



**Success, powered
by mutuality**

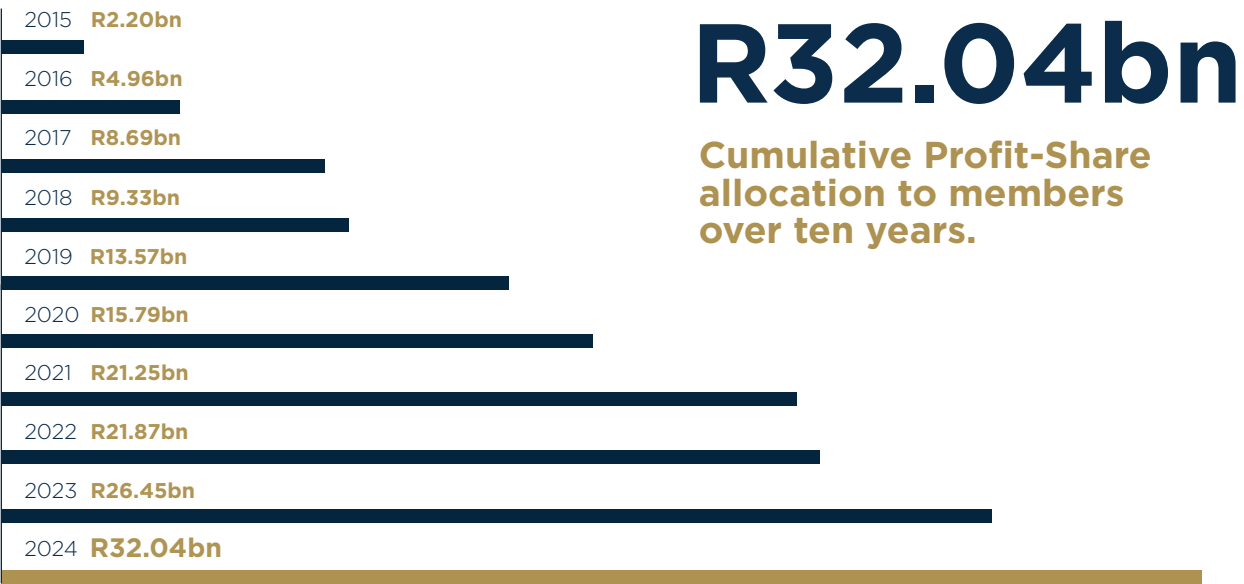
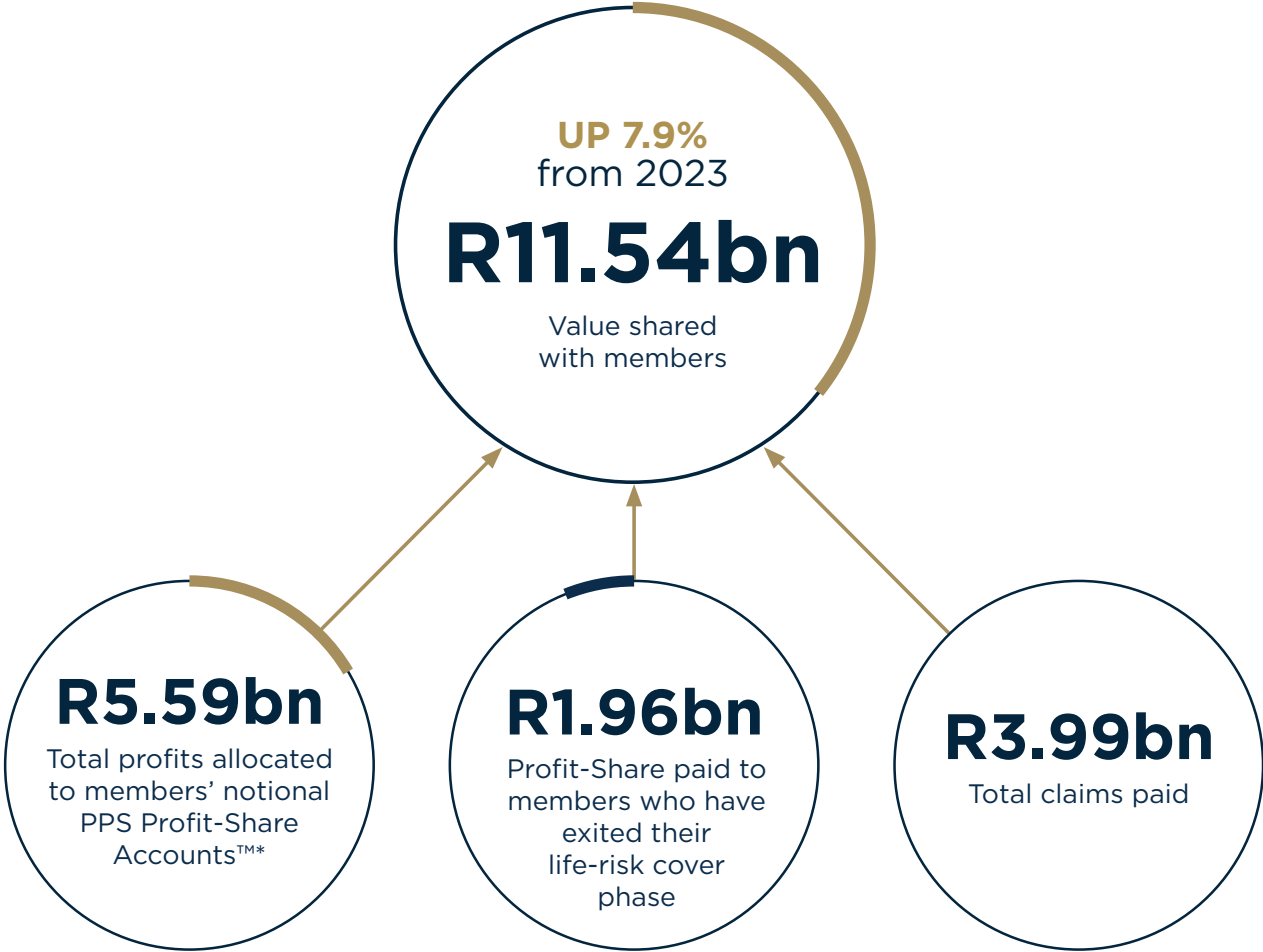
**PPS 2024 FINANCIAL RESULTS
HIGHLIGHTS**



