

UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2022



GLOBAL RISK LANDSCAPE



Global risks ranked by severity over the short and long term

2 YEARS

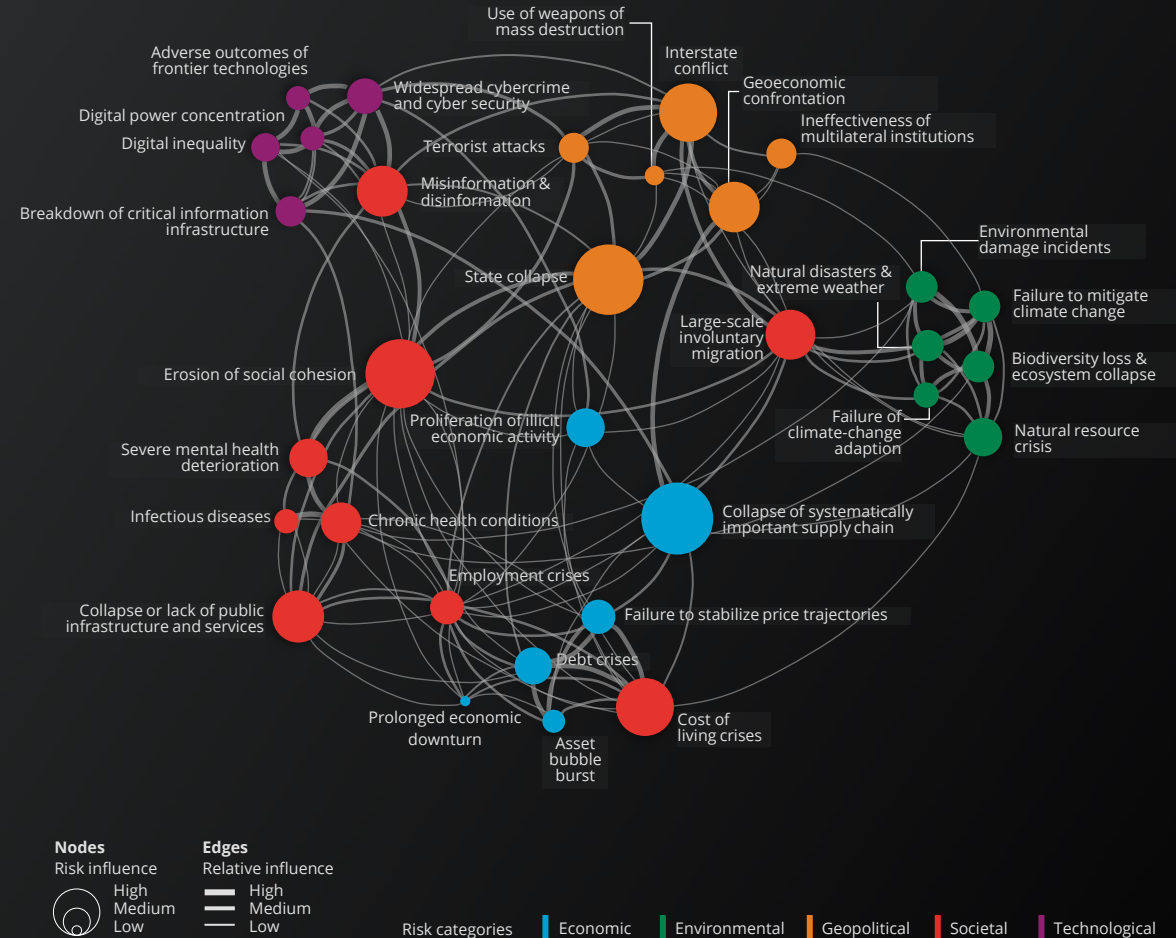
- 1 Cost-of-living crisis
- 2 Natural disasters and extreme weather events
- 3 Geoeconomic confrontation
- 4 Failure to mitigate climate change
- 5 Erosion of social cohesion and societal polarisation
- 6 Large-scale environmental damage incidents
- 7 Failure of climate change adaption
- 8 Widespread cybercrime and cyber insecurity
- 9 Natural resources crises
- 10 Large-scale involuntary migration

10 YEARS

- 1 Failure to mitigate climate change
- 2 Failure of climate change adaption
- 3 Natural disasters and extreme weather events
- 4 Biodiversity loss and ecosystem collapse
- 5 Large-scale involuntary migration
- 6 Natural resources crises
- 7 Erosion of social cohesion and societal polarisation
- 8 Widespread cybercrime and cyber insecurity
- 9 Geoeconomic confrontation
- 10 Large-scale environmental damage incidents

Risk categories | Economic | Environmental | Geopolitical | Societal | Technological

