

UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2022



DISCOVERY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1999/007789/06)

Legal Entity Identifier: 378900245A26169C8132

JSE share code: DSY ISIN: ZAE000022331

JSE share code: DSBP ISIN: ZAE000158564

Debt company code: DSYI

("Discovery" or "the Company" or "the Group")

SUMMARY OF UNAUDITED GROUP RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

KEY FINANCIAL RESULTS	31 December 2022	31 December 2021	Change
Normalised profit from operations (R million)	5 930	4 872	22%
Profit from operations (R million)	5 098	5 216	(2%)
Normalised headline earnings (R million)	3 747	2 876	30%
Earnings per share (basic) - (cents)	443.1	498.8	(11%)
Headline earnings per share (basic) - (cents)	453.6	499.1	(9%)
Normalised headline earnings per share (basic) - (cents)	570.2	437.7	30%
Net asset value (R million)	57 184	52 175	10%
Embedded value (R million)	92 459	82 920	12%
Embedded value per share (R)	140.43	126.23	11%

STRATEGY, GROWTH, PROSPECTS AND DIVIDEND

The Group delivered a strong operating performance demonstrating the efficacy of the Vitality shared-value model, despite specific macro-economic challenges across each of its three composites, South Africa, United Kingdom and Vitality Global. New business growth was robust, and the Group made significant progress in its organic growth of new businesses as the cost of new initiatives reduced significantly, now close to the Group's guidance of 10% of normalised operating profit.

Discovery's growth strategy is based on the efficacy, repeatability and scalability of its Vitality shared-value model. Since this model is inherently a new business model, growth is pursued via organic growth and global partnerships. The performance during the period has enhanced the Group's confidence in this strategy. The Group's capital plan and dividend policy have followed a disciplined approach to facilitate this strategy so that Discovery can deliver significant real growth in quality earnings and strong returns, without recourse to additional capital, thereby creating enduring shareholder value. The dividend coverage ratio has been derived mathematically from the organic build model and was set at 4 to 5 times coverage.

In 2020, the COVID-19 pandemic emerged creating considerable uncertainty and both macro and micro risks, and consequently the Group followed a conservative approach to capital management – the dividend was

suspended, a strategy of reducing financial leverage was pursued, and further structures were implemented to ensure that the Group remains protected from movements in interest rates. Importantly, the pursuit of growth was not curtailed and the Group during this period increased the spend on new initiatives to over 20% of operating profit, most notably on the build of Discovery Bank, and the Group followed the PAH capital raise in China, with its contribution of R1.5 billion in October 2021.

In the period, the positive manifestation of these strategies has been clear: operating profit has grown strongly, the leverage ratio has reduced significantly, spend on new initiatives has reduced close to the 10% target level, with Discovery Bank operating within plan and rapidly approaching profitability and scale. In addition, the strong performance and consequent cash generation has now removed the need to pursue the stated capital placement previously announced to fund the PAH capital contribution already made. Discovery is still of the view that given these developments and the current rates of growth, the ordinary dividend should not be reinstated for the current period, and this will be revisited at the end of the financial year.

Any forecast financial information contained in this announcement has not been reviewed or reported on by the company's external auditors.

DIRECTORS' STATEMENT

The contents of this short form announcement are the responsibility of the Board of Directors of the Company (Board). Shareholders and/or investors are advised that this short form announcement represents a summary of the information contained in the full announcement, published on <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/DSY/H12023.pdf> and on Discovery's website: www.discovery.co.za/corporate/investor-relations on 23 February 2023. Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement as a whole and shareholders and/or investors are encouraged to review the full announcement, which is available for viewing on the JSE's website and on the Company's website set out above. The full announcement is also available for inspection, at no charge, at the registered office of the Company (1 Discovery Place, Sandton) and at the offices of Discovery's sponsors, Rand Merchant Bank (a division of FirstRand Bank Limited) (1 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton) from 09:00 to 16:00 weekdays. Investors and/or shareholders may request copies of the full announcement from the Company Secretary at company_secretarial2@discovery.co.za

On behalf of the Board

ME TUCKER

Chairperson

A GORE

Group Chief Executive

22 February 2023

DIRECTORS

ME Tucker (UK) (Chairperson), A Gore* (Group Chief Executive), HL Bosman¹, R Farber, WM Hlahla, HD Kallner*², FN Khanyile, NS Koopowitz*², D Macready, Dr TV Maphai, T Mboweni, Dr A Ntsaluba*², A Pollard*², M Schreuder, B Swartzberg*, B van Kralingen, DM Viljoen* (Financial Director), SV Zilwa

DEBT OFFICER

DM Viljoen

REGISTERED OFFICE AND BUSINESS ADDRESS

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Sandton 2146
PO Box 78672,
Sandton 2146

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

EQUITY AND DEBT SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

COMPANY SECRETARY

NN Mbongo

INDEPENDENT AUDITORS

PricewaterhouseCoopers Inc.
KPMG Inc.

SENS release date 23 February 2023

**Executive*

1. Retired effective 1 December 2022.

2. Will step down from the Board effective 1 March 2023 as part of changes in governance structures.



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