 - amounts that relate to transaction-based taxes collected on behalf of third parties (such as premium taxes, value added taxes and goods and services taxes), and
 - insurance acquisition expenses.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.10 Presentation and disclosure in the statement of profit or loss and other comprehensive income *continued*

- the change in the risk adjustment for non-financial risk, excluding:
 - changes that adjust the CSM because they relate to future services and amounts allocated to the loss component of the LRC.
- the amount of the contractual service margin recognised in profit or loss in the period.

The portion of premiums that relate to the recovery of insurance acquisition cash flows is calculated by using the relevant coverage units as determined for the purpose of amortising the CSM to calculate the portion of premiums that relate to the recovery of the acquisition cost.

Insurance service expense

Insurance service expenses consist of incurred claims, other incurred insurance service expenses, amortisation of insurance acquisition costs, changes to past services and changes to future services (i.e. changes in the fulfilment cash flows that results in onerous contracts or the reversal of losses).

For contracts measured under the GMM, amortisation of the acquisition cash flows reflected in insurance service expense equals the portion recognised as revenue.

For contract measured under the PAA, where acquisition cost have been deferred, acquisition cash flows are amortised in line with revenue recognition.

Reinsurance

The Group has elected to present income and expenses from reinsurers as a net amount on the statement of comprehensive income.

Reinsurance expense

For reinsurance contracts measured under the PAA, the Group recognises reinsurance premiums paid based on the passage of time over the coverage period of the group of contracts.

For reinsurance contracts measured under the GMM, the Group recognises reinsurance expenses as changes in the asset for remaining coverage. Reinsurance expense consists of:

- expected incurred claims,
- other directly attributable expenses excluding amounts allocated to the loss recovery component,
- changes in the risk adjustment,
- CSM release,
- Experience adjustments that relates to past premiums paid.

Amounts recovered from reinsurers

Amounts recovered from reinsurers consists of recoveries received on claims

- less commission contingent on claims,
- less mandatory reinstatement premiums,
- less loss recovery expenses.

Insurance finance income and expenses

Insurance finance income and expenses consist of the following:

- Changes of time value of money on the fulfilment cash flows for contracts measured under the GMM.
- Effects of financial risk and the changes in financial risk.
- Effect of discounting on the LIC for contracts measured under the PAA.

The Group disaggregate the risk adjustment between insurance service expenses and insurance finance income and expenses.

The Group accounts for all insurance finance income and expenses (PAA and GMM) in profit or loss.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.3 Recognition and measurement of insurance contracts *continued*

41.3.11 Other

At each reporting date, the Group disregards the treatment of estimates made in previous interim financial statements. At the financial year-end, the estimates are updated on a year-to-date basis. As a result, the treatment has been modified in the most recent reporting period compared to prior interim financial statements.

41.3.12 Transition

The Group has determined that it has reasonable and supportable information for all insurance contracts in force at the time of transition. Therefore, the Group transitioned all insurance contracts issued and reinsurance held using the full retrospective method. Accordingly, the Group classified and measured each group of insurance contracts as if IFRS 17 has always applied.

41.4 Accounting for profit sharing arrangements

A profit sharing arrangement has been entered into between OUTsurance and FirstRand Bank Limited. In terms of this profit sharing arrangement, ninety percent of the operating profit generated on the homeowners' insurance business referred by FirstRand Bank Limited businesses is paid to FirstRand Bank Limited by way of a biannual preference dividend. Operating losses incurred are for the Group's account. The Group however, retains the right to offset such losses against future profits generated in the determination of any preference dividends to be paid to the preference shareholder.

These shareholders for preference share dividends are accounted for as a financial liability on the face of the statement of financial position. The profit attributable to the preference shareholder is the fair value movement and the payment of a dividend is treated as a partial settlement of the liability. No reference is made to future profit estimates as these profit-sharing arrangements are executory in nature, i.e. the other party has certain performance obligations to satisfy in order to share in the profit.

The profitability of the profit sharing business is reviewed on a monthly basis to ensure that the Group is not exposed to uneconomical risks over which it has no day-to-day management control.

The policy for the recognition and measurement of insurance contracts applied to the profit sharing arrangements is similar to the policy under 41.3 above.

A profit sharing arrangement has been entered into between the OUTsurance Life and Shoprite Investments Limited. In terms of this profit sharing arrangement, a portion of the operating profit generated on the funeral insurance business distributed through the Shoprite distribution network is paid to Shoprite Investments Limited by way of an annual preference dividend. Operating losses incurred are for the Group's account.

41.5 Segment reporting

The Group's products and services are managed by various business units along geographical lines and product categories. The segment information is presented by each distinct revenue-generating area representing groups of similar products, consistent with the way the Group manages the business. Given the nature of operations, there are no major single customers within any of the segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers when making operating decisions and for allocating resources and assessing performance. The chief operating decision maker has been identified as the group executive committee ("EXCO"). Segments with a majority of revenue earned from charges to external customers and whose revenue, results or assets are 10% or more of all the segments, are reported separately. Certain reporting adjustments are provided separately to reconcile to IFRS Accounting Standards reported earnings.

41.6 Foreign Currency

41.6.1 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 (the functional currency).

The consolidated financial statements are presented in South African Rand (R), which is the functional and presentation currency of OUTsurance Holdings Limited.

None of the Group entities operate in a hyperinflationary environment.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.6 Foreign Currency *continued*

41.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated to South African Rand using the rates of exchange ruling at the financial year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

41.6.3 Group companies

- Assets and liabilities for each reporting date presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at the average exchange rate for the financial year. If this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, the income and expenses are translated at the transaction date rate;
- all resulting exchange differences are recognised as a separate component of other comprehensive income (foreign currency translation reserve); and
- items that are recognised directly in equity are translated using the historical rate.

When a foreign operation is partially disposed of or sold, and control is lost, the Group's portion of the cumulative amount of the exchange differences that were recorded in other comprehensive income are reclassified to profit or loss when the gain or loss on disposal is recognised. For partial disposals where control is retained, the Group re-attributes the proportionate share of the cumulative exchange differences, recognised in other comprehensive income to the non- controlling interest of the foreign operation.

41.7 Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of property and equipment.

Gains or losses on disposals are determined by comparing sales proceeds with the carrying amount of the asset, and are included in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

Depreciation

Depreciation is calculated using the straight-line method to allocate historical cost to the residual values over the estimated useful lives, as follows:

Building fixtures and owner occupied property	between 20 and 50 years
Computer equipment	2 to 11 years
Fittings and office equipment	5 to 13 years
Motor vehicles	5 years

Land is not depreciated

Annual reviews of the residual values and useful lives of the assets are conducted in order to evaluate the continued appropriateness of the above policy. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

Owner-occupied properties

Owner-occupied properties are held by the Group for use in the supply of services or, for its own administration purposes.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.8 Intangible assets

41.8.1 Computer software development costs

Costs associated with research activities and maintaining computer software are recognised as an expense as incurred.

Costs that are directly attributable to identifiable software products controlled by the Group are recognised as intangible assets if certain criteria are met. These costs comprise of all directly attributable costs necessary to create, produce and prepare the asset for its intended use.

Development costs are recognised as an intangible asset when all of the following criteria are met:

- The technical feasibility of the development can be demonstrated.
- The Group is able to demonstrate its intention and ability to complete and use the software.
- It can be demonstrated how the software product will generate probable future economic benefits.
- It can be demonstrated that adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs are recognised as assets from the point where the recognition criteria above are satisfied, and are amortised once the asset is ready for use, on a straight line basis over the expected useful life.

The carrying amount of intangible assets are assessed annually for indication of impairment.

The intangibles are subsequently measured at cost less accumulated amortisation and impairment.

Amortisation is calculated using the straight-line method to allocate historical cost to the residual values over the estimated useful lives as follows:

Purchased computer software	2 to 7 years
Internally generated computer	5 to 10 years software

The amortisation charge is reflected in operating expenses in profit or loss.

