



## **TRUSTCO GROUP HOLDINGS LIMITED**

**Incorporated in the Republic of Namibia**

**(Registration number 2003/058)**

**Registered as an external company in South Africa**

**(External registration number 2009/002634/10)**

**NSX share code: TUC**

**JSE share code: TTO**

**OTCQX share code: TSCHY**

**ISIN Number: NA000A0RF067**

**(“Trustco” or “the Group”)**

## **TRADING STATEMENT FOR THE 6 MONTHS ENDED 28 FEBRUARY 2023**

### **1. Introduction**

- 1.1 Trustco shareholders (“**Shareholders**”) are advised that the Group is finalising its unaudited Interim Financial Statements for the 6-month period ended 28 February 2023 (“**2023 Interim Results**”).
- 1.2 In terms section 3.4(b) of the Listings Requirements (“LR”) of JSE Limited (“JSE”), companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on will differ by more than 20% from that of the previous corresponding period.
- 1.3 In this regard, comparisons for purposes of this trading statement are made against Trustco’s restated results for the 6-month period ended 28 February 2022 (“**2022 Restated Interim Results**”).
- 1.4 With effect from 1 September 2021, the Trustco Group, in consultation with its professional advisors, concluded that it had to comply with the exception of IFRS 10 (International Financial Reporting Standards), whereby investment entities are exempted from financial consolidation. This has resulted in Trustco Group as an entity having to value its portfolio of investments in terms of IFRS 13.

## 2. Trading Statement

Accordingly, a review by management of the financial results for the 2023 Interim Results has indicated that Trustco expects to report:

- 2.1 Net Asset Value per share (“**NAVPS**”) for the 2023 Interim Results of between 143 and 179 cents per share, or a decrease of between 0.81% and 20.81%, compared to the NAVPS of 180 cents in respect of the 2022 Restated Interim Results;
- 2.2 Basic loss per share (“**LPS**”) for the 2023 Interim Results of between (11.57) and (39.19) cents per share, or a decrease of between 108.38% and 128.38%, compared to the earnings per share (“**EPS**”) of 138.07 cents reported on in respect of the 2022 Restated Interim Results; and
- 2.3 Headline loss per share (“**HLPS**”) for the 2023 Interim Results of between (5.06) and (45.70) cents per share, or a decrease of between 77.51% and 97.51%, compared to the headline loss per share of (203.16) cents in respect of the 2022 Restated Interim Results.
- 2.4 The financial information of this trading statement has not been reviewed or reported on by Trustco’s auditors.

## 3. Key Factors

- 3.1 Trustco is a diversified investment entity based in Windhoek, Namibia, with its investment focus on the insurance, education, real estate, resources as well as banking and finance sectors. The company's investment portfolio has shown exceptional returns historically, with an asset mix weighted 25% on average towards US Dollar assets, with the remaining 75% in Namibia Dollar assets.
- 3.2 During the period under review, the Namibian economy faced a mixed economic situation. Despite experiencing strong growth with an overall GDP growth of 3.5% in 2022, the country also faced headwinds due to the ongoing war in Ukraine, which had a negative impact on the global economy. Namibia's economy was affected by higher energy prices and supply chain disruptions, resulting in increased inflation levels, which rose to their highest level in years.

- 3.3 Notwithstanding these challenges, the Namibian economy is expected to continue to grow in 2023, with the IMF projecting a GDP growth of 2.8%. Namibia also benefits from a stable political environment, with a history of democracy, and a government that is committed to economic growth and development. With ongoing reforms and continued growth, the country's economy is expected to become more stable and prosperous, providing a favourable environment for Trustco to operate for years to come.
- 3.4 Trustco's resources portfolio has experienced a decrease in valuation due to the dilution of its shareholding, but this was partially offset by a depreciation in the Namibia Dollar to US Dollar exchange rate. Currently valued at transaction value, this portfolio is expected to see a revaluation via the income approach once it transitions into commercial production. This revaluation is expected to offset the current dilution effect and contribute to the overall growth of the portfolio.
- 3.5 In Trustco's banking and finance, insurance and education portfolios, the discount rates decreased due to lower risk profiles and higher income as a result of a higher interest rate environment. This resulted in enhancing its underlying cash flow forecasts, as interest rate expectations soared. Overall, this has positively impacted the financial services portfolio.
- 3.6 Trustco's property portfolio was impacted by increased inflation on the cost side of its valuation cash flow forecasts. This has resulted in decreased margins, as well as an increase in funding costs for new developments. Despite these challenges, the company remains committed to maintaining its strong position in the financial services industry and continues to work towards enhancing its property portfolio to improve its overall financial performance.
- 3.7 The board remains optimistic about the growth prospects of Trustco, given the expected positive development of investment returns. Moreover, Namibia's economic prospects show favourable conditions for investment and growth. Overall, Trustco is well- positioned to take advantage of these conditions to continue to achieve positive investment returns in the future.

#### **4. Restatement**

- 4.1 The 2022 Restated Interim Results have been restated as a result of corrective actions as instructed by the JSE proactive monitoring. Refer to note 43 of the 2022 integrated annual report and audited financial statements for background information on the JSE proactive monitoring restatement.
- 4.2 After incorporating the restatements above, the weighted average number of ordinary shares in issue for the 2022 Restated Interim Results as well as the 2023 Interim Results amounted to 985 310 288.

#### **5. Conclusion**

- 5.1 Trustco expects to release its 2023 Interim Results on or about Wednesday the 31st of May 2023.
- 5.2 The financial information on which this trading statement has been based has not been reviewed or reported on by Trustco's auditors.

Windhoek, Namibia,

30 May 2023

Komada Holdings (Pty) Ltd

**Company Secretary and Investor Relations Services to Trustco Group Holdings Limited**

#### **JSE Sponsor**

Vunani Sponsors

#### **NSX Sponsor**

Simonis Storm Securities Proprietary Limited – Windhoek

#### **OTCQX Sponsor**

J.P Galda & Co – New York