FOR PROFESSIONALS
SINCE 1941

Success is better, shared.

2024 HIGHLIGHTS



This graph illustrates the growth of the cumulative Profit-Share allocations to members over ten years with 2015 serving as the baseline. Numbers are for PPS’s operations in South Africa and Namibia.

*Members holding qualifying life-risk products share in the profit and the loss of PPS through the notional PPS Profit-Share Account™ and past performance is not necessarily indicative of future performance.



TOTAL CLAIMS PAID



MESSAGE FROM IZAK SMIT

It is my privilege to present the PPS Group's financial results for 2024 and to reflect on another outstanding year of delivering customised financial solutions, while returning exceptional value to our members. This year, allocations to members with qualifying life-risk products^{*} (life solutions) notional PPS Profit-Share AccountsTM* reached the highest level in our 83-year history – even exceeding the previous record-high allocation in 2021. This achievement underscores the strength and resilience of our mutual model, which continues to prove its value in an ever-evolving socioeconomic landscape. As we navigate both challenges and opportunities, we remain committed to enhancing the benefits we provide to our members.

At PPS, we see insurance as more than just financial protection – it is a powerful force for building a safer, more resilient and empowered society. Our vision extends beyond risk mitigation to fostering long-term security, education and sustainability. Globally, the insurance sector has the potential to reshape the way we live – not only by managing risk but by enabling individuals and communities to thrive. That is why we are redefining our role, moving beyond traditional insurance to actively contribute to a more equitable and sustainable future for generations to come.

As always, every decision made by our Board and executives is taken with our members' best interests in mind. Our exceptional financial performance in 2024 was driven by key factors, including strong claims and investment experience, disciplined expense management and the growing contribution of our subsidiary and associate businesses. Notably, PPS's operations in South Africa and Namibia achieved an all-time high total operating profit of R1.80 billion, alongside a total investment profit of R3.79 billion – resulting in the total record Profit-Share allocation of R5.59 billion (2023: R4.58 billion). Additionally, annual gross benefits paid amounted to R5.95 billion (2023: R6.12 billion). Altogether, these figures reflect a total of R11.54 billion returned to members in 2024, compared to R10.70 billion in 2023 – further reinforcing the power of our mutual model in delivering sustained value.

