

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

Company tax reference number: 9652/003/71/7

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

SUMMARISED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 AND CASH DIVIDEND DECLARATION

KEY FINANCIAL RESULTS

For the six months ended 31 December

			Restated	
Group earnings	Unit	2023	2022 ¹	% change
Normalised profit from operations	R million	5 622	4 973	13
Normalised headline earnings	R million	3 320	3 004	11
Headline earnings	R million	3 260	3 276	-
Basic earnings per share	Cents	492.9	487.9	1
Basic headline earnings per share	Cents	493.8	498.4	(1)
Basic normalised headline earnings per share	Cents	502.8	457.0	10
Business volumes				
Total income from non-insurance lines ²	R million	2 942	2 554	15
New business annualised premium income	R million	14 197	11 106	28
Group net asset value and embedded value				
Net asset value	R million	52 206	43 524	20
Embedded value	R million	103 480	92 459	12
Annualised ROEV	%	12.1	14.4	
Basic embedded value per share	R	156.29	140.43	11
Financial leverage and capital management				
Financial leverage ratio (FLR) ³	%	19.7	22.1	
Ordinary dividend declaration per share	Cents	65.00000	-	

¹ Restated for the adoption of IFRS 17 Insurance Contracts. Refer discussion below

² Not included in new business API

³ FLR allowing for the inclusion of 50% of the contractual service margin (CSM) net of reinsurance and net of tax in the denominator

Discovery Group delivered a robust performance for the period ended 31 December 2023 ("the reporting period") demonstrating resilience and strong underlying growth dynamics in a complex operating environment.

The reporting period was characterised by continued macroeconomic complexities. Global inflation rates declined from the prior period highs, but remained elevated and cumulative interest rate increases heightened consumer pressures in many regions constraining economic growth.

The Group's focus in the reporting period centred on the following:

- Delivering strong growth, cash generation and capital resilience across all three composites;
- Establishing platforms to accelerate future growth by scaling Discovery Bank and Vitality Global through evolving the Vitality Shared-value model; and
- Transitioning to the new IFRS 17 Insurance Contracts accounting standard.

The Group generated normalised operating profit growth of 13% to R5 622 million with positive contributions from each composite, as South Africa (SA) increased 9%, United Kingdom (UK) increased 13% and Vitality Global (VG) increased 71%. The UK and VG results benefitted from a weaker rand compared with the prior period. New business annualised premium income (API) for the Group increased by 28% to R14 197 million as a result of robust growth across the composites, with Discovery Health's new business augmented by the successful take-on of the Sasolmed medical scheme. Excluding Discovery Health, new business API for the Group increased 11%.

Normalised headline earnings grew 11% to R3 320 million while headline earnings were largely unchanged at R3 260 million. The difference is explained by the considerable prior period fair value gain from the UK interest rate swaption. The swaption was realised towards the end of the prior financial year. Consistent with prior reporting, headline earnings are normalised for this.

The Group demonstrated continued financial resilience over the period. Organic cash generation increased with cash conversion now at 66% of after-tax normalised operating profit and central liquidity remained strong. The financial leverage ratio (FLR) improved to 19.7% and capital ratios remained strong across each business.

The Group's embedded value increased to R103.5 billion, which represents a 12.1% annualised return on embedded value (RoEV), with a positive contribution from experience variances over the period, reflecting the positive dynamics of the Shared-value Insurance model.

Earnings for the period are reported under the new IFRS 17 Insurance Contracts accounting standard for the first time and the earnings for the prior period have been restated. At the Group's June 2023 financial year results announcement, the Group highlighted that the transition to IFRS 17 would result in a reduction in shareholder equity, with a resulting increase in the contractual service margin (CSM), which should be seen as a store of value to be released as future profit. As such, the transition would not have any material impact on the Group's underlying economic value, solvency levels or cash flows, but would affect its incidence of profit recognition. The restated normalised profit from operations under IFRS 17 for the prior period to 31 December 2022 was 16% lower than under the previously disclosed IFRS 4 Insurance Contracts accounting standard.

ORDINARY SHARE CASH DIVIDEND DECLARATION

The directors declared an interim gross cash dividend of 65.00000 cents (52.00000 cents net of dividend withholding tax) per ordinary share, out of income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The number of ordinary shares in issue at the declaration date is 676 374 092.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 16 April 2024
Shares commence trading "ex" dividend	Wednesday, 17 April 2024
Record date	Friday, 19 April 2024
Payment date	Monday, 22 April 2024

Share certificates may not be dematerialised or rematerialised between Wednesday 17 April 2024 and Friday 19 April 2024, both days inclusive.

DIRECTORS' STATEMENT

The contents of this summarised results announcement are the responsibility of the Board of Directors of the Company (Board). Shareholders and/or investors are advised that this results announcement represents a summary of the information contained in the unaudited interim results for the six months ended 31 December 2023 (interim results), published on <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/DSY/H12024.pdf> and on Discovery's website: <https://www.discovery.co.za/corporate/financial-results> on 20 March 2024. Any investment decisions by investors and/or shareholders should be based on a consideration of the interim results as a whole and shareholders and/or investors are encouraged to review interim results, which are available for viewing on the JSE's website and on the Company's website as set out above.

On behalf of the Board

ME Tucker

Chairperson

19 March 2024

A Gore

Group Chief Executive

Directors ME Tucker (UK) (Chairperson), A Gore* (Group Chief Executive), L Chiume¹, R Farber, WM Hlahla, FN Khanyile, D Macready, Dr TV Maphai², T Mboweni, KC Ramon¹, M Schreuder, B Swartzberg*, B van Kralingen, DM Viljoen* (Group Chief Financial Officer), SV Zilwa²

* *Executive.*

1 Appointed effective 18 September 2023

2 Retired effective 16 November 2023

Debt officer

DM Viljoen

Registered office and business address

1 Discovery Place,
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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

A Ceba

Independent auditors

Deloitte & Touche
KPMG Inc.

www.discovery.co.za

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