Global risks interconnection map





Discovery



Normalised operating profit
+22%
to R5 930m

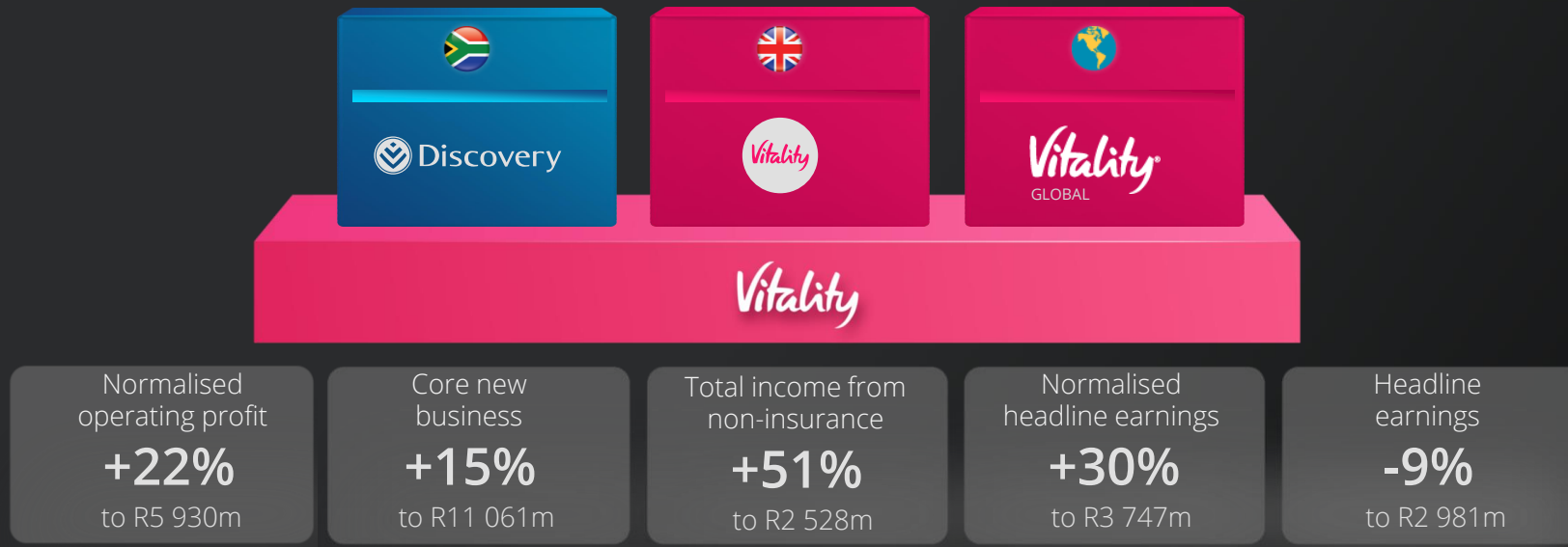
Core new business
+15%
to R11 061m

Total income from non-insurance
+51%
to R2 528m

Normalised headline earnings
+30%
to R3 747m

Headline earnings
-9%
to R2 981m

Excluding discontinued products like VitalityInvest and Ping An Health reinsurance business



- 1 Strong growth in quality earnings, driven by the efficacy of the Vitality shared-value model and in line with the target operating model
- 2 Strong performance removes need for VCP; and given strong growth dynamics a dividend is premature but will be revisited at the end of the financial year
- 3 Focus on financial prudence and immunisation from a volatile interest rate environment
- 4 Evolving the model to create a platform for strong future growth

THE DYNAMICS OF THE BUSINESS AND OPERATING MODELS



Model remains resilient in face of evolving global trends



Vitality Shared-value business model



For our clients:

- Better value
- Improved health and behaviour outcomes

For our businesses:

- Product differentiation and competitive advantage
- Superior growth
- Better persistency
- Lower mortality/claims

Customer engagement, superior lapses and mortality experience

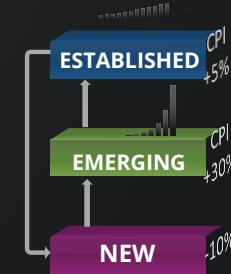
Operating profit growth of CPI+10% with new business growth

LEADS TO:

New initiative materiality and progress

Capital strength and appropriate cash generation

Organic Growth Model



- Superior operating profit growth (CPI + 10%)
- No recourse to additional capital
- Ensuring shareholder value created
- Capital strength, liquidity and return on capital

STRONG OPERATING PERFORMANCE



ZARm	Operating profit		New business		Income	
Health	1 825	+4%	4 442	+23%	693	+18%
Life	2 518	+30%	1 485	+17%		
Invest	592	+15%	1 505	-1%		
Insure	4	-73%	616	+3%		
Bank	-398	-20%			706	+71%
Other SA New	-148	-15%	356	-21%		
SA	4 414	+23%	8 566	+15%	1 399	+40%
Vitality Health	867	+2%	890	+26%		
Vitality Life	536	+48%	801	+45%		
UK New	-126	+17%				
UK	1 277	+15%	1 691	+34%		
Vitality Network	199	+52%				
VHI - Ping An Health ¹	84	-40%	804	-12%		
VHI - Other	-44	-51%				
VG	239	+33%	804	-12%	1 129²	+69%
Total	R5 930m	+22%	R11 061m	+15%	R2 528m	+51%

Excl products in run down

Strong new business growth, profit impacted by once-off costs

Excellent growth with Individual Life up 11% and a recovery in Group Life

Robust despite weak market performance

Continued elevated claims experience

Continued growth in clients and increasing share of new credit card credit

New business impacted by a large scheme transfer into UF in prior period

Profit sustained off a high base despite excellent new business growth

Excellent growth driven by strong operating variances

Operating loss impacted by run-down cost of VitalityInvest

Strong growth from deepened partner relationships

Tough market conditions, however business fundamentals remain strong

Amplify Health made first acquisition

¹ PAH own licence

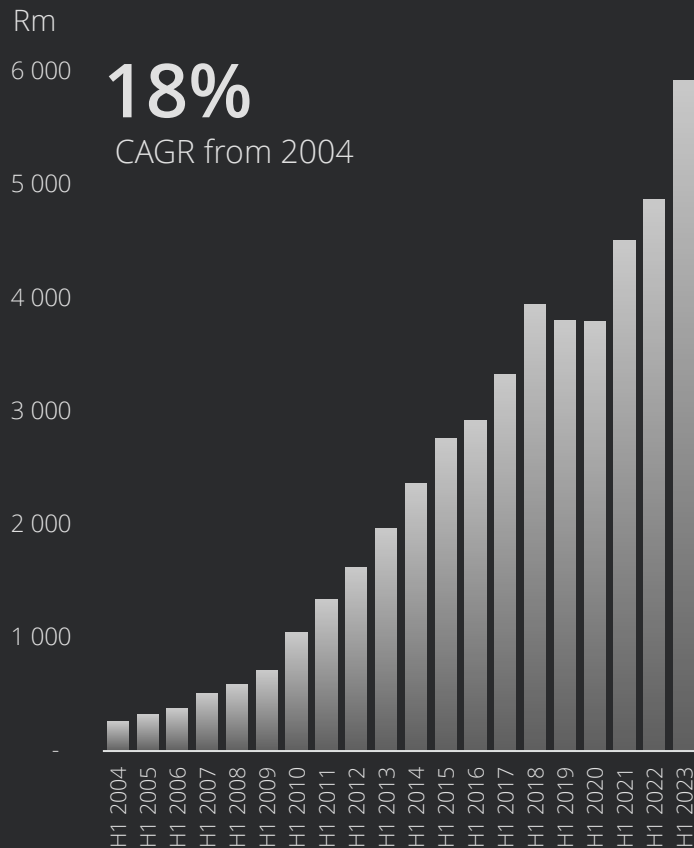
² VG income excludes cost recoveries and rewards