41.9 Leases under IFRS 16

41.9.1 General

Agreements where the counterparty retains control of the underlying asset are classified as leases.

Leases are recognised as a right-of-use asset with a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest (the incremental borrowing rate) on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Periods covered by an option to extend the lease is included if the Group is reasonably certain to exercise that option taking into account, among others, the remaining term of the original lease, refurbishments, changing technology and cost-saving initiatives. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis discounted using the lessee's incremental borrowing rate.

The incremental borrowing rate utilised by the Group for the various lease assets is as follows:

- Properties – a risk-free rate with a market risk premium/spread added to it.
- Vehicles – the prime lending rate.
- Equipment – the prime lending rate.

In determining the incremental borrowing rate, the expiry date of each individual lease contract is considered in setting the forward risk-free rate applicable on the date of the termination of the lease to valuation date.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.9 Leases under IFRS 16 *continued*

41.9.2 Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments, but excluding payments for service components), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured using the effective interest method. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.
- If there is a change in the lease term.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

41.9.3 Right-of-use assets

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and adjusted for:

- lease payments made at or before commencement of the lease;
 - initial direct costs incurred; and
 - the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Depreciation

Subsequent to initial measurement, a right-of-use asset is depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter. However, if ownership of the underlying asset transfers to the group at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the remaining economic life of the asset.

This depreciation is recognised as part of general operating expenses.

41.9.4 Short-term leases and low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

41.9.5 Derecognition

When the Group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised.

On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancellation costs in profit or loss.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.10 Impairment review – Non financial assets

A periodic review of the carrying amount of the Group's assets is conducted and, where there are indications that the value of an asset may be impaired, an impairment loss is recognised.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The difference between the carrying amount and the recoverable amount is charged to profit or loss for the financial year in which the impairment is identified, to reduce the carrying amount of such impaired asset to its estimated recoverable amount. Should an event occur after the recognition of an impairment, which increases the recoverable amount of the previously impaired asset, the impairment of the asset, or a portion thereof, is reversed through profit or loss. The adjusted carrying value may not exceed what the carrying value would have been had the impairment not been recognised before.

41.11 Assets held for sale

Non-currents assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and groups of contracts within the scope of IFRS 17 Insurance Contracts, which are specifically exempt from this requirement.

Once classified as held-for-sale, assets are no longer depreciated or amortised, and any equity-accounted investee is no longer equity accounted.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Consideration deferred overtime, is recognised at the cash value of the deferred consideration at the date of the sale.

Consideration contingent on the outcome of certain performance measures, post the sale of an asset, is initially recognised at the best estimate of the consideration at the date of the sale, and subsequently remeasured at the fair value of the consideration receivable at each reporting period.

41.12 Financial instruments

41.12.1 General

The Group recognises a financial asset or a financial liability on its statement of financial position when and only when, it becomes a party to the contractual provisions of the instrument.

Purchases and sales of financial assets in the ordinary course of business are recognised and derecognised, as applicable, on trade-date being the date on which the group commits to purchase or sell the asset.

The Group classifies its financial assets in the following measurement categories:

- financial assets at fair value through profit or loss (FVPL);
- financial assets at fair value through other comprehensive income (FVOCI); and
- financial assets at amortised cost.

Financial liabilities are classified in the following categories:

- financial liabilities at fair value through profit or loss (FVPL); and
- financial liabilities at amortised cost.

Management determines the classification of its financial instruments at initial recognition. Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets. In such a case, all affected financial assets are reclassified prospectively from the reclassification date.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus, in the case of an asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.12 Financial instruments *continued*

41.12.1 General *continued*

The Group assesses the business model in which a financial asset is held at a portfolio level. Information considered in determining the applicable business model includes:

- policies and objectives for the relevant portfolio;
- how the performance and risks of the portfolio are managed, evaluated and reported to management; and
- the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent solely payments of principal and interest (SPPI).

Principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time, e.g. on repayment of the principal. Interest is defined as consideration primarily for the time value of money, the credit risk of the principal outstanding, other basic lending risks and costs and a profit margin.

In assessing whether contractual cash flows are SPPI compliant, contractual terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including:

- contingent events that could change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- non-recourse arrangements; and
- features that modify the time value of money (e.g. periodic reset of interest rates).

A prepayment feature meets the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include compensation for early termination of the contract.

For a financial asset acquired at a premium or discount to its contractual nominal amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued contractual interest (which may include compensation for early termination of the contract) is considered SPPI compliant if the fair value of the prepayment feature is insignificant on initial recognition.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective i.e. instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends are recognised in profit or loss when the Group's right to receive payments is established.

41.12.2 Financial instruments at fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI, if these financial assets are not designated at FVPL.

Debt instruments

Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other movements in the carrying amount are taken through OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

Equity instruments

Other movements, including foreign exchange gains and losses in the carrying amount are taken through, OCI. When the equity instrument is derecognised, the cumulative gain or loss previously recognised in OCI is transferred within equity.

Financial assets classified as FVOCI comprise various debt investments in money market and capital market instruments, including government bonds, collective investment schemes and unlisted equity.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.12 Financial instruments *continued*

41.12.3 Financial instruments at fair value through profit or loss (FVPL)

Financial assets not classified at amortised cost or FVOCI are measured at FVPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Net gains or losses, including any interest or dividend income and foreign exchange gains and losses are recognised in profit or loss.

Financial assets classified as FVPL comprise:

- Collective investment schemes
- Unsecured loans
- Ordinary shares
- Debt instruments
- NCNR preference shares
- Zero coupon deposits
- Derivative financial instruments
- Contingent consideration receivable

Financial liabilities designated at fair value through profit or loss comprise preference shares held in terms of a profit-sharing arrangements as these are managed on a fair value basis and the investment contract liability where the value is driven by the fair value of the asset (i.e., Zero-coupon deposits) backing the investment contract liability. Net gains and losses including interest expense and foreign exchange gains and losses are recognised in profit or loss, unless they arise from derivatives designated as economic hedging instruments in net investment hedges.

41.12.4 Financial instruments measured at 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 using the effective interest method, if these financial assets are not designated at FVPL.

Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Financial assets classified as amortised cost comprise:

- Redeemable preference shares
- Other receivables
- Term deposits
- Loan facility
- Cash and cash equivalents

Financial liabilities are measured at amortised cost using the effective interest method. Net gains and losses including interest expense and foreign exchange gains and losses are recognised in profit or loss as part of finance cost. Any gain or loss arising on derecognition is recognised directly in profit or loss.

41.12.5 Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group uses derivatives for the following reasons:

- to offset the interest rate risk inherent in some of the life insurance products underwritten by the Group. The Group has elected not to apply hedge accounting to the asset-liability matching strategy;
- to offset the exchange rate exposure inherent in certain Group cross-border transactions; and
- to offset the equity price risk contained in the share based payment schemes.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.12 Financial instruments *continued*

41.12.6 Impairment

The Group recognises loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortised cost
- debt investments measured at FVOCI
- financial guarantee contracts
- loan commitments

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- financial assets that are determined to have low credit risk at the reporting date;
- financial assets where credit risk has not increased significantly since initial recognition; and
- financial assets which are callable on demand or within a period of 12 months from reporting date.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether financial assets measured at amortised cost and FVOCI are credit impaired. The Group writes off a financial instrument when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. Evidence that a financial asset is credit-impaired includes:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- a restructuring of an amount due to the Group on terms that would not otherwise be considered by the Group;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessment of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to the country as well as the intention, communicated in public statements, of governments and agencies to access those mechanisms, including an assessment of the depth of the mechanisms and the capacity to fulfil the required criteria.

Loss allowances for ECL on financial assets measured at amortised cost is deducted from the gross carrying amount of the financial assets. Loss allowances for ECL on debt investments measured at FVOCI is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospects of recovery by the Group. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.12 Financial instruments *continued*

41.12.7 Derecognition

The Group derecognises a financial asset:

- when the contractual rights to the asset expires; or
- where there is a transfer of the contractual rights to receive the cash flows of the financial asset in a transaction in which:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. A substantial modification of the terms and conditions of an existing financial liability or part of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new one.

