

DISCOVERY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1999/007789/06)
Legal Entity Identifier: 378900245A26169C8132
JSE share codes: DSY, DSBP
DSY ISIN: ZAE00022331
DSBP ISIN: ZAE000158564
JSE bond company code: DSYI
("Discovery" or "the Group")

Voluntary trading statement for the six-month period ended 31 December 2022

Discovery delivered a strong performance for the six months ended 31 December 2022 (the reporting period), compared to 31 December 2021 (the prior period):

- Normalised profit from operations is expected to increase by between 20% and 25%;
- Headline earnings (HE) are expected to decline by between 7% and 12%; and
- Normalised headline earnings (NHE) are expected to increase by between 27% and 32%.

Table 1: Change in key metrics over prior period

Business	Normalised profit from operations % change 6 months ended 31 December 2022 vs 6 months ended 31 December 2021
SA Composite (including new initiatives)	20% to 25%
UK Composite (including new initiatives)	12% to 17%
Vitality Global (including new initiatives)	30% to 35%
Normalised profit from operations (1)	20% to 25%
Headline earnings (2)	decline by 7% to 12%
Normalised headline Earnings	27% to 32%

(1) Discovery's operating performance was robust:

- There was consistent positive performance across the Group with strong customer engagement in the Vitality shared-value model, leading to superior lapse and persistency experience and strong new business growth, driving strong operating profit growth.
- The cost of new initiatives reduced significantly, close to the Group's guidance of 10% of normalised operating profit, with Discovery Bank performing strongly with excellent high quality customer growth and spend well within plan.
- The period coincided with significant lockdowns in China and the subsequent lifting of the Zero-Covid policy, with the concomitant wave of infections. The impact was a reduction in new business and weak investment returns. Ping An Health Insurance took a conservative reserving approach to Covid, although claims to date have been limited. The combined effect of these was a decline in earnings.

(2) The reporting period coincided with considerable macro-economic volatility, with significant movements of interest rates within the markets in which Discovery operates. These movements create volatility in Discovery's headline earnings, but have little impact on the Group's solvency, liquidity and cash flows and have no impact on the operations of the Group. Consequently, the Group has a stated policy of normalising for the impact of interest rate movements in the presentation of normalised headline earnings.

The effect during the reporting period was geared as interest rates movements in the prior period increased headline earnings but decreased them during the reporting period. This predominantly explains the difference between the expected decline in headline earnings of between 7% and 12%, compared with the expected growth in normalised headline earnings of between 27% and 32%.

1. Voluntary trading statement

Shareholders and noteholders are advised that:

- Earnings per share ("EPS") (basic) is expected to be between 9% and 14% lower (to between 429.0 cents and 453.9 cents) compared to the reported EPS (basic) of 498.8 cents for the prior period.
- Headline earnings per share ("HEPS") (basic) is expected to be between 7% and 12% lower (to between 439.2 cents and 464.2 cents) compared to the reported HEPS (basic) of 499.1 cents for the prior period.

- Normalised HEPS (“NHEPS”) (basic) is expected to be between 27% and 32% higher (to between 555.9 cents and 577.8 cents) compared to the reported NHEPS (basic) of 437.7 cents for the prior period.

Discovery intends to report its interim 2023 financial results on or about 23 February 2023. The information contained in this announcement, including any forecast financial information on which this trading statement is based, is the responsibility of the board of directors of Discovery and has not been reviewed and reported on by Discovery's external auditors.

Sandton
17 February 2023

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