STRONG OPERATING PERFORMANCE



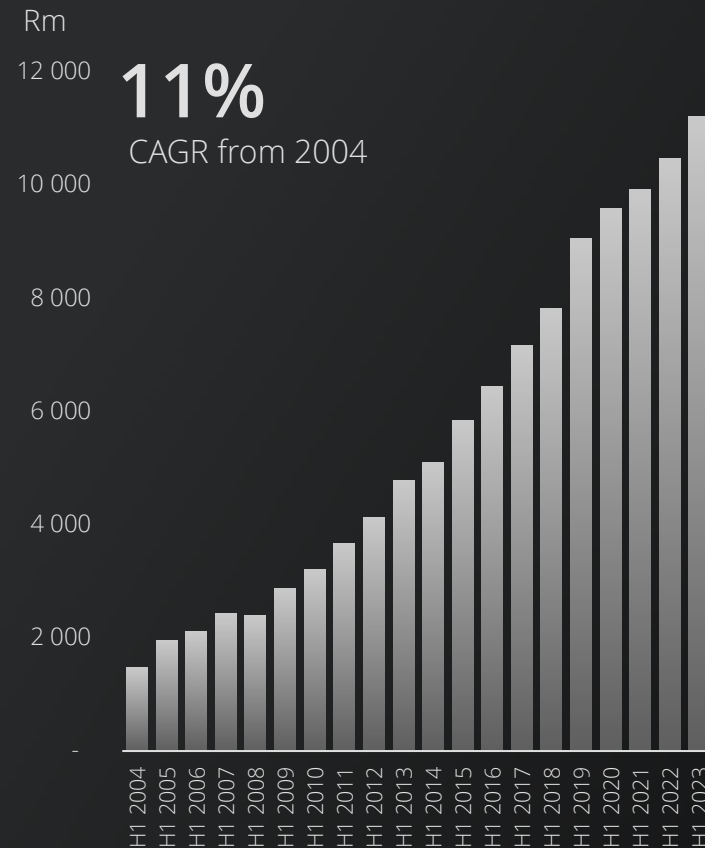
Operating profit

R5 930m



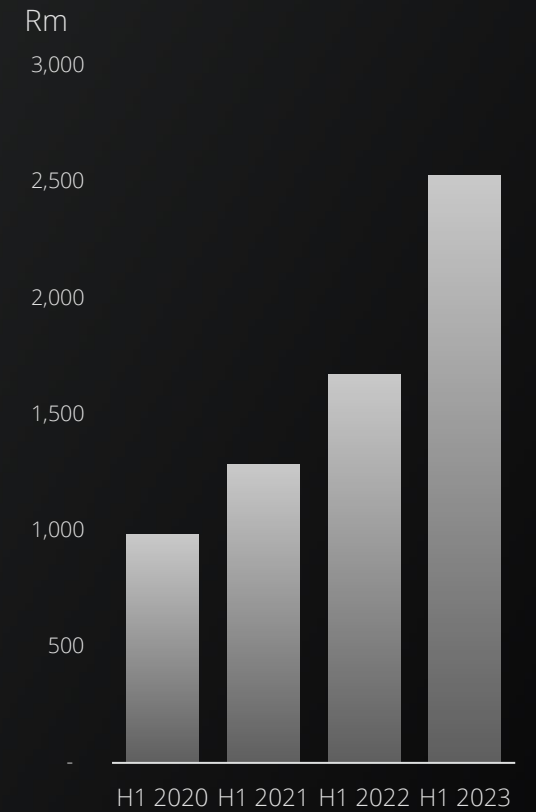
Core new business API

R11 206m



Total income from non-insurance business lines

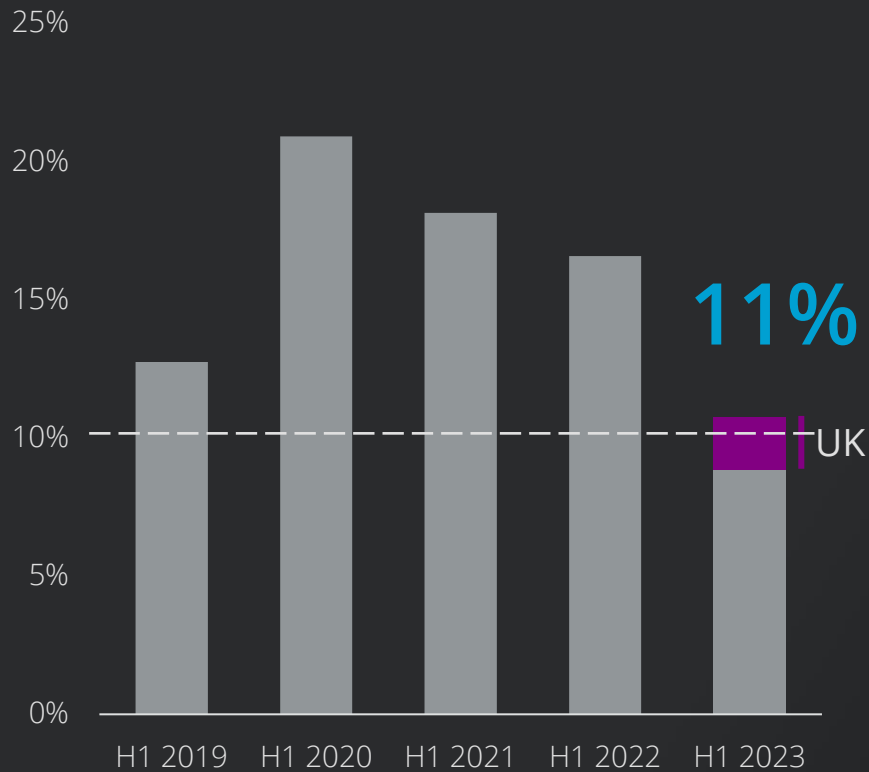
R2 528m



NEW INITIATIVE SPEND REVERTED TO TARGET

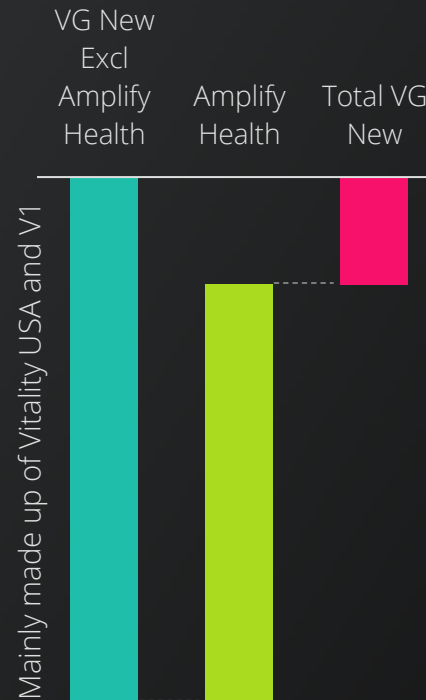


Investment in New reverted to guidance % core operating profit (UK includes VitalityInvest)