The group only considers quantitative indicators in assessing whether there is a modification or extinguishment. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit or loss.

41.12.8 Modifications

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate or, when applicable, the revised effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

41.12.9 Measurement of fair value

The fair value of financial instruments traded in an organised financial market is measured at the closing price for financial assets and financial liabilities. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

41.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits held with banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition.

Short-term deposits with banks are considered to be instruments which are highly liquid and have maturity dates of not more than three months from the reporting date. Short-term deposits which cannot be accessed within this period are classified as financial assets.

41.14 Provisions

The group recognises provisions when it has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where applicable, a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability is used to determine the present value.

41.15 Contingent Liabilities

The group discloses a contingent liability where:

- it has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources will be required to settle an obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.16 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Ordinary shares and non-redeemable non-cumulative preference shares together with share premium are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of taxation.

Treasury shares

Where the OUTsurance Holdings Share Trust purchases the Group's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are reissued or cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

On consolidation, the cost of the shares acquired is deducted from equity. Subsequently, any proceeds on the re-issue or cancellation of these shares is recognised directly in shareholder's equity.

Any net income in relation to treasury shares is eliminated in the Group's results. Dividends paid in respect of treasury shares are similarly eliminated in the Group's results.

Dividends paid

Dividends payable on ordinary shares are recognised in equity in the period in which there is unconditional certainty that the dividend will become payable, which would include approval of the dividend declaration by the Group's Board of directors, regardless of whether the formalities of the payment thereof have been finalised. Dividends declared after the reporting date are not recognised but disclosed as a post reporting date event.

41.17 Other reserves

Other reserves recognised by the Group include:

Comprehensive income reserve

The Group has certain debt investments (from the segregated portfolios) measured at FVOCI. For these investments, changes in fair value are accumulated within the FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income, as described in the accounting policies, and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees;
- the grant date fair value of deferred shares granted to employees but not yet vested; and
- the issue of shares held by Employee Share Trust to employees.

Equity accounted reserve

This is the Group's proportionate share of the associates equity reserves.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.18 Current and deferred tax

The income tax expense for the period comprises current and deferred tax. Current tax comprises tax payable as calculated on the basis of the expected taxable income for the financial year, using tax rates substantively enacted at the reporting date. Adjustments to provisions made for tax payable in previous financial years as a result of a change in the estimated amount payable, or to the extent that actual assessments differ from the provision created in prior financial years, are charged or credited to the current financial year profit or loss.

Deferred tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Where a different tax rate will be applicable to the tax year in which such assets or liabilities are realised, those tax rates are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Insurance liabilities are recognised in full for accounting purposes and, to the extent that accounting losses arise, deferred tax assets are created as these will be reversed upon the release of such short-term insurance provisions.

Deferred tax assets relating to the carry-forward of unused tax losses are recognised in profit or loss to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised.

Taxation in respect of South African life insurance operations is determined using the five fund method applicable to life insurance companies. The taxation of life insurers in South Africa was amended to introduce a separate tax fund for risk products sold in tax periods beginning on or after 1 January 2016. From 1 July 2016, OUTsurance Life has allocated all risk products except one to the risk fund.

Indirect taxes comprise Value Added Tax. All transactions are accounted for net of the relevant Value Added Tax component.

Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

National Treasury released the Draft Taxation Laws Amendment Bill, 2022 on 29 July 2022, which was subsequently promulgated in January 2023 and enacted in December 2022.

This amendment, amended section 28 of the Act to cater for the implementation of IFRS 17. The changes consist of changes in terminology and a phase-in period of six years for life insurers and three years for non-life insurers.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar two legislation – is an income tax under IAS 12. The Group has applied a temporary relief and determined that no tax is payable for the forthcoming year. The Group has performed an impact assessment of its potential exposure in relation to the Global Minimum Tax (GMT) legislation and based on the outcome of the impact assessment, the Group does not anticipate being subject to a material top-up tax exposure in any of the jurisdictions in which it operates for the current financial year. However, the Group will monitor the relief requirements annually and will account for the current tax when it is incurred. The Group has adopted the temporary mandatory relief for deferred taxes in relation to the GMT in terms of IAS12.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.19 Employee benefits

Short-term employee benefits

The undiscounted cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to salaries and annual leave represents the amount which the Group has as a present obligation to pay, resulting from employees' services provided up to the reporting date. The provision is calculated at undiscounted amounts based on current salary rates. A provision for employee benefits in respect of their annual leave entitlement from past service is recognised in full.

Employees may elect to adopt a remuneration structure to allow for a non-discretionary bonus.

Non-discretionary bonuses are provided for at reporting date.

Post-employment benefits

The Group's employees contribute to the OUTsurance Insurance Company Limited defined pension and provident contribution funds. Under defined contribution plans, the legal or constructive obligation of the Group is limited to the contributions made to the plan, thus benefits received by the employee is determined by the contributions made to the plan together with investment returns arising from the contributions.

The pension plans are funded by payments from employees. The amount paid in respect of defined pension and provident contribution fund plans during the financial year is charged to profit or loss and is included in employment cost. The Group has no further payment obligations once contributions have been made.

Intellectual property bonuses

In terms of the intellectual property bonus plan, employees are paid intellectual property bonuses based on management's discretion. The beneficiaries under the plan, which included executive directors, executive management, senior and middle management employed on a full-time basis, are subject to retention periods and amounts would need to be repaid should the employee be in breach of the retention period. The intellectual property bonuses are recognised as current service costs over retention periods ranging from six months to two years and are straight lined over the period of the contract.

41.20 Share-based payments

The Group operates both equity and cash-settled share incentive schemes.

Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan for employees of the Group.

The Group expenses the fair value of the employee services received in exchange for the granting of the options or shares, over the vesting period of the options or shares, as employee costs, with a corresponding credit to equity. The total value of the services received is calculated with reference to the fair value of the options or shares on grant date.

The fair value of the options or shares is determined excluding non-market vesting conditions. These vesting conditions are included in the assumptions of the number of options or shares expected to vest. At each reporting date, the Group revises its estimate of the number of options or shares expected to vest. The Group recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Amounts recognised for services received if the options or shares granted do not vest because of failure to satisfy a vesting condition, are reversed through profit or loss.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled share-based payment transactions

The Group operates the following cash-settled share-based payment schemes:

- a compensation plan for employees of OUTsurance, OUTsurance Life and OSS for notional shares (share appreciation rights); and
- a Divisional Incentive Scheme for Notional Incentive Units to incentivise senior management based on the success of new and emerging business units which are in the South African and Australian operations.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit for the year.

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.21 Share trust

The OUTsurance Holdings share incentive scheme is operated through a Share Trust. The Share Trust is considered to be a structured entity of the Group and therefore consolidated. All shares issued to the Share Trust are issued against the Share Trust loan which is measured at fair value.

41.22 Investment income

Interest

Interest income is recognised in profit or loss as investment income for instruments measured at amortised cost using the effective interest method. Interest on cash and cash equivalents is recognised as earned.

Dividends

Dividends are recognised in investment income when the right to receive payment is legally established. This is on the 'last day to trade' for listed shares and on the 'date of declaration' for unlisted shares. In the case of certain cumulative prime rate linked preference share investments, dividends are accrued for using the effective interest method regardless of the status of their declaration. This accounting treatment is consistent with the provisions of the agreements governing such investments.

41.23 Administration and other revenue

The Group derives its main source of revenue from insurance revenue as referred to in note 27. Other sources of revenue within the Group, disclosed as 'other revenue' in note 5, are as follows:

Investment administration services

Administration fees are calculated and recognised as revenue on a daily basis (point in time). The fees are recognised on an earned basis calculated as a percentage of the assets under management, measured at a client level.

