

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")

UNAUDITED INTERIM RESULTS AND CASH DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

KEY FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	Unit	31 December 2024	31 December 2023	% change
Group earnings				
Normalised profit from operations ¹	R million	7 020	5 536	27%
Normalised headline earnings ¹	R million	4 350	3 256	34%
Headline earnings ¹	R million	4 267	3 196	34%
Basic earnings per share ¹	Cents	637.1	483.3	32%
Basic headline earnings per share ¹	Cents	642.9	484.1	33%
Basic normalised headline earnings per share ¹	Cents	655.4	493.1	33%
Returns, cash conversion and dividends				
Normalised Return on Equity (RoE)	%	15.0%	12.6%	+2.4%
Annualised Return on Embedded Value (RoEV)	%	19.0%	12.1%	+6.9%
Dividend per share	Cents	87.00000	65.00000	34%
Cash conversion ratio ¹	%	75%	75%	0%
Growth drivers				
New business API ¹	R million	12 534	14 278	(12%) ²
Income from non-insurance business lines ¹	R million	3 181	2 786	14%
		31 December 2024	30 June 2024	% change (annualised)
Balance sheet and embedded value				
Net asset value	R million	64 644	57 719	25%
Embedded value (EV)	R million	119 616	110 354	17%
Basic embedded value per share	R	179.47	166.95	16%
Financial leverage ratio (FLR)	%	18.1%	20%	lower by 1.9%

1 Restated (refer to D.1.1 and Annexure A in the unaudited condensed consolidated financial statements for the six months ended 31 December 2024)

2 6% when excluding Sasolmed in the prior period

The period under review was characterised by increased geo-political complexities. Global inflation rates have moderated, however, the easing of interest rates has been stalled by increased uncertainty around global policy shifts and trade tensions, with consumers and economic growth remaining constrained in many regions. In South Africa (SA), confidence increased following the positive election outcome, the programmes driving energy and logistics reforms, and the continued constructive engagement around the National Health Insurance (NHI) Act to facilitate a viable journey to universal healthcare coverage in SA. The fiscal environment in the United Kingdom (UK) remains constrained with a knock-on impact on the National Health Service (NHS) backlogs keeping the demand for and utilisation of private medical insurance (PMI) elevated. China has continued to face macroeconomic and growth constraints, however, bond and equity markets delivered a strong performance over the period following some signs of stabilisation.

Strong in-period performance in the growth phase, with consistent growth across the two composites

- Discovery has emerged from its cycle of significant investment. That phase focused on creating new avenues for long-term growth, through globalising its capabilities and footprint and building new growth ventures, most notably, Discovery Bank. This has positioned the Group for a new distinct phase of scaled organic growth, with focused execution through its newly formed global composite, Vitality, and its domestic business, Discovery South Africa.
- Over the period, the Group executed its growth strategy delivering growth in normalised profit from operations of 27%. Both composites achieved normalised profit from operations of 27%, with strong contributions across the Group. Headline and normalised headline earnings both increased by 34%, as the cost of financing less investment returns remained broadly unchanged. The normalised return on equity increased to 15% annualised, from 12.6% in the six months ended 31 December 2023 ("the prior period").
- The Group's embedded value increased to R120 billion, which represents a 19% annualised return on embedded value (RoEV). This included a positive contribution from experience variances over the period, reflecting the competitive dynamics of the Shared-value Insurance model, a strong improvement from non-covered businesses, as well as a favourable economic basis and exchange rate.

The Group is financially resilient in a complex and uncertain environment

Capital ratios remained strong across every business and liquidity at each regulated entity and at the centre remains well in excess of the required buffers. The cash conversion ratio remained steady at 75% of after-tax normalised operating profit compared with the prior period, notwithstanding the strong growth in normalised profit from operations. Favourable claims experience in Discovery Life and Discovery Insure, as well as the increased use of financial reinsurance funding for VitalityLife, mitigated the expected dilution impact from Discovery Health's slower inherent growth and high intrinsic cash conversion rate. The cash conversion ratio is expected to normalise back within the Group's 60% to 70% range for the full financial year. This strong underlying cash generation facilitated a further c.R1 billion of financing repayments within Discovery Life and c.R500 million net debt repayments by the Group.