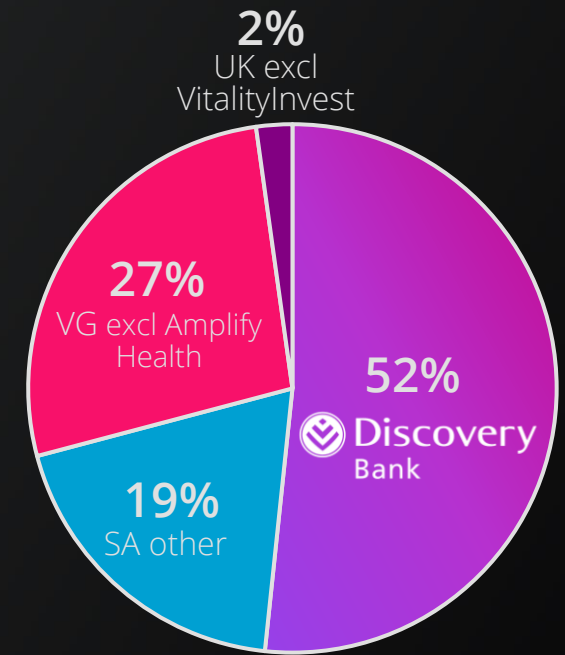


Amplify Health had strong profits offsetting other VG New; excluding this, majority of New is in Bank and VG

Breakdown of VG New



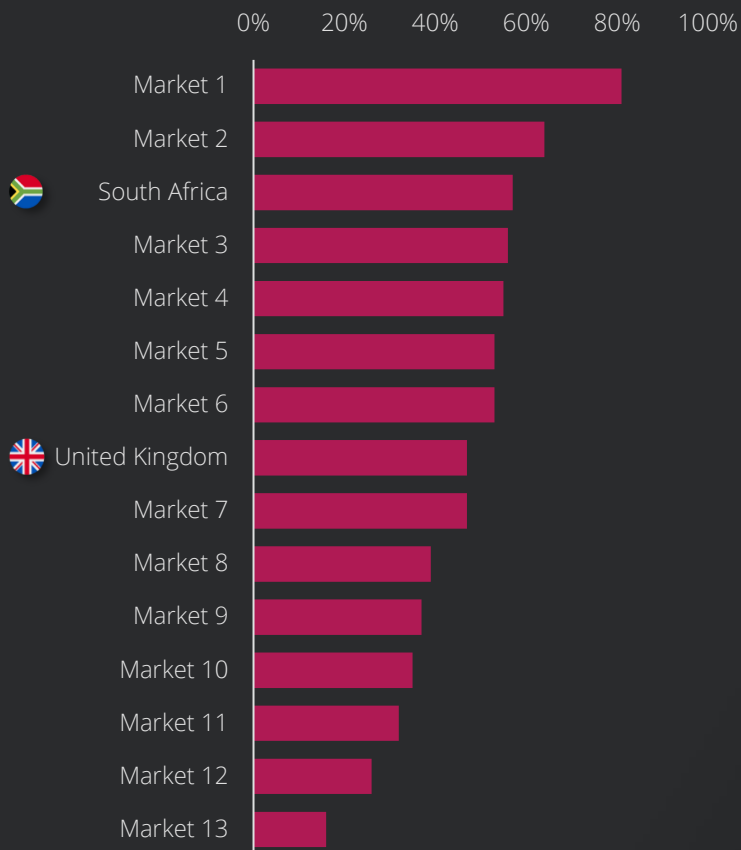
Breakdown of New (excl Amplify Health and VitalityInvest)



