

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

VOLUNTARY TRADING UPDATE FOR OUTSURANCE HOLDINGS LIMITED AND TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

INTRODUCTION

OGL's (formerly Rand Merchant Investment Holdings Limited) disposal of Hastings Group (Consolidated) Limited (Hastings) and settlement of preference share debt in December 2021, and unbundling of its interests held in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) in April 2022, have significantly changed the group's earnings base. The group's earnings base for the six months ended 31 December 2022 and subsequent reporting periods is primarily impacted by the performance of OUTsurance Holdings Limited (OHL), the group's 90% held subsidiary and owner of the OUTsurance South Africa and Youi Australia insurance operations.

VOLUNTARY TRADING UPDATE FOR OUTSURANCE HOLDINGS LIMITED

The performance of OHL for the six months to 31 December 2022 was positively impacted by a significant increase in Youi's earnings. This positive outcome is attributed to strong premium growth, a material decrease in natural perils claims incurred following more favourable weather exposure and higher investment income attributed to the rising interest rate environment.

OUTsurance South Africa experienced favourable operating conditions owing to premium growth and claims experience, which is in line with historic performance.

Shareholders are advised that normalised earnings for OHL, excluding the normalised earnings impact of its stake in Hastings, are expected to increase by more than 20% for the six-month period.

TRADING STATEMENT FOR OUTSURANCE GROUP LIMITED

Paragraph 3.4(b) of the JSE Limited Listings Requirements requires companies to publish a trading statement as soon as they become reasonably certain that their financial results for the period to be reported on next (current period) will differ by at least 20% from those of the previous corresponding period (comparative period).

Shareholders are referred to the group's summary results announcement and cash dividend declaration for the year ended 30 June 2022, released on the Stock Exchange News Service (SENS) on 22 September 2022, where the accounting treatment of the group's investments in Hastings, Discovery and Momentum Metropolitan was explained as follows:

- The earnings of Hastings were equity accounted until 8 December 2021, the effective date of the sale. The proceeds on the sale of Hastings were utilised to, inter alia, repay all the group's outstanding preference share debt.
- The earnings of Discovery and Momentum Metropolitan were also equity accounted until 8 December 2021, the date on which the unbundling of the group's shareholdings in these entities met the accounting definition of being highly probable.

- The financial results of all these investee companies were treated as discontinued operations in the group's financial results.

The following non-recurring, material item, originating from the sale of Hastings, was included in the group's results from discontinued operations for the six months ended 31 December 2021:

- The profit on the sale of Hastings of R4.7 billion (including reclassification of accumulated comprehensive income to the income statement), which was excluded from headline earnings and normalised earnings.

The following amounts were included in the earnings attributable to the equity holders of OGL in the comparative period, which did not recur in the current period:

- R5.7 billion included under results from discontinued operations relating to the equity accounted earnings of Hastings, Discovery and Momentum Metropolitan and the profit on the sale of Hastings.
- R418 million of funding costs included under results from continuing operations.

Due to these material, non-recurring items, earnings per share (EPS) from continuing and discontinued operations for the six months ended 31 December 2022 is expected to be more than 70% (more than 287.6 cents per share) lower than the EPS from continuing and discontinued operations of 410.9 cents per share reported in the comparative period.

Normalised earnings per share (NEPS) from continuing and discontinued operations is expected to be more than 20% (more than 25.1 cents per share) lower than the NEPS from continuing and discontinued operations of 125.5 cents per share reported in the comparative period, which excludes, inter alia, the profit on the sale of Hastings.

A further trading statement will be released on SENS as soon as OGL has reasonable certainty on the ranges of the expected EPS, headline earnings per share and NEPS for the current period.

OGL regards normalised earnings (which excludes non-operational items and accounting anomalies) as the key indicator of the group's operational performance.

The financial information on which this trading statement is based has not been reviewed and reported on by the group's external auditor.

OGL's financial results for the six months ended 31 December 2022 are expected to be released on SENS on Wednesday, 22 March 2023.

Centurion
26 January 2023

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)