True to the ethos of mutuality that has guided PPS since its founding, all premiums paid into our insurance businesses are ultimately returned to our members – with investment growth – either through claims, added benefits or, for members who hold qualifying life-risk products, through allocations to their notional PPS Profit-Share AccountsTM. Those who hold additional qualifying products across PPS subsidiaries and affiliates further benefit from the PPS Profit-Share Cross-Holdings Booster^{**}. Furthermore, the PPS Investments Family Network enables members to aggregate individual and family assets, unlocking lower

fees through a larger, combined asset base.

The only outflow not returned to members is the cost of managing the business, which is carefully controlled through strict performance targets set by our Board to ensure efficiency.

Our record-breaking results are a testament to the enduring strength of PPS and the power of mutuality. As we look ahead, we remain committed to driving long-term sustainability and ensuring that our members continue to benefit from the unique advantages of our business model.

Izak Smit

PPS Group Chief Executive Officer



* Members holding qualifying life-risk products share in the profit and the loss of PPS through the notional PPS Profit-Share AccountTM and past performance is not necessarily indicative of future performance.

** The PPS Profit-Share Cross-Holdings Booster is tiered according to the number of products a member holds across PPS subsidiaries and affiliates provided that they hold a PPS life-risk product. The Booster allocations may differ each year and allocations can take place annually which will be dependent on the profitability of PPS and its subsidiary/affiliates products. PPS reserves the right to discontinue this offering at its own discretion.

MEMBERS

From a membership perspective, members with PPS life-risk products in South Africa and Namibia increased from 132 934 at the end of 2023 to 135 084 at the end of 2024. Members with a product across the Group (including Namibia) increased from 161 056 at the end of 2023 to 164 891 at the end of 2024.

Nevertheless, many of our graduate professional members continued to feel financial pressure during the year due to constrained economic conditions. Regardless of this, lapse rates improved, decreasing from 4.70% in 2023 to 4.42% in 2024. These rates remain exceptionally low by industry standards and our strong member retention continues to be a key driver of the business's profitability.

PERFORMANCE SNAPSHOT

PPS LIFE SOLUTIONS

PPS has further enhanced its life-risk products, offering unmatched benefits for graduate professionals. This includes enhanced advisory services, allowing members to diversify their portfolios with life-risk cover, investment components and additional short-term insurance and healthcare options. Key initiatives during 2024 focused on improving user experience for both members and financial advisers, including enhancements to underwriting, claims procedures and offering in-house fiduciary services for a personalised experience and economies of scale.

The introduction of the PPS Profit-Share Account™ calculation tool* in early 2024 allows members to assess the impact of adding qualifying products to their portfolio. Financial adviser engagement improvements have strengthened relationships, benefitting both financial advisers and members.

The PPS Business Assurance Special Offer was launched in October 2024. We plan to extend Profit-Share to all business assurance offerings later this year. We have also raised our Immediate Needs benefit to be more in line with the current economic environment in South Africa.

Effective January 2025, changes to the PPS Profit-Share model will simplify the PPS Profit-Share Account™ and enhance benefits for members. Notably, post-retirement Profit-Share allocations will now include contributions from all PPS subsidiaries and affiliates. In addition, the PPS Profit-Share Cross-Holdings Booster, which rewards those who hold qualifying products across PPS subsidiaries and affiliates, will continue to provide enhanced allocations after retirement for members who hold a Vested

PPS Profit-Share Account™ along with qualifying PPS subsidiary or affiliate products.

In 2024, gross life premium revenue in South Africa reached R6.44 billion, up 7% on 2023. Total gross claims came in at R3.66 billion for 2024, from R3.73 billion in 2023.

PPS INVESTMENTS

Total Assets Under Management (AUM) across PPS Investments grew to R96.5 billion (2023: R84.0 billion), reflecting our strategic focus on long-term sustainability and value creation.