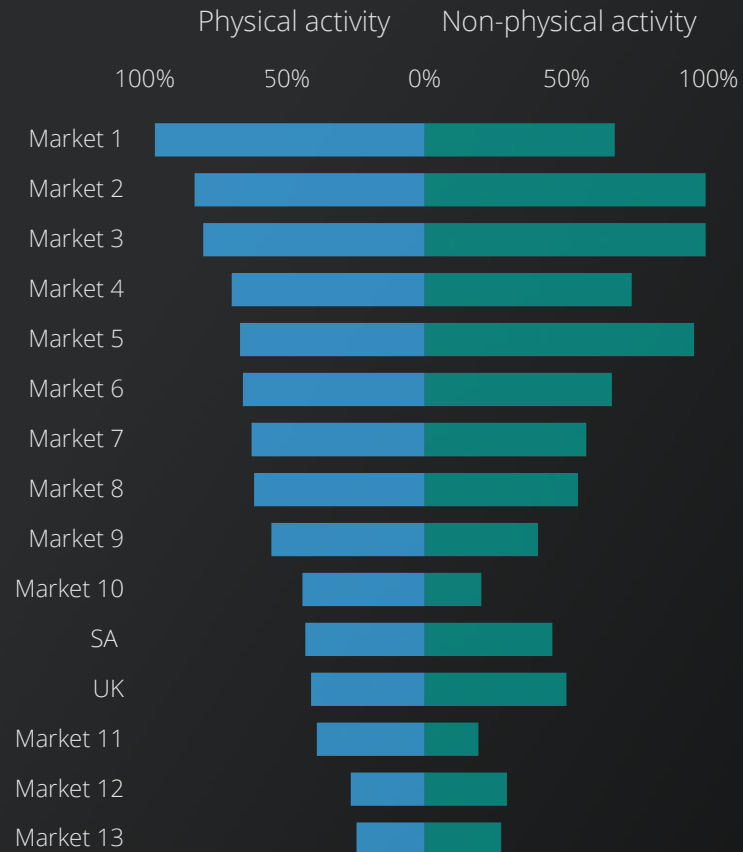
UNIQUE ABILITY TO ENGAGE CLIENTS



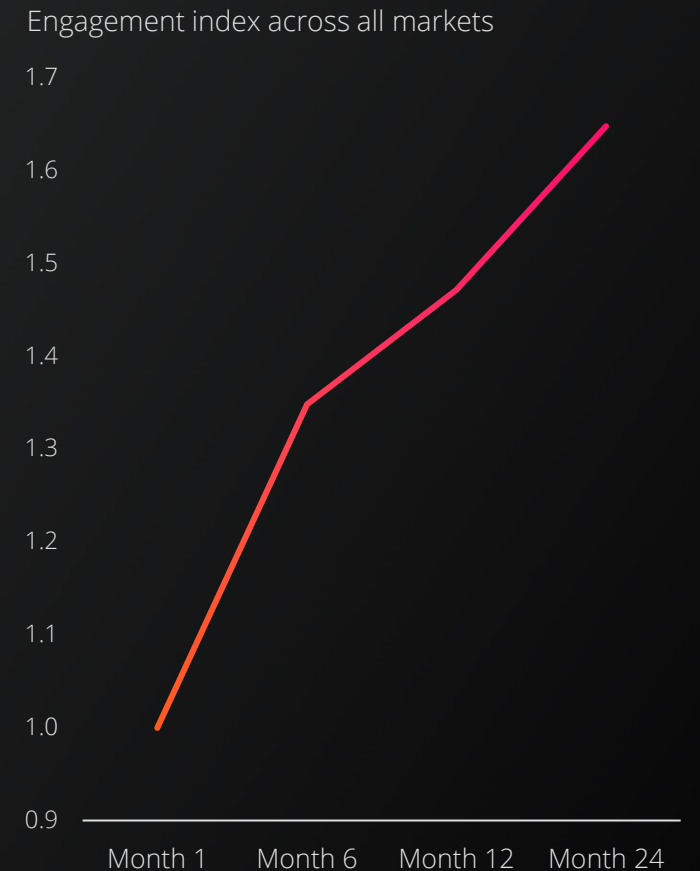
Scale High engagement across markets



Quality Engagement beyond just activity



Duration Engagement improves over time



SIGNIFICANT STATUS CORRELATIONS



Life insurance

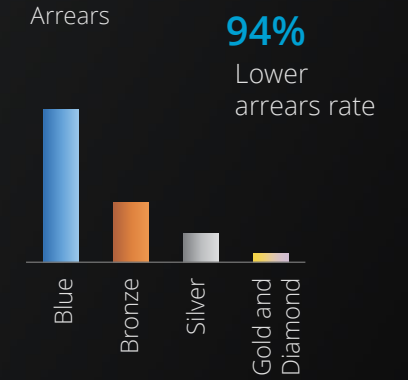
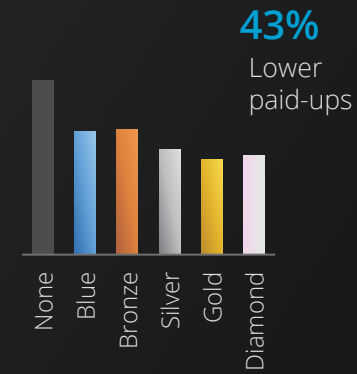
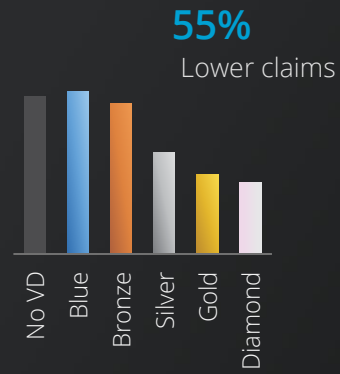
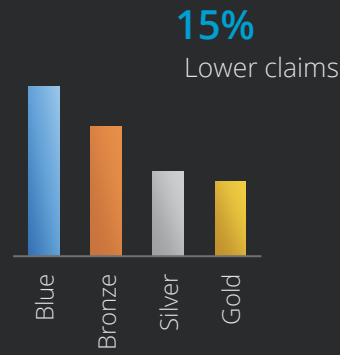
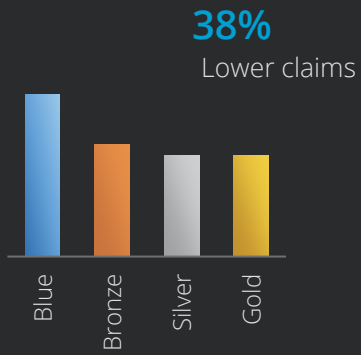
Health insurance

Motor insurance

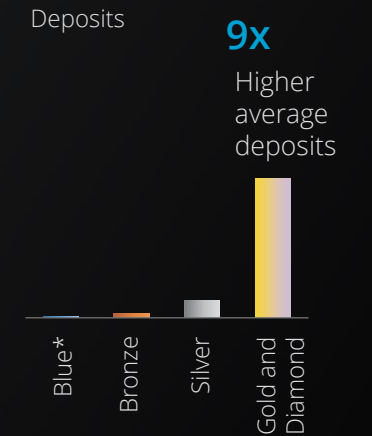
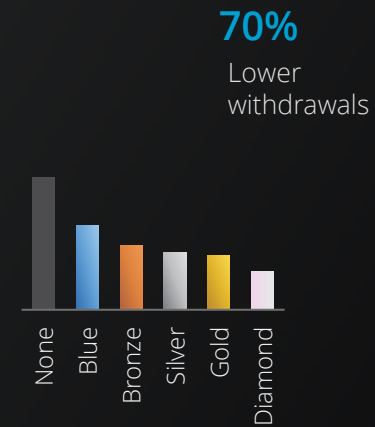
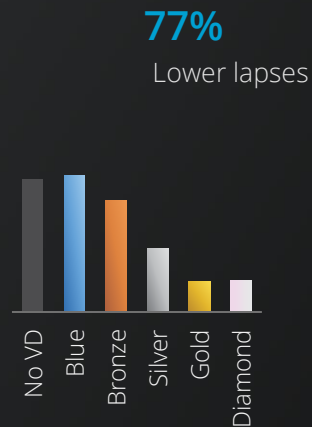
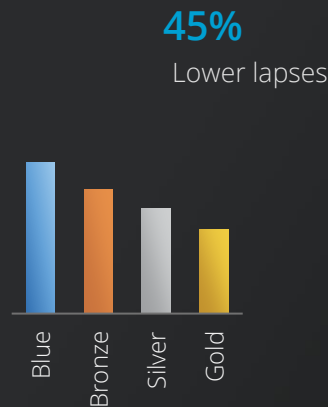
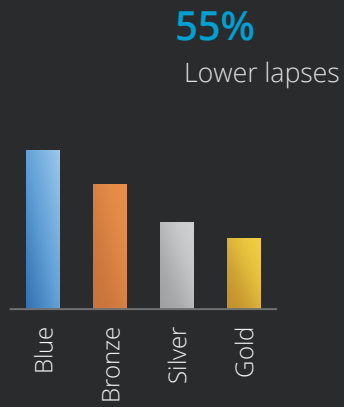
Long-term savings