Income from contact center services

Ongoing support call center administration fees are calculated and recognised as revenue on a daily basis (point in time).

41.24 Government grants

Grants from the Government are recognised at fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are recognised in profit over the period necessary to match them with the costs they are intended to compensate.

Commission income

Commission is earned for collecting premiums on behalf of SASRIA and is recognised at a point in time.

41.25 Abbreviations

CAS	Contractor's All Risk – Specific contract
CSM	Contractual Service Margin
CTP	Compulsory Third Party
GMM	General Measurement Model
FCF	Fulfilment Cash Flow
LIC	Liability for Incurred Claims
LRC	Liability For Remaining Coverage
PAA	Premium Allocation approach

Notes to the consolidated annual financial statements *continued***41. Summary of material accounting policies** *continued***41.26 Amendments to published standards effective in the current year**

During the year new accounting standards, interpretations and amendments are mandatory for the Group:

NUMBER	EFFECTIVE DATE	EXECUTIVE SUMMARY AND IMPACT ON THE GROUP
<i>Amendment to IAS 1 – Non-current liabilities with covenants</i>	Annual periods beginning on or after 1 January 2024	<p>The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.</p> <p><i>The Group currently doesn't have any current liabilities with debt covenants. However, this will be considered once effective and applicable to the Group.</i></p>
<i>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases</i>	Annual periods beginning on or after 1 January 2024	<p>These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments, that do not depend on an index or rate, are most likely to be impacted.</p> <p><i>The Group currently doesn't have any sale and leaseback agreements therefore not applicable.</i></p>
<i>Amendment to IAS 7 and IFRS 7 – Supplier finance</i>	Annual periods beginning on or after 1 January 2024	<p>These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.</p> <p><i>The Group currently doesn't have any supplier finance arrangements therefore not applicable.</i></p>
<i>IFRS S1, 'General requirements of sustainability-related financial information'</i>	Reporting periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. (Published June 2023)	<p>This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.</p> <p><i>The Group have not elected to formally adopt the IFRS S1 however improved the disclosure in the Integrated report to comply with the material requirements that impacted the Group.</i></p>
<i>IFRS S2, 'Climate-related disclosures'</i>	Reporting periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. (Published June 2023)	<p>This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.</p> <p><i>The Group have not elected to formally adopt the IFRS S1 however improved the disclosure in the Integrated report to comply with the material requirements that impacted the Group.</i></p>

Notes to the consolidated annual financial statements *continued*

41. Summary of material accounting policies *continued*

41.27 Standards, amendments and interpretations published that are not yet effective

Standards, amendments and interpretations published that are not yet effective and have not been early adopted by the Group:

NUMBER	EFFECTIVE DATE	EXECUTIVE SUMMARY AND IMPACT ON THE GROUP
<i>Amendments to IAS 21 – Lack of Exchangeability</i>	Annual periods beginning on or after 1 January 2025	<p>An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.</p> <p><i>The Group currently only trades in currencies that are exchangeable within the normal administrative time frame, therefore no material impact expected.</i></p>
<i>Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures</i>	Annual periods beginning on or after 1 January 2026 (early adoption is available)	<p>These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.</p> <p>In addition, these amendments clarify and add further guidance for assessing whether a financial asset meets the “solely payments of principle and interest” (SPPI) criterion.</p> <p>New disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets) have been added.</p> <p>The amendments make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</p> <p><i>The Group is in process of assessing the effects on applicable transactions and balances and apply the standard as required.</i></p>
<i>Amendment to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity</i>	Annual periods beginning on or after 1 January 2026 with earlier application permitted	<p>These amendments change the ‘own use’ and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as ‘contracts referencing nature-dependent electricity’.</p> <p><i>The Group is in process of assessing the effects on applicable transactions and balances and apply the standard as required.</i></p>
<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	Annual periods beginning on or after 1 January 2027	<p>IFRS 18 is a new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key concepts introduced relates to the structure of the statement of profit or loss, required disclosures for management-defined performance measures, and enhanced principles on aggregation and disaggregation applicable to primary statements and notes.</p> <p><i>The Group is currently in the early stages of assessing IFRS 18 and the implications on the Group's financial statements. Updates to the process will be reported to the respective governance structures as the project progresses.</i></p>
<i>IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’</i>	Annual periods beginning or after 1 January 2027 with early adoption possible subject to local endorsement where required.	<p>IFRS 19 Subsidiaries without public accountability: Disclosures works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19.</p> <p>IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers.</p> <p><i>The Group is in process to assess whether its subsidiaries is eligible to apply the requirements of IFRS 19.</i></p>

OUTsurance Group Limited

Separate annual financial statements for the year ended 30 June 2025

Contents

The reports and statements set out alongside comprise the separate annual financial statements presented to the shareholders:

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Separate statement of profit or loss for the year ended 30 June

R million	Notes	Company 2025	Company 2024
Revenue – Investment income	4	4 303	2 393
Interest income on financial assets using the effective interest method	4	26	21
Expected credit loss expense reversed		26	–
Fair value gain		–	5
Net income		4 355	2 419
Impairment of subsidiaries	7	(1 248)	(55)
Operating expenses	5	(15)	(16)
Profit before taxation		3 092	2 348
Taxation	6	(6)	(10)
PROFIT FOR THE YEAR		3 086	2 338
Profit attributable to:			
Equity holders of the company		3 086	2 338

Separate statement of comprehensive income for the year ended 30 June

R million	Company 2025	Company 2024
Profit for the year	3 086	2 338
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3 086	2 338
Attributable to:		
Equity holders of the company	3 086	2 338

Separate statement of financial position as at 30 June

R million	Notes	Company 2025	Company 2024
Assets			
Investment in subsidiaries	7	13 100	13 093
Investment in associate	8	–	2
Financial assets			
Measured at fair value through profit or loss	9	10	10
Measured at amortised cost	9	3	101
Other receivables		–	4
Tax receivable		–	1
Cash and cash equivalents	10	201	187
TOTAL ASSETS		13 314	13 398
Equity			
Share capital and premium	11	16 229	15 667
Accumulated loss	12	(2 927)	(2 282)
TOTAL EQUITY		13 302	13 385
Liabilities			
Trade and other payables	13	12	13
TOTAL LIABILITIES		12	13
TOTAL EQUITY AND LIABILITIES		13 314	13 398

Separate statement of changes in equity for the year ended 30 June

R million	Share capital ¹	Share premium	Retained income/ (accumulated loss)	Total equity
BALANCE AS AT 30 JUNE 2023	–	15 452	(2 356)	13 096
Total comprehensive income for the year	–	–	2 338	2 338
Issue of ordinary shares	–	215	–	215
Dividends paid	–	–	(2 264)	(2 264)
BALANCE AS AT 30 JUNE 2024	–	15 667	(2 282)	13 385
Total comprehensive income for the year	–	–	3 086	3 086
Issue of ordinary shares	–	562	–	562
Dividends paid	–	–	(3 731)	(3 731)
BALANCE AS AT 30 JUNE 2025	–	16 229	(2 927)	13 302
Notes	11	11	12	

1 Share capital of R154 723 in the current financial year (R153 754 in the prior financial year) has been excluded due to rounding.

Separate statement of cash flows for the year ended 30 June

R million	Notes	Company 2025	Company 2024
Cash flows from operating activities			
Cash utilised by operations	14	(14)	(15)
Dividends received		3 876	2 393
Interest received		23	7
Taxation paid	15	(5)	(2)
NET CASH GENERATED FROM OPERATING ACTIVITIES		3 880	2 383
Cash flows from investing activities			
Proceeds on sale of debt securities		-	8
Proceeds on repayment of amortised cost assets		128	115
Proceeds on return of capital by subsidiary		718	-
Purchase of additional shares in subsidiary		(981)	(88)
NET CASH INFLOW FROM INVESTING ACTIVITIES		(135)	35
Cash flows from financing activities			
Dividends paid to shareholders		(3 731)	(2 264)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(3 731)	(2 264)
Net increase in cash and cash equivalents for the year		14	154
Cash and cash equivalents at the beginning of the year		187	33
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		201	187

Notes to the separate annual financial statements

1. General information

OUTsurance Group Limited (the Company) is a listed company incorporated and domiciled in South Africa.