PPS Investments continued to expand its offering in 2024, introducing a range of new discretionary fund solutions and off-the-shelf investment options. These enhancements strengthened our ability to aggregate assets from financial advisers, both within the PPS Investments platform and those using external platforms. In line with our commitment to offering tailored solutions for our members, we also launched Shariah-compliant solutions and our DFM capability earned nominations in two categories for the 2024 Citywire DFM Awards.

Notable growth was achieved across our asset management capabilities. Within the Partnership fund range, our PPS Managed Fund was shortlisted for a prestigious Raging Bull Award, further reinforcing our growing presence in the open market. Recognising the opportunity within the broader asset aggregation market – valued at approximately R650 billion – we have taken deliberate steps to expand our partnership fund range, ensuring broader market access to our expertise.

Our scalable retail investment platform continued to gain traction, with gross flows increasing by 24% to R8.8 billion (2023: R7.0 billion), highlighting strong support from both financial advisers and distribution teams.

Despite a year marked by global political uncertainty, with elections taking place worldwide, our investment strategies remained resilient. The strength of our disciplined investment approach was recognised through Morningstar ratings, with one fund receiving a five-star rating and five others earning four-star ratings. These achievements underscore our commitment to delivering long-term value and maintaining a competitive edge in the investment landscape.

* The PPS Profit-Share Account™ calculator uses information provided by the member to illustrate results for indicative purposes only which are subject to change based on the company's annual performance and the actual qualifying products held across the PPS Group.

PPS SHORT-TERM INSURANCE

PERSONAL AND COMMERCIAL LINES

The 2024 financial year marked a significant milestone for the short-term insurance business, with a 60% growth in new business premiums and a 20% year-on-year increase in gross written premiums to R275.4 million. This is despite a competitive short-term insurance market. Looking ahead, consistent contributions to members' Profit-Share allocations are expected, barring major catastrophic events.

Claims administration transitioned in-house on 1 October 2024, allowing greater control and further enhancing service quality. The business also outperformed expectations with a strong net loss ratio and a lower-than-average industry lapse rate of 11.6%, driven by efficient claims management, competitive pricing and fewer severe weather events.

Innovations included the development of a self-quoting tool for members and brokers, enabling quick and seamless policy initiation. A soft launch in 2024 set the stage for a full roll-out in early 2025.

PPS HEALTH PROFESSIONS INDEMNITY

PPS Health Professions Indemnity has now been in operation for six years and continues to perform exceptionally well, recording year-on-year growth of 30% in gross written premiums. In an environment characterised by steeply rising insurance premiums and a growing tendency to litigate, the business has not only acquired new members, but has also seen existing PPS members switch from their previous providers.

PPS Health Professions Indemnity's risk-adjusted underwriting model sets it apart. The business assesses each insured professional's risk profile individually, taking into account its clinical history, caseload and geographical location before determining its premiums. Also, if practitioners manage their risk well – and have a lower probability of claiming – they can take advantage of a voluntary claims deductible feature to reduce their premiums.

PPS HEALTHCARE ADMINISTRATORS

The 2024 financial year was again a very successful one for PPS Healthcare Administrators. We achieved all our objectives for the reporting period and fulfilled the requirements specified in our service levels agreements.

Rising medical costs, membership retention and growth posed significant challenges, with varying impacts across schemes. Financial pressures, employer-based schemes and unregulated medical insurance products contributed to these difficulties. Additionally, policy uncertainty further complicated the landscape for providers and members.

From a claims perspective, volumes remained stable. However, we continued to see an increase in claims for elective procedures, a trend that has been evident for the past three years, partly due to the deferred elective procedures during the pandemic.

We are seeing a notable increase in the number of claims for non-communicable diseases like diabetes, cardiovascular disease, cancer and chronic respiratory diseases, which tracks with both local and international trends. The number of claims for mental health treatment is on an upward curve, partly due to an increase in occurrence rates and partly due to improvements in the mental health benefits offered by many schemes. Both South African and global trends indicate a notable rise in use among the younger demographic.

Claims for home-based care have increased in recent years, in this case reflecting the objective of minimising the length of hospital stays, not just to contain costs but to enhance the member experience.