Summary of the current period profit from operations and new business performance by composite:

R million	Normalised profit from operations	% Change	New business API	% Change
Discovery Health	2 023	8%	4 714	(31%)
Discovery Life	2 612	15%	1 463	(4%)
Discovery Invest	904	46%	1 735	7%
Discovery Insure	401	>100%	659	(1%)
Discovery Bank	(145)	(57%)		
Other initiatives and central costs ¹	(275)	>100%	448	22%
Discovery SA Composite	5 520	27%	9 019	(18%)
VitalityHealth ¹	599	14%	1 326	2%
VitalityLife	327	8%	1 101	18%
Vitality Network	339	15%		
Ping An Health Insurance (PAHI)	424	23%	1 088	6%
Vitality Health International (VHI) Other	(149)	(14%)		
Other initiatives and central costs	(40)	(33%)		
Vitality (UK and VG) Composite	1 500	27%	3 515	8%
Normalised profit from operations	7 020	27%		
New business API			12 534	(12%)*

1 Restated (refer to Annexure A in the unaudited condensed consolidated financial statements for the six months ended 31 December 2024)

* 6% when excluding Sasolmed in the prior period

Normalised operating profit for Discovery SA increased 27% to R5 520 million. The composite focused on driving quality new business at appropriate margins, with new business increasing 6%, excluding the prior period take-on of the Sasolmed closed medical scheme (decreased 18%, including Sasolmed).

Discovery Bank delivered a 42% increase in total revenues and has now achieved monthly operational break-even and continued to deliver excellent performance across all key metrics. It is well positioned to leverage its scale, data and capabilities to drive growth across the composite.

Discovery Health delivered robust earnings growth while continuing strategic investments in technology, innovation, artificial intelligence, and personalised healthcare. New business increased 9%, excluding the Sasolmed closed medical scheme take-on in the prior period (decreased 31%, including Sasolmed).

Discovery Life delivered strong earnings and cash generation with positive claims experience and maintained its retail market share and new business margins, however group life new business, which is lumpy by nature, declined over the period.

Discovery Invest delivered significant earnings growth benefitting from strong market performance and some one-off gains for the period.

Discovery Insure delivered an excellent recovery in operating margin, from diligently executed business actions and benign weather conditions.

The Vitality Composite's normalised operating profit increased by 27% to R1 500 million and new business API increased by 8%.

VitalityHealth's (VH) operating profit increased 15% to £25.9 million (14% to R599 million). VH has successfully actioned significant price increases over the last 18 months to mitigate increased private medical insurance utilisation, with the strong retention of in-force business resulting in a 16% increase in earned premiums.

VitalityLife's (VL) operating profit increased by 8% to £14.1 million (8% to R327 million). VL utilised its advanced price optimisation to deliver a 19% increase in new business API of high quality (39% excluding automatic contribution increases), despite a stagnant UK market.

Vitality Network's (VN) operating profit increased by 20% to US\$18.9 million (15% to R339 million), as margins increased from 31% to 35%. Membership grew by 26% to 6.2 million, demonstrating the global relevance of the Shared-value Insurance model.

The Group's share of Ping An Health Insurance's (PAHI's) after-tax operating profit increased by 23% to R424 million, following strong gains from Chinese bond and equity market movements in the period and continued operating delivery.

Within VHI Other, Vitality USA acquired WellSpark, further progressing its expansion from its traditional focus on the employee wellness market towards the significantly larger addressable market of integrated digital health and care. AmplifyHealth successfully deployed nine health tech solutions across multiple Asia-pacific markets.

ORDINARY SHARE CASH DIVIDEND DECLARATION

Shareholders are advised that an interim gross cash dividend of 87.00000 cents per ordinary share was declared (69.60000 cents net of dividend withholding tax) out of income reserves. A dividend withholding tax of 20% will be applicable to all ordinary shareholders who are not exempt.

The number of ordinary shares in issue at the declaration date is 679 680 841.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 25 March 2025
Shares commence trading "ex" dividend	Wednesday, 26 March 2025
Record date	Friday, 28 March 2025
Payment date	Monday, 31 March 2025

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 26 March 2025 and Friday, 28 March 2025, both days inclusive.

DIRECTORS' STATEMENT

This results announcement is the responsibility of the Board of Directors of the Company (Board).

Shareholders and/or investors are advised that this results announcement is a summary of the information contained in the unaudited condensed consolidated financial statements for the six months ended 31 December 2024 and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on a consideration of the unaudited condensed consolidated financial statements available via the JSE cloud link <https://senspdf.jse.co.za/documents/2025/JSE/ISSE/DSY/HY2025.pdf> and published on our website at <https://www.discovery.co.za/corporate/financial-results> on 4 March 2025.

This results announcement and the unaudited condensed consolidated financial statements have not been reviewed or reported on by Discovery's independent joint auditors.

On behalf of the Board

ME Tucker
Chairperson
3 March 2025

A Gore
Group Chief Executive

Directors ME Tucker (UK) (Chairperson), A Gore* (Group Chief Executive), LM Chiume, R Farber, WM Hlahla, FN Khanyile, D Macready, KC Ramon, M Schreuder, B Swartzberg*, BA van Kralingen, DM Viljoen* (Group Chief Financial Officer)

* Executive.

Debt officer
DM Viljoen

Registered office and business address
1 Discovery Place,
Sandton 2146

PO Box 786722,
Sandton 2146

Transfer secretaries
Computershare Investor Services Proprietary Limited

Equity and Debt Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Company secretary
A Ceba

www.discovery.co.za
SENS release date 4 March 2025