2. Basis of preparation

The Company's financial statements for the year ended 30 June 2025 have been prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the South African Companies Act.

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for certain financial assets and liabilities where it adopts the fair value basis of accounting. The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and the statement of profit or loss and other comprehensive income. Where appropriate, details of estimates are presented in the accompanying notes to the separate annual financial statements. All monetary information and figures presented in these financial statements are stated in millions of Rand (R million), unless otherwise indicated.

3. Financial risk management

The company is exposed to various financial risks in connection with its current operating activities, such as market risk, credit risk and liquidity risk.

Market risk

The risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the value of the financial instrument denominated in a currency other than the functional currency may fluctuate due to changes in the foreign currency exchange rate between the functional currency and the currency in which such instrument is denominated.

The company had no exposure to currency risk at 30 June 2025.

Interest rate risk

Interest rate risk is when the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The table below reflects the company's exposure to interest rate risk. An increase or decrease in the market interest rate would result in the following changes in the profit before taxation and equity of the company:

R million	Company 2025	Company 2024
Cash and cash equivalents – 200 bps increase	4	4
Cash and cash equivalents – 200 bps decrease	(4)	(4)

Equity risk

Equity risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The company's equity investment of R10 million (2024: R10 million) is not exposed to any market related fluctuations and as a result equity risk is considered immaterial.

Notes to the separate annual financial statements *continued***3. Financial risk management** *continued***Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The key areas where the company is exposed to credit risk are:

- Other receivables; and
- Cash and cash equivalents.

Significant concentrations of credit risk, if applicable, are disclosed in the financial statements. The credit exposure to any one counterparty is managed by the board of directors and by setting transaction/exposure limits, which are reviewed at each board and audit and risk committee meeting. The creditworthiness of existing and potential clients is monitored by the board.

The table below provides information on the credit risk exposure by credit ratings at year-end:

R million	BBB	Not rated	Total
30 June 2025			
Cash and cash equivalents	201	-	201
TOTAL	201	-	201

	BB	Not rated	Total
30 June 2024			
Other receivables	-	4	4
Cash and cash equivalents	187	-	187
TOTAL	187	4	191

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset in the tables above.

Where available, the company utilises the credit ratings per counterparty as provided by each of the major credit rating agencies to determine the credit quality of a specific instrument. Where the instrument credit rating is not available, the credit rating of the counterparty as provided by the major credit ratings agencies is utilised.

In instances where the credit rating for the counterparty is not available, the company utilises the credit rating provided by a service provider amended to take into account the credit risk appetite of the company. The internal methodology of the service provider provides a credit rating which assesses the counterparty's credit quality based on its financial standing. Should the service provider not provide a credit rating, the counterparty is shown as unrated. The ratings disclosed are long-term international scale, local currency ratings.

Long-term investment grade

BB Speculative quality. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

OGL has evaluated the expected credit loss (ECL) on its cash and cash equivalents and concluded that the amount is immaterial.

Not rated – The credit exposure for the assets listed above is considered acceptable by the board even though certain assets do not have a formal rating.

Notes to the separate annual financial statements *continued*

3. Financial risk management *continued*

Liquidity risk and asset liability matching

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company's liabilities are matched by appropriate assets and it has significant liquid resources to cover its obligations. The company's liquidity and ability to meet such calls are monitored quarterly at the board meetings.

R million	Call to 6 months	7-12 months	More than 1 year/no contractual maturity	Total
30 June 2025				
Assets				
Financial assets measured at fair value through profit or loss	-	-	10	10
Financial assets measured at amortised cost	3	-	-	3
Cash and cash equivalents	201	-	-	201
TOTAL ASSETS	204	-	10	214
Liabilities				
Trade and other payables	12	-	-	12
TOTAL LIABILITIES	12	-	-	12
30 June 2024				
Assets				
Financial assets measured at fair value through profit or loss	-	-	10	10
Financial assets measured at amortised cost	101	-	-	101
Other receivables	4	-	-	4
Cash and cash equivalents	187	-	-	187
TOTAL ASSETS	292	-	10	302
Liabilities				
Trade and other payables	13	-	-	13
TOTAL LIABILITIES	13	-	-	13

Notes to the separate annual financial statements *continued*

3. Financial risk management *continued*

Financial instruments measured at fair value

The table below analyses financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the financial instruments. These levels are defined as follows:

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured at the reporting date.

Level 2 – fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly (for example prices) or indirectly (for example derived from prices).

Level 3 – fair value is determined from inputs for the asset or liability that are not based on observable market data.

R million	Level 1	Level 2	Level 3	Total carrying amount
30 June 2025				
Financial assets measured at fair value through profit or loss				
Unlisted equity securities	–	–	10	10
TOTAL FINANCIAL ASSETS VALUED AT FAIR VALUE	–	–	10	10

R million	Company 2025	Company 2024
Reconciliation of movement in level 3 assets	10	190
Balance at the beginning of the year	–	(184)
Disposals (sales and redemptions)	–	14
Fair value movement	–	(10)
Dividends received from the OUTsurance Equity Trust 2	–	–
BALANCE AT THE END OF THE YEAR	10	10

R million	Level 1	Level 2	Level 3	Total carrying amount
30 June 2024				
Financial assets measured at fair value through profit or loss				
Unlisted equity securities	–	–	10	10
TOTAL FINANCIAL ASSETS VALUED AT FAIR VALUE	–	–	10	10

The fair values of the above instruments were determined as follows:

Level 3

The financial asset is not exposed to any market related fluctuations and as a result equity risk is considered immaterial.

Notes to the separate annual financial statements *continued*

4. Revenue – Investment income and Interest income on financial assets using the effective interest method

R million	Company 2025	Company 2024
Revenue – Investment income	4 303	2 393
Dividend income from subsidiary – Cash	3 876	2 383
Dividend income from subsidiary – Dividend in specie	427	–
Dividend income from investment in OUTsurance Equity Trust 2	–	10
Interest income on financial assets using the effective interest method	26	21
TOTAL INVESTMENT INCOME	4 329	2 414

5. Operating expenses

R million	Company 2025	Company 2024
Expenses by nature:		
Professional fees and regulatory compliance cost	(4)	(3)
Printing costs	(3)	(3)
Audit fees	(1)	(3)
Management fee	(6)	(5)
Other expenses	(1)	(2)
TOTAL OPERATING EXPENSES	(15)	(16)
Audit fees		
Statutory audit – current year	(2)	(3)
Statutory audit – prior year	1	–
TOTAL AUDIT FEES	(1)	(3)

6. Taxation

R million	Company 2025	Company 2024
SA normal taxation		
Current taxation		
– Current year	(6)	(2)
Deferred taxation		
– Current year	–	(8)
TOTAL TAXATION	(6)	(10)
The taxation on the company's profit before taxation differs from the theoretical amount that would arise using the basic rate of taxation in South Africa as follows:		
Profit before taxation	3 092	2 348
	%	%
Effective tax rate	0.19	0.43
Dividend income not subject to taxation	37.59	27.52
Other income not subject to tax	0.26	0.22
Impairments	(10.89)	(0.63)
Expenses not deductible due to the large portion of dividends received in a holding company structure	(0.15)	(0.20)
Deferred tax asset derecognised	–	(0.34)
STANDARD INCOME TAXATION RATE IN SOUTH AFRICA	27.00	27.00