Banking

Claims



Lapses



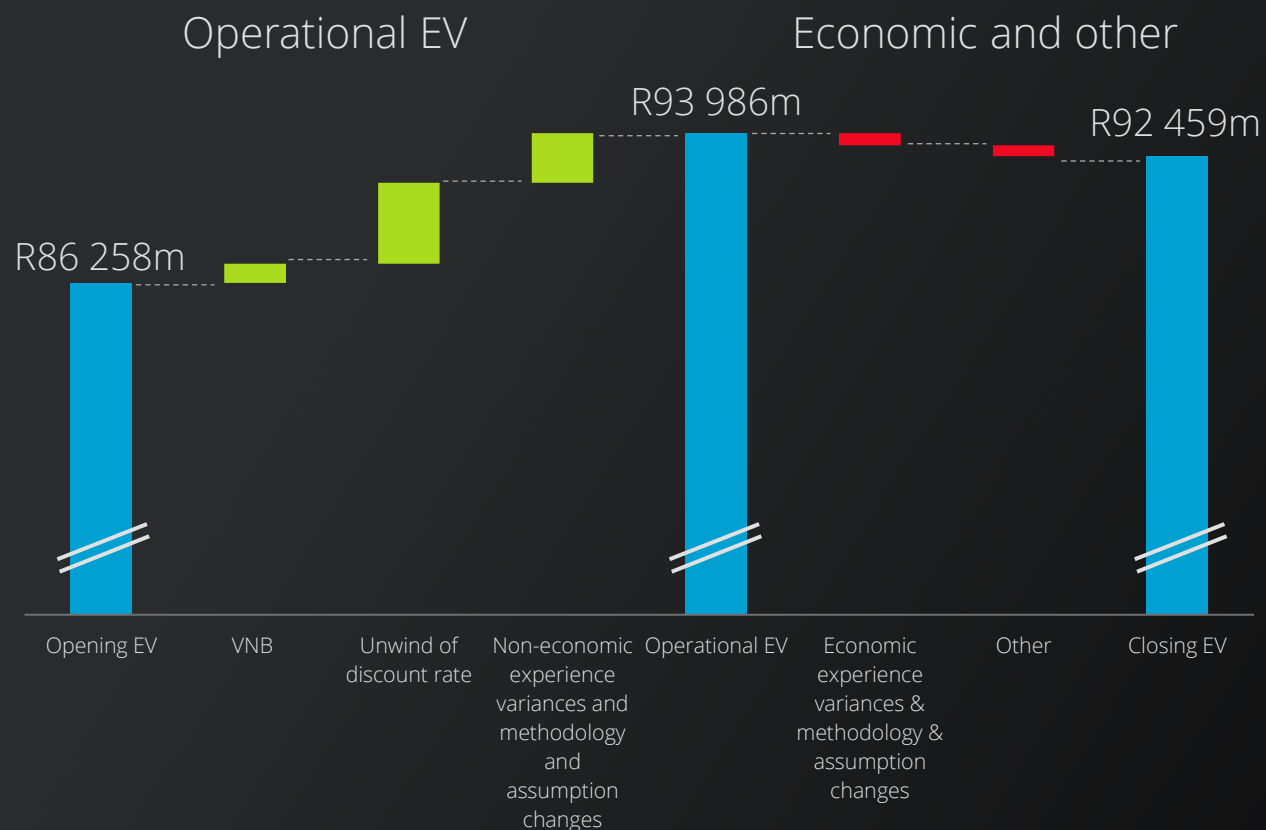
GROUP EMBEDDED VALUE



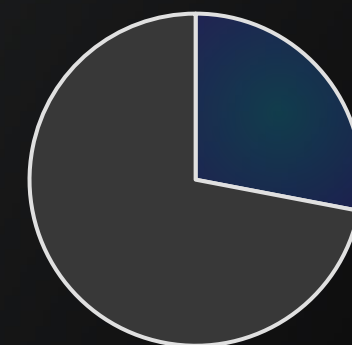
Positive non-economic experience variances

	Total
Lapses*	171
Renewal expenses	71
Mortality and morbidity	320
Premium and Fee Income	239
Inflation-linked indexation	393
Other	609
Total	1 803

14.4%
Annualised ROEV



28%
Group revenue attributable to Emerging and New



平安健康保险
PING AN HEALTH INSURANCE

Discovery Bank

Discovery Insure

Vitality GLOBAL

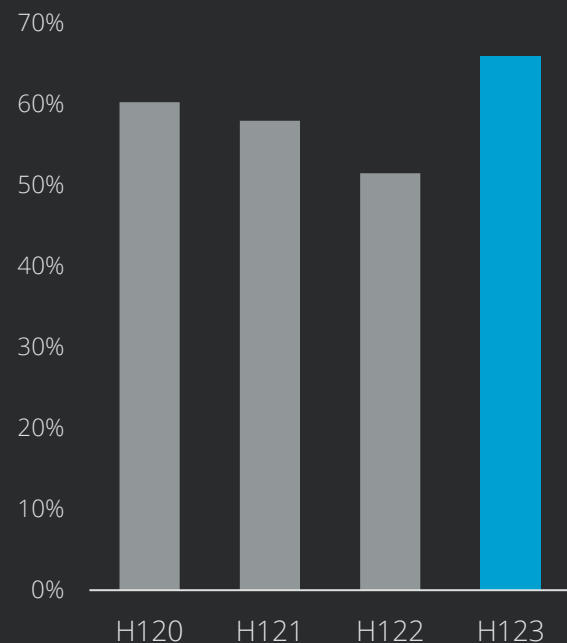
*Lapses, surrenders and policy alterations

EXCESS SHAREHOLDER CASH GENERATION WAS USED TO REPAY DEBT



Businesses generate sufficient cash

Cash conversion¹



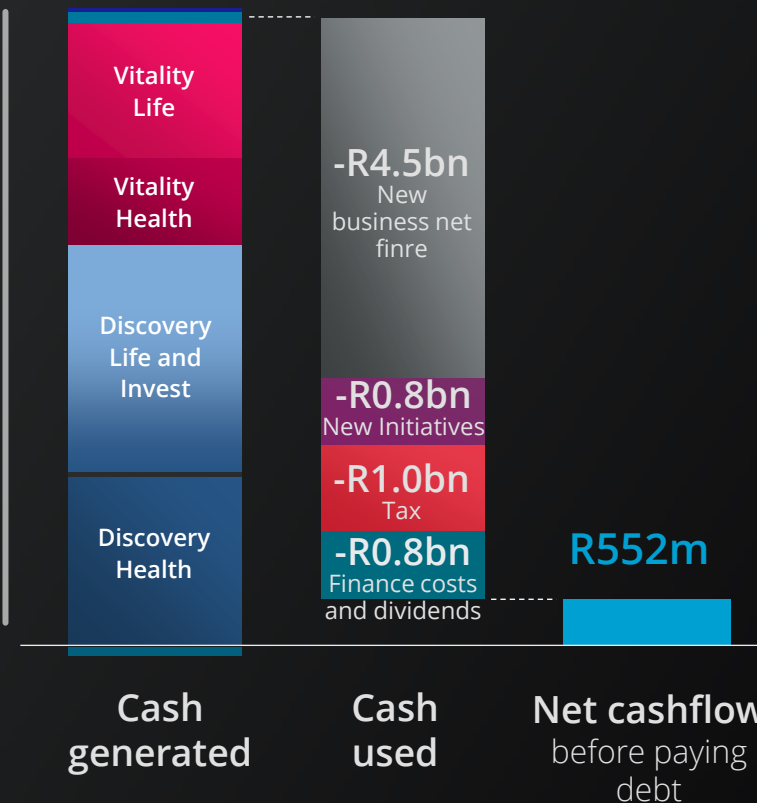
Decision to repay debt given excess shareholder cash generation