PPS INSURANCE NAMIBIA

PPS Insurance Namibia again delivered a satisfying performance in 2024. The business recorded an increase of 26% in operating profit after actuarial adjustments to N\$62.3 million compared to N\$49.3 million in 2023. The total net (of reinsurance) claims increased from N\$83.3 million to N\$98.4 million. Gross insurance premium revenue increased year on year by 9.7% from N\$233.3 million in 2023 to N\$255.8 million in 2024.

Our members in Namibia also benefitted from the good investment market returns in 2024. Investment returns distributed to members' notional PPS Profit-Share Accounts™ have increased from N\$176.9 million in 2023 to N\$201.6 million in 2024. PPS Insurance Namibia is allocating N\$263.9 million, both operating profit and investment returns, to qualifying members' notional PPS Profit-Share Accounts™.

Our strategy in Namibia focuses on introducing new products, services and solutions, with Namibian members benefitting from the introduction of a retirement annuity product in 2024.

PPS MUTUAL (AUSTRALIA)

PPS Mutual, an affiliate company established in Australia nine years ago, operates very successfully. Not only does it provide the benefits of PPS's mutual model to its members in Australia but it also contributes to the Profit-Share allocations of South African members through the payment of fees and royalties.

Over the past year, the business demonstrated remarkable resilience under difficult trading conditions and achieved a number of commendable milestones. It now has more

than 13 000 members and has attained a highly favourable annual in-force premium of more than A\$90 million. It also earned the title of Best Retail Life Insurer from Adviser Ratings, for the second year in a row from an independent market comparator, securing a place in the top two in all categories.

NEW MARKETS AND TERRITORIES

We continue to explore new markets and territories. We are preparing to enter the New Zealand market in the second half of 2025, subject to regulatory approval. In addition, we have launched a division at PPS that will offer financial services solutions to the non-professional

OUR CORPORATE SOCIAL RESPONSIBILITY

PPS FOUNDATION

The PPS Foundation supports South Africa's youth through various initiatives. These include a Bursary Programme that awarded 51 bursaries in total. Additionally, the University Support Programme provided funding toward projects at Sefako Makgatho University, Rhodes business school, University of Fort Hare and the University of Western Cape. The Foundation also revised and updated the LEAP (Learned, Engaged, Accelerated Professionals) Work Readiness Programme, rolled out to more than 200 students in 2024 with PPS staff donating corporate clothing to assist graduates with interviews. The Foundation mobilised employees to participate in volunteer programmes such as the national food packing and donation initiative for Mandela Day.

STRATEGY AND OPPORTUNITIES

We remain committed to the eight strategic themes defined in our strategy, which include sustainability. Businesses today cannot afford to ignore sustainability in their strategies. Consumers expect not only good governance but environmental responsibility from the brands they support. As an organisation driven by the ethos of mutuality and as a business in which one of our three core values is always striving to do the right thing, PPS is able and willing to meet these expectations.

Building on the strong foundations established by the previous stewards of our business, we recognise the fact that we have an intergenerational duty to members and embrace the responsibility of shaping a purposeful and impactful PPS for future generations.


At the start of the current strategic cycle, we redefined our organisational focus and restructured some areas of our business in order to facilitate the implementation of our vision.

Regardless of business unit, geography or functional role, PPS employees are all aligned in driving our purpose: *Empowering our members and their families to live the lives they want to live in a world worth living in.* This purpose continues to guide and inform our strategies.

Central to this is our unwavering commitment to mutuality, which drives long-term value creation for our members. It shapes our culture, decision-making and approach to business, ensuring that everything we do is rooted in shared benefit and sustainable impact.

The launch of glu in January 2025, along with our advanced plans to establish operations in New Zealand, aligns with this commitment – expanding our reach and reinforcing our dedication to creating lasting value for professionals.

We believe our strategy of extending mutuality to previously untapped market segments and territories is appropriate in the current climate, and we look to the future with a sense of purpose and excitement.



At PPS, we see insurance as more than just financial protection – it is a powerful force for building a safer, more resilient and empowered society.

Izak Smit
PPS Group Chief Executive Officer



Success is better, shared.

Professional Provident Society Insurance Company Limited is a licensed insurer conducting life insurance business, a licensed controlling company and an authorised financial services provider. Past performance is not necessarily indicative of future performance.
The PPS Profit-Share Account™ is a notional account and vests on retirement from age 60.