Notes to the separate annual financial statements *continued*

7. Investments in subsidiaries

R million	Company 2025	Company 2024
Unlisted subsidiaries		
Ordinary shares at cost		
OUTsurance Holdings Limited	12 039	10 068
RMI Treasury Company Limited	7 973	8 691
RMI Asset Holdings Proprietary Limited	–	11 726
Main Street 1353 Proprietary Limited	58	58
Additiv Proprietary Limited	9	–
TOTAL INVESTMENTS IN SUBSIDIARIES AT COST	20 079	30 543
Impairment balance		
Main Street 1353 Proprietary Limited	(55)	(55)
RMI Treasury Company Limited	(6 917)	(5 670)
RMI Asset Holdings Proprietary Limited	–	(11 725)
Additiv Proprietary Limited	(7)	–
IMPAIRMENT BALANCE AT THE END OF THE YEAR	(6 979)	(17 450)
CARRYING VALUE OF SUBSIDIARIES AT THE END OF THE YEAR	13 100	13 093
Reconciliation of investment in subsidiaries:		
Balance at the beginning of the year	13 093	12 668
Investment in:		
Additional shares in OUTsurance Holdings Limited		
– Cash consideration	981	88
– Asset-for-share transaction	990	392
RMI Treasury Company Limited		
– Return of capital distribution	(718)	–
RMI Asset Holdings Proprietary Limited liquidated		
– Derecognise investment at cost	(11 726)	–
– Return of capital distribution ¹	–	–
– Derecognise impairment balance	11 726	–
Additiv Proprietary Limited		
– Cost of shares	9	–
– Accumulated impairment balance	(7)	–
Impairment during the year		
– RMI Treasury Company Limited	(1 248)	–
– Main Street 1353 Proprietary Limited	–	(55)
BALANCE AT THE END OF THE YEAR	13 100	13 093

¹ The current financial year amount is below R500 000.

Movement in shares

During the current financial year the company acquired additional shares in OUTsurance Holdings Limited (OHL) through a cash-for-shares transaction valued at R981 million and a shares-for-shares transaction valued at R990 million. In the prior financial year the company acquired additional shares in OHL through a cash-for-share transaction valued at R88 million, a shares-for-shares transaction valued at R215 million and a loan-for-shares valued at R177 million.

On 16 September 2024, the company received R718 000 000 in cash from RMI Treasury Company Limited as a return of capital distribution.

The company's investment in RMI Asset Holdings was derecognised on 15 January 2025 following the filing of the liquidation of the company. The net asset value (R7 821) comprising cash was returned to the company. This resulted in an impairment amounting to R1 876 bringing the investment to R nil.

Additiv Proprietary Limited and its 100% subsidiary Additiv Capital Proprietary Limited changed from being previously treated as an associate to a 100%-owned subsidiary as at 30 June 2025. The increase in shareholding is as a result of the acquisition of all of the shares not previously held for a nominal amount.

Notes to the separate annual financial statements *continued*

7. Investments in subsidiaries *continued*

Impairment assessment

Management performs an impairment assessment of its subsidiary investments on an annual basis. Management considers each underlying investment by comparing the carrying value of the subsidiary at year-end to the adjusted net asset value of the subsidiary and its underlying investee companies. Where the carrying value of the investment exceeds the adjusted net asset value, that amount is considered for impairment.

RMI Treasury Company Limited and its underlying investee companies were assessed to have a net asset value of R1 056 million which is below the company's carrying value of its investment. This gave rise to an impairment loss of R1 248 million which was recognised in profit or loss.

The adjusted net asset value of The RMI Treasury Company Limited and its underlying investee companies mainly comprises an investment in associate (R258 million), an investment in unlisted equities measured at fair value through other comprehensive income (R436 million net of deferred tax liability), a contingent receivable measured fair value through profit or loss (R74 million), and the balance of the adjusted net asset value includes instruments which approximates fair value as it is realisable within the next financial year.

The value of the investment in associate is considered by performing a discounted cash flow methodology valuation by applying a terminal growth and an exit multiple whereby the average of the two methods are used to determine the value.

The fair value of unlisted equity at fair value through other comprehensive income was valued at the negotiated price in respect of an imminent sale transaction. Furthermore, a fair value adjustment expense in full of R345 million on the remainder of the portfolio of unlisted equity at fair value through other comprehensive income was determined based on discounted cash flow calculations taking into account unobservable inputs of similar companies. The negative fair value movement on this portfolio relates primarily to persistent negative investor sentiment in respect of international postgraduate student lending to students aspiring to complete their postgraduate studies at top universities in the USA. Recent policy measures in the USA, which include a pause on visa interviews and mass revocation of student visas have resulted in a sharp decline in new international students. These policy measures together with constraints on the statement of financial position have placed significant strain on RMI Treasury Company Limited via an investment in the international fintech platform, Prodigy, which offers loans to these students.

The value of the contingent consideration is inter alia determined based on performance fees earned by certain assets disposed of over a period of three years from the date of disposal. The contingent consideration originated from the sale of shares held in RMI Investment Managers Affiliates 2 Proprietary Limited and the shares held in Royal Investment Managers Proprietary Limited.

During the prior financial year, Main Street 1353 Proprietary Limited paid a cash dividend in the amount of R60 000 000 to its shareholders. The cash dividend resulted in a reduction of the net asset value to R6 791 997 which was below the company's carrying value of its 51% share of the net asset value. This gave rise to an impairment loss of R55 million which was recognised in profit or loss for the prior financial year.

The company's investment in OUTsurance Holdings Limited (OHL) at current carrying value is below its share of OHL's net asset value and therefore no impairment is required for the investment in OHL.

R million	Company 2025	Company 2024
OUTsurance Holdings Limited		
Number of shares held directly	3 523 520 226	3 436 208 444
% of equity ¹	92.75	92.15
Principal place of business	Centurion	Centurion
RMI Treasury Company Limited		
Number of shares	27 623	27 623
% of equity	100.0	100.0
Principal place of business	Centurion	Centurion
RMI Asset Holdings Proprietary Limited		
Number of shares	44 605	44 605
% of equity	100.0	100.0
Principal place of business	Centurion	Centurion
Additiv Proprietary Limited		
Number of shares held	835	–
% of equity	100%	–
Principal place of business	Centurion	–
Additiv Capital Proprietary Limited		
Number of shares held indirectly	500	–
% of equity	100%	–
Principal place of business	Centurion	–
Main Street 1353 Proprietary Limited		
Number of shares held directly	5 100	5 100
Number of shares held via OUTsurance Holdings Limited	4 900	4 900
% of equity	100.0	100.0
Principal place of business	Centurion	Centurion

1 The OHL shares previously held by the share trust was acquired by the company during the current financial year. The effective shareholding for the prior financial year is after consolidating the share trust.

Notes to the separate annual financial statements *continued***8. Investments in associate**

R million	Company 2025	Company 2024
Unlisted associate		
Ordinary shares at cost	-	9
Accumulated impairment of investment in associate	-	(7)
TOTAL INVESTMENTS IN ASSOCIATE	-	2
Additiv Proprietary Limited		
Number of shares	-	400
% of equity	-	40.8
Principal place of business	n/a	Centurion
Additiv Capital Proprietary Limited		
Number of shares	-	500
% of equity	-	33.0
Principal place of business	n/a	Centurion

Additiv Proprietary Limited and its 100% subsidiary Additiv Capital Proprietary Limited changed from being previously treated as an associate to a 100%-owned subsidiary as at 30 June 2025. The increase in shareholding is as a result of the acquisition of all of the shares not previously held for a nominal amount.

9. Financial assets

R million	Company 2025	Company 2024
Measured at fair value through profit or loss		
Equity securities		
Unlisted investments	10	10
BALANCE AT THE END OF THE YEAR	10	10

The movements in the fair value of the investment in The SA SME Fund Limited with a carrying value of R10 million (2024: R10 million) were immaterial in the current and prior financial year.