R7.5bn
Cash generated from in-force

(R6.9bn)
Cash used net of finre funding

R0.6bn
Net cash before debt

Cash generated from in-force business
R7.5bn



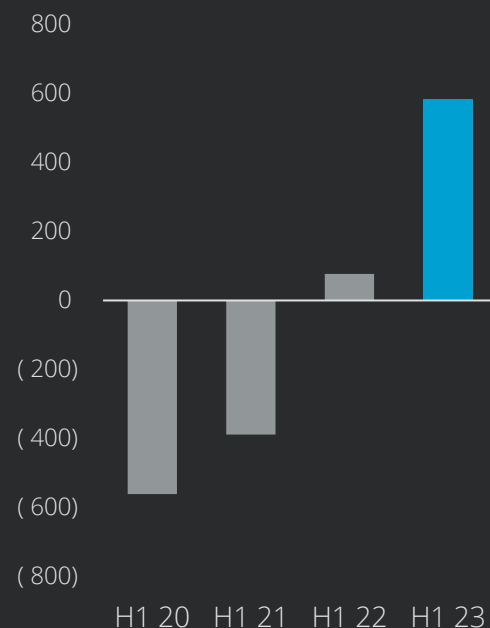
¹ Normalised operating profit after tax over cash generated from operations less spend on new business less tax before business development spend

CASH GENERATION RECOVERING AND WELL CAPITALISED

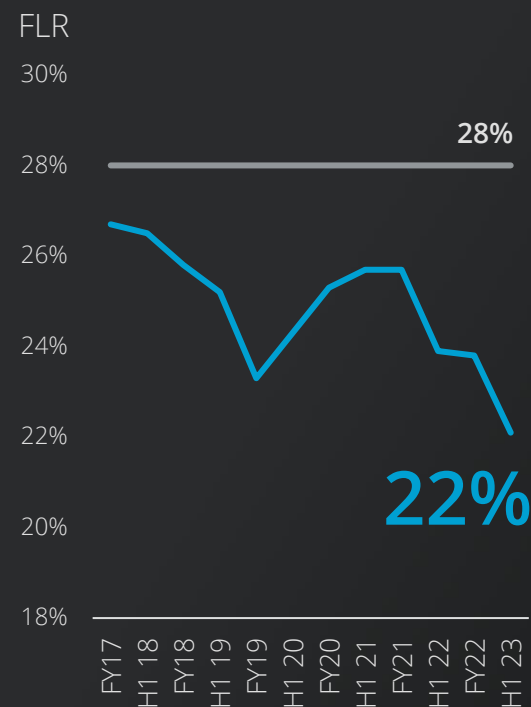


Cash generation recovery

Cash generated before dividends and debt and excl. shares issued and once-off's (R millions)



FLR within target

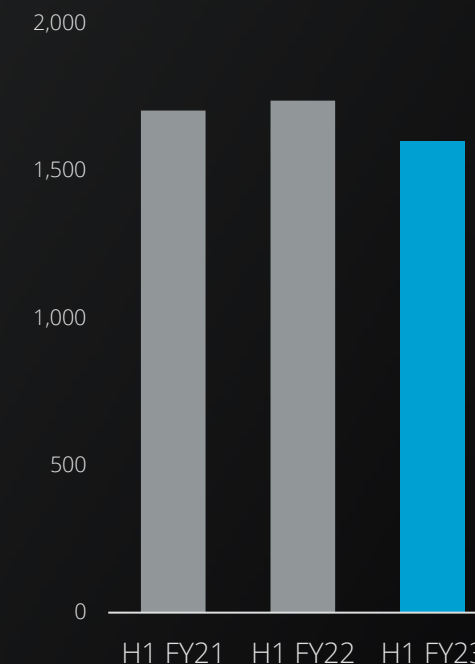


Strongly capitalised

	Dec 21 Cover	Dec 22 Cover
Life	1.8x	1.8x
Insure	1.8x	1.4x
VH	1.9x	1.5x
VL	2.2x	2.2x
Bank ¹	1.4x	1.2x
PAH ²	2.1x	2.7x
DHMS solvency (unaudited)		35.1%

Sufficient liquidity

Centre liquidity³, R millions



1 Capital Adequacy Ratio

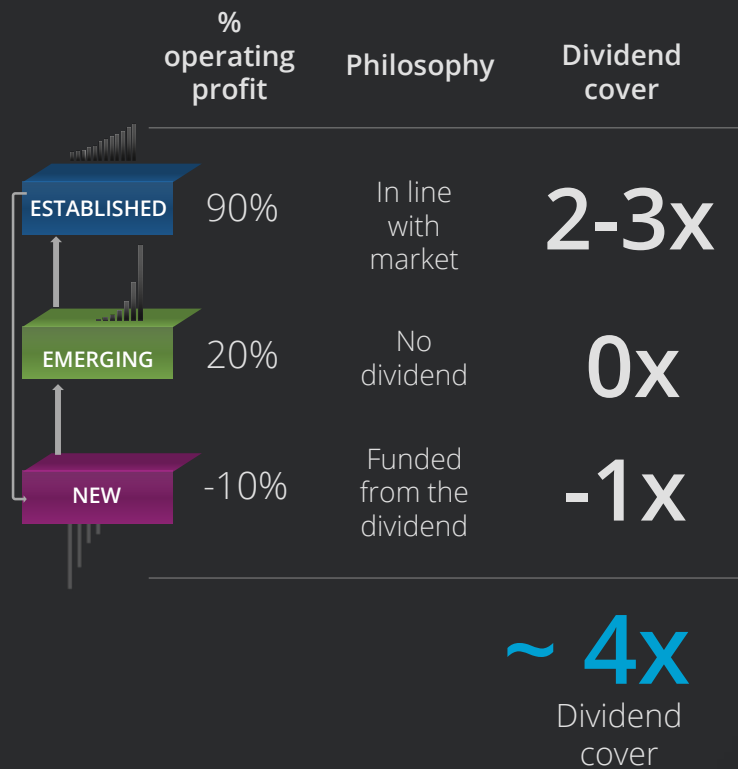
2 Comprehensive Solvency Ratio, definition set by China Banking and Insurance Regulatory Commission

3 Centre cash + undrawn committed facilities

GIVEN GROWTH DYNAMICS, PREMATURE TO REINSTATE DIVIDEND



Theoretical dividend framework



The COVID-19 period (2020 – 2022)

