

KEY INSURANCE COMPANY LIMITED
Report to Our Stockholders
Year Ended 31 December 2023

Key Insurance Company Limited (KEY/ the Company) is pleased to present its audited financial results for the year ended 31 December 2023.

Main Highlights	Year	Year
	Ended	Ended
	31 December 2023	31 December 2022
	\$Million	\$Million
Insurance Revenue	2,503	2,150
Insurance Service Result	(51)	(30)
Profit Before Tax	77	72
Total Assets	4,095	3,761

Financial Performance

KEY's insurance business delivered strong results in 2023, with revenue surging by 16% year-over-year and pre-tax profits rising by 7% compared to the same period.

Our non-motor portfolio spearheaded this growth, achieving an outstanding 29% expansion, making a substantial 32% contribution to our overall insurance revenue. This growth is attributable to the strategic increase in property rates buttressed by operational efficiency and a personalized customer centric approach. Accordingly, despite upward rate adjustments, our customer retention remained exceptional at 87%.

In parallel, the motor segment witnessed a healthy 12% growth, constituting 68% of our insurance revenue. Notably, our direct portfolio within the motor segment experienced significant growth, fueled by our strong marketing efforts, improved service offerings at our locations, and strategic new partnerships.

Insurance service expenses increased by 10% year over year, primarily due to heightened claims. We continue to vigilantly monitor these adverse claim trends and remain agile in our strategies to enhance underwriting performance.

For the period under review, the Company navigated a challenging economic landscape marked by rising inflation which adversely impacted our motor claims costs. Reduced capacity in the property insurance market combined with an increase in reinsurance costs also placed constraints on the Company's operations.

Despite these challenges, KEY remained focused on executing the strategic objectives which were grounded in the strategic drivers of: sustained growth and innovation, consumer centricity, improved business processes and a performance driven culture. These efforts resulted in increased revenue, an enhanced customer experience, strengthened partnerships, and improved employee engagement.

Adoption of New Accounting Standards

KEY adopted International Financial Reporting Standard 17 (IFRS 17) 'Insurance Contracts' effective 1 January 2023. This adoption necessitated several adjustments to the Company's primary financial statements and related notes. Due to the retrospective application of IFRS 17 with a transition period starting January 1, 2022, KEY restated its 2022 statements of financial position and comprehensive income.

Strengthened Brand Presence

In 2023, KEY prioritized and successfully executed on initiatives to increase our market visibility and brand recognition. One such initiative was the launch of our engaging social media series, "Claims Boss." The series showcased Key's General Manager, Tammara Glaves-Hucey, reviewing real-life videos of accidents and providing insights on liability thereby creating valuable educational content. Through a comprehensive, data-driven social media approach, we have deepened engagement with our target audience, cultivating a vibrant online community. This ongoing commitment to brand development will continue to be a cornerstone of our strategy, allowing us to connect effectively with our customers and stakeholders alike.

Commitment to Corporate Governance

KEY remains steadfast in its commitment to upholding the highest standards of corporate governance, aligning with the exemplary practices established by our parent company, GraceKennedy Limited. This commitment was recognised in 2023 as the Company secured second place in the prestigious PSOJ/JSE Corporate Governance Award category. This award serves as a testament to the unwavering efforts of the Company's leadership team and employees in adhering to the most rigorous ethical and governance principles. As we strive for continuous improvement, upholding exceptional corporate governance will remain a core driver of the Company's success.

Outlook for 2024

KEY is committed to navigating the year ahead with prudence and agility. By remaining adaptable and responsive to the evolving market landscape, and by capitalizing on the opportunities presented by being a part of the GraceKennedy Group, we are confident in our ability to achieve sustainable growth and profitability in 2024.

Digital transformation remains a focal point as we continuously strive to enhance the experiences for our customers and intermediaries, streamlining their interactions and enhancing our operational efficiency. Claims management, along with expanding market share and enhancing employee engagement, will remain key areas of emphasis. Additionally, we acknowledge the significance of our strategic partnerships for our success, and they remain a top priority. These collaborations enable us to deliver outstanding products and services to all our stakeholders.

Our success in 2023 would not have been possible without the dedication of our team members and valued stakeholders. We would, therefore, like to express our deepest gratitude to our customers, management, staff, agents, brokers, service providers, directors and our stockholders for your ongoing valued support. KEY remains committed to exceeding expectations whilst remaining the People's insurer and the Key to your peace of mind.