R million	Company 2025	Company 2024
Preference share investment measured at amortised cost		
Balance at the beginning for the year	101	202
Unwind of modification adjustment/dividend income earned	4	14
Receipts	(128)	(115)
Expected credit loss expense reversed	26	-
BALANCE AT THE END OF THE YEAR	3	101

10. Cash and cash equivalents

R million	Company 2025	Company 2024
Cash at bank and in hand	201	187

Cash and cash equivalents represent current accounts and a call deposit. The fair value approximates the carrying value.

Notes to the separate annual financial statements *continued***11. Share capital and premium**

R million	Number of shares	Ordinary share capital R million	Share premium R million	Total R million
Share capital and share premium as at 30 June 2023	1 532 408 776	–	15 452	15 452
Additional shares issued during the year	5 127 086	–	215	215
Share capital and share premium as at 30 June 2024	1 537 535 862	–	15 667	15 667
Additional shares issued during the year	9 695 643	–	562	562
Share capital and share premium as at 30 June 2025	1 547 231 505	–	16 229	16 229

Ordinary shares

The total authorised number of ordinary shares is 2 000 000 000, with a par value of R0.0001 per share. The total number of issued ordinary shares increased by 9 695 643 during the year (2024: 5 127 086) to 1 547 231 505 as at 30 June 2025 (2024: 1 537 535 862).

During the current financial year the company issued 12 079 169 ordinary shares at a value of R588 million, another 5 552 510 ordinary shares at a value of R339 million and 829 477 ordinary shares at a value of R63 million on 16 September, 14 October 2024 and 20 June 2025 respectively. These shares issued during the current financial year were in exchange for OHL shares. 8 765 513 ordinary shares at a value of R428 million were cancelled on 11 October 2024 following an asset distribution (OGL shares) by OHL to its shareholders.

During the prior financial year the company issued 980 207 ordinary shares at a value of R40 million and 4 146 879 ordinary shares at a value of R175 million on 15 November 2023 and 26 June 2024 respectively. These shares issued during the prior financial year were in exchange for 11 740 624 OHL shares.

The unissued share capital is under the control of the board of directors until the forthcoming annual general meeting.

Preference shares

The total authorised number of cumulative, redeemable, par value preference shares is 100 000 000 with a par value of R0.0001 per share. The issued number of par value preference shares is nil (2024: nil).

The total authorised number of cumulative, redeemable, no par value preference shares is 100 000 000. The issued number of no par value preference shares is nil (2024: nil).

The company created a new class of 100 000 000 authorised, cumulative, redeemable, no par value preference shares in the 2016 financial year. None of these preference shares have been issued yet.

12. Accumulated loss

R million	Company 2025	Company 2024
Accumulated loss	2 927	2 282

13. Trade and other payables

R million	Company 2025	Company 2024
Trade and other payables	12	13

Notes to the separate annual financial statements *continued*

14. Cash utilised by operations

R million	Company 2025	Company 2024
Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	3 092	2 348
Adjusted for:		
Dividend income	(3 876)	(2 393)
Dividend in specie income	(427)	-
Interest income	(26)	(21)
Expected credit loss expense reversed	(26)	-
Fair value gain	-	(5)
Impairments	1 248	55
Other non-cash income and expenses	(2)	-
Changes in working capital		
Other receivables	4	5
Trade and other payables	(1)	(4)
TOTAL CASH UTILISED BY OPERATIONS	(14)	(15)

15. Taxation paid

R million	Company 2025	Company 2024
Taxation per statement of financial position at the beginning of the year	1	1
Charge to income statement	(6)	(10)
Adjustment for deferred tax charge	-	8
Taxation per statement of financial position at the end of the year	-	(1)
TAXATION PAID	(5)	(2)

16. Dividend per share

R million	Company 2025	Company 2024
Total dividends paid during the year	3 731	2 264
Total dividends declared relating to the earnings for the year	4 188	3 299
Number of ordinary shares in issue	1 547 231 505	1 537 535 862
Dividend declared per share (cents)		
- Interim	88.6	61.2
- Final	149.0	113.2
- Special	33.1	40.0
TOTAL DIVIDEND PER SHARE DECLARED	270.7	214.4

17. Related parties

Principal shareholders

Details of major shareholders are disclosed in the directors' report. The principal shareholders are Remgro Limited and Royal Bafokeng Holdings Proprietary Limited.

Key management personnel

Only OGL's directors are key management personnel. Information on directors' emoluments and their shareholding in the company appears in note 39 to the consolidated annual financial statements and in the directors' report respectively.

Notes to the separate annual financial statements *continued***17. Related parties** *continued***Subsidiaries and associates**

Details of investments in subsidiaries and associates are disclosed in note 18 and note 19 of the consolidated annual financial statements.

The following companies are subsidiaries of OGL:

- AlphaCode Proprietary Limited (100% held via RMI Treasury Company Limited)
- Additiv Proprietary Limited and Additiv Capital Proprietary Limited (100%) (was an associate in the prior financial year)
- Main Street 1353 Proprietary Limited (51% held directly and 49% held via OUTsurance Holdings Limited)
- OUTsurance Holdings Limited (92.75% actual holding)
- RMI Asset Holdings Proprietary Limited (100%) (final stage of liquidation and yearend was changed to 31 January 2025)
- RMI Investment Holdings Proprietary Limited (100% held via RMI Treasury Company Limited)
- RMI Invest One Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Two Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Three Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Four Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Five Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Six Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Investment Managers Affiliates 1 Proprietary Limited (100% held via RMI Investment Managers Group Proprietary Limited)
- RMI Investment Managers Group Proprietary Limited (100% held via RMI Treasury Company Limited)
- RMI Treasury Company Limited (100%)

R million	Company 2025	Company 2024
Related party transactions		
Transactions of OGL and its subsidiary companies with:		
Principal shareholders		
Dividends paid	1 660	1 014
Key management personnel		
Dividends paid	9	3
Subsidiaries		
Effect on the statement of profit or loss:		
Dividends received		
OUTsurance Holdings Limited	4 303	2 132
RMI Treasury Company Limited	-	220
Main Street 1353 Proprietary Limited	-	31
Management fee expense to OUTsurance Insurance Company Limited	(6)	(5)
Impairment loss		
RMI Treasury Company Limited	(1 248)	-
Main Street 1353 Proprietary Limited	-	(55)
Effect on the statement of financial position:		
Return of capital distribution against the investment		
RMI Treasury Company Limited	(718)	-
Associates		
Effect on the statement of profit or loss:		
- Interest received	-	1
Effect on the statement of financial position:		
- Loan receivable from associate (included under "other receivables")	-	4

All related party transactions are entered into on an arm's length basis.

Notes to the separate annual financial statements *continued*

18. Events after the reporting period

Dividend

The board of directors approved the declaration of an ordinary dividend of 149.0 cents per ordinary share and a special dividend of 33.1 cents per ordinary share on 12 September 2025, payable on 20 October 2025. This is a non-adjusting event.

There are no other matters which are material to the financial affairs of the Group that occurred between the reporting date and date of the approval of the financial statements.

19. Current/non-current split of assets and liabilities

R million	Current	Non-current	Total
30 June 2025			
Assets			
Investment in subsidiaries	–	13 100	13 100
Financial assets measured at fair value through profit or loss	–	10	10
Financial assets measured at amortised cost	3	–	3
Cash and cash equivalents	201	–	201
TOTAL ASSETS	204	13 110	13 314
Liabilities			
Trade and other payables	12	–	12
TOTAL LIABILITIES	12	–	12
30 June 2024			
Assets			
Investment in subsidiaries	–	13 093	13 093
Investment in associate	–	2	2
Financial assets measured at fair value through profit or loss	–	10	10
Financial assets measured at amortised cost	101	–	101
Other receivables	4	–	4
Tax receivable	1	–	1
Cash and cash equivalents	187	–	187
TOTAL ASSETS	293	13 105	13 398
Liabilities			
Trade and other payables	13	–	13
TOTAL LIABILITIES	13	–	13

Shareholder information

	As at 30 June 2025			As at 30 June 2024		
	Number of shareholders	Shares held (000's)	%	Number of shareholders	Shares held (000's)	%
Analysis of shareholding						
Remgro	1	469 449	30.3	1	469 449	30.5
Royal Bafokeng Holdings	2	196 935	12.7	2	216 935	14.1
Public Investment Corporation	11	148 600	9.6	5	168 751	11.0
Coronation Fund Managers (on behalf of clients)			*	95	80 610	5.3
Total of shareholders holding more than 5%	14	814 984	52.6	103	935 745	60.9
Other	24 971	732 248	47.4	24 188	601 791	39.1
TOTAL	24 985	1 547 232	100.0	24 293	1 537 536	100.0
Shareholder type						
Corporates		666 384	43.0		686 384	44.6
Unit trusts		310 848	20.1		253 768	16.5
Pension funds		198 523	12.8		222 753	14.5
Private investors		44 052	2.9		42 482	2.8
Insurance companies and banks		33 394	2.2		43 875	2.9
Other		294 031	19.0		288 275	18.7
TOTAL		1 547 232	100.0		1 537 536	100.0
Public and non-public shareholders						
Public	24 973	877 477	56.8	24 283	848 263	55.2
Non-public	12	669 755	43.2	10	689 273	44.8
– Corporates	3	666 384	43.0	3	686 384	44.6
– Directors and associates	9	3 371	0.2	7	2 889	0.2
TOTAL	24 985	1 547 232	100.0	24 293	1 537 536	100.0
Geographic ownership						
South Africa		1 260 644	81.5		1 363 959	88.7
International		286 588	18.5		173 577	11.3
TOTAL		1 547 232	100.0		1 537 536	100.0

* Less than 5%.

The information above is extracted from the shareholder analysis provided by Orient Capital Limited.

Glossary

Group companies

OGL

OUTsurance Group Limited (formerly Rand Merchant Investment Holdings Limited) is listed on the Johannesburg Securities Exchange (JSE).

OHL

OUTsurance Holdings Limited, the regulated insurance holding company.

Product

CTP

Compulsory Third-Party insurance issued only in Australia.

Accounting terminology

Premium allocation approach (PAA)

Simplified methodology to measure insurance contracts if certain criteria are met. The Group utilises this methodology to measure its property and casualty (short-term) insurance contracts.

General measurement model (GMM)

The default measurement model in IFRS 17 to measure insurance contracts. The Group utilised this measurement model to measure the insurance contracts issued by OUTsurance Life.

Liability For Remaining Coverage (LRC)

The Group's obligation to pay claims for insured events that have not yet occurred. It includes insurance service expenses for services not yet provided and amounts not included in the LIC.

Liability for Incurred Claims (LIC)

The Group's obligation to pay claims for an incurred insured event, incurred events incurred but not yet reported, other insurance service expenses and amounts not included in the Liability for remaining coverage (LRC).

Asset for remaining coverage (ARC)

The services the Group is entitled to receive from the reinsurer for in-force contracts in future periods.

Asset for incurred claims (AIC)

The reinsurance recoveries the Group is entitled to receive from the reinsurer for incurred insured events.

Fulfilment Cash Flow (FCF)

A probability weighted present value estimate of future cash in- and outflows that arises as the Group fulfils the insurance contract. It includes a risk adjustment for non-financial risks.

IFRS requirements

Description: IFRS® Accounting Standards have been defined as IFRS® Accounting Standards (IFRS Accounting Standards).

Attributable expenses

Expenses that are directly attributable to fulfilling the insurance contract.

Non-attributable expenses

Expenses that are not directly attributable to fulfilling the insurance contract.

Insurance acquisition cash flows

Cash flows that originate when selling, underwriting and starting a group of insurance contracts. These cash flows are directly attributable to the insurance contract.

Risk adjustment for non-financial risk (RA)

The compensation the Group requires to take on the insurance risk in the contract.

Contractual service margin (CSM)

The CSM represents the unearned profit in a group of contracts that is measured using the GMM. The CSM is a component of the LRC and is released as the insurance contract services are delivered.

Insurance service expenses (ISE)

ISE includes incurred claims and expenses, the change in insurance liability relating to past claims and expenses as well as losses and reversal of losses on groups of contracts.

Weighted number of ordinary shares

Weighted number of ordinary shares in issue during the reporting period.

Regulatory terminology

Covered business

Business regulated by the Prudential Authority as long-term insurance business.

Own funds

The net asset value adjusted for regulatory remeasurement of assets and liabilities. Represents capital that qualifies for regulatory measurement.

Solvency capital requirement (SCR)/ Required capital

The amount of regulatory capital required as determined by the local regulatory authorities.

Glossary *continued*

Management performance indicators

Annualised new business premium written

Annualised premium value of all new customer policies inception during the period under review. This measure excludes the renewal of existing customer policies.

Combined ratio

Net claims expense including insurance finance expense (IFE) plus operating expenses (which includes both the non-attributable expenses and attributable expenses) divided by net earned premium. The ratio includes the profit share distributions to FirstRand Limited.

Cost-to-income ratio

Operating expenses (which includes both non-attributable and attributable expenses) divided by net earned premium. The ratio excludes the profit share distributions to FirstRand Limited.

Net claims expense

Insurance service expense (which includes non-claims bonus cost) plus insurance finance expense less reinsurance recoveries.

Net claims ratio

Net claims expense including insurance finance expense divided by net earned premium.

Net earned premium (NEP)

Insurance revenue less reinsurance premiums.

Normalised earnings

Normalised earnings adjustments are applied where the Group believes that certain transactions create a mismatch between the Group's accounting and economic performance. Normalised earnings is therefore considered to most accurately reflect the Group's economic performance.

Normalised return on equity (ROE)

Normalised earnings divided by average normalised ordinary shareholders equity.

Underwriting result

- Net earned premium
- less net claims expense
- add other income
- less marketing and administration expenses
- less profit share distribution.

Embedded value terminology

Actuarial Practice Note (APN) 107

The guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa.

Adjusted net worth (ANW)

Excess value of all assets attributed to covered business but not required to back the liabilities of covered business.

Cost of capital (CoC)

The present value of the projected release of the required capital allowing for investment returns on the assets supporting the projected required capital.

Embedded value (EV) of covered business

The present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. Consists of:

- Adjusted net worth
- plus the value of in-force covered business
- less the cost of non-hedgeable risk
- less the cost of capital.

Free surplus

ANW less the required capital attributed to covered business.

Present Value of in-force book (PVIF)

The present value of future shareholder cash flows projected to emerge from the assets backing liabilities of the in-force covered business.

Present value of new business premiums

The discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business.

Profitability of new covered business

Ratio of the net value of new business to present value of new business premiums (gross of reinsurance).

Value of new business (VNB)

The present value of the expected after-tax shareholder cash flows arising at the point of sale in respect of new covered business contracts sold in the reporting period, less cost of capital relating to these new business contracts.

Our corporate information

OUTsurance Group Limited (OGL)

Registration number: 2010/005770/06
JSE ordinary share code: OUT
ISIN code: ZAE000314084

Directors

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

On 12 September 2024 Mr Marx retired from the board of directors. On 26 November 2024 Ms Hanise and Mr Morobe resigned from the board of directors.

Secretary and registered office

JS Human
Physical address: 1241 Embankment Road, Zwartkop Ext 7, Centurion, South Africa, 0157
Postal address: PO Box 8443, Centurion, South Africa, 0046
Contact: investorrelations@out.co.za
Web address: <https://group.outsurance.co.za/>

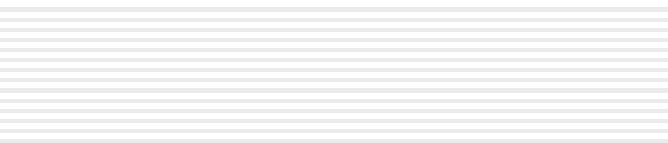
Transfer secretaries

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

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
Contact: investorrelations@out.co.za
Web address: <https://group.outsurance.co.za/>



www.outsurance.co.za