Prudence

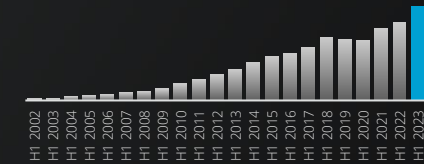
- Dividend paused
- Desire to reduce debt
- Immunised against interest rate volatility

Growth

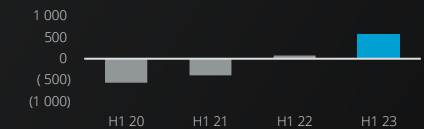
- Investment in New c20%, mainly DSJ Bank
- R1.5bn Ping An Health capital injection

Current period under review

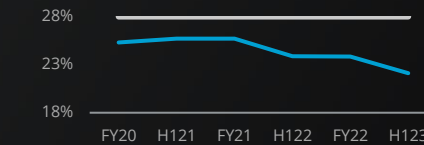
R5 930m
Operating profit



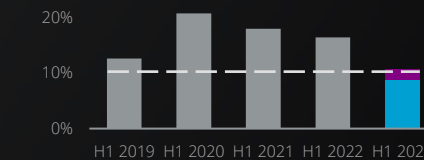
R552m
Cashflow before debt repaid



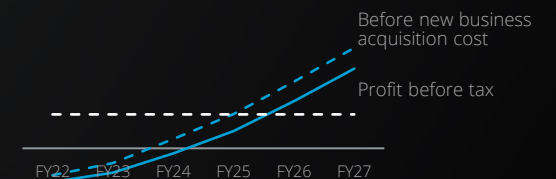
26% to 22%
Financial leverage ratio



21% to 11%
Invested in New



CY 23
Bank monthly operational break-even (upside scenario)



CASH USED TO INVEST IN FUTURE GROWTH



R7.5bn

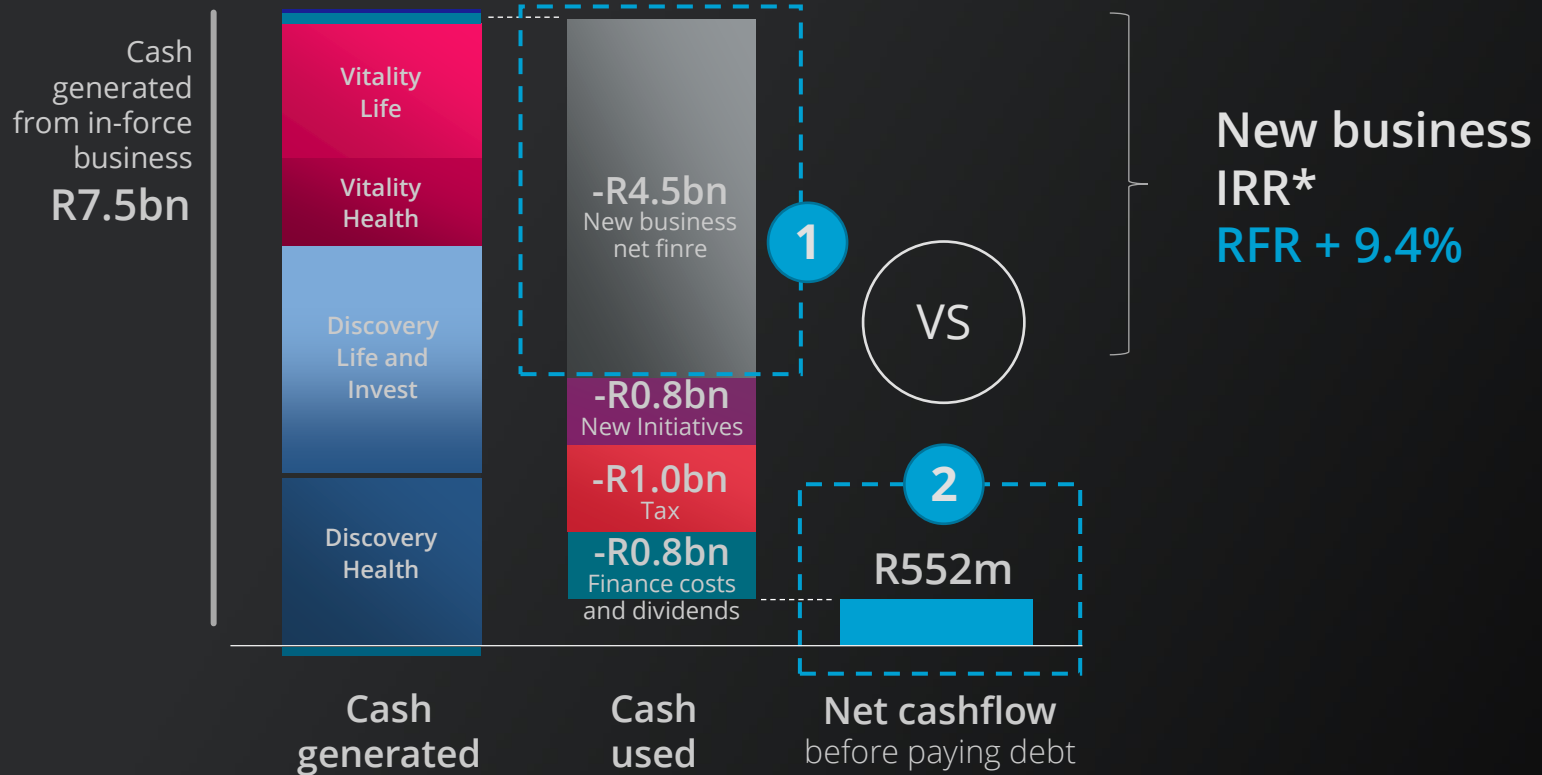
Cash generated from in-force business

(R6.9bn)

Cash used net of finance funding

R0.6bn

Net cash flow before debt



*Weighted average RFR across the Group

REPORTED PROFIT AFFECTED BY INTEREST RATES



Rm	6 months ended Dec 2022	6 months ended Dec 2021	%
Normalised profit from operations before economic assumptions adjustments	5,930	4,872	+22%
Economic assumptions adjustment DL	-862	498	
Economic assumptions adjustment VL	-38	-46	
Time value of money of VitalityLife interest rate swaption	-86	60	
Forex and gains/(losses) on foreign exchange contracts not designated as a hedge	30	227	
Finance charges excl. 1DP finance lease	-792	-698	
Vaccination costs	0	-137	
Other (including IFRS reporting adjustments)	68	-55	
Profit before tax	4,250	4,721	-10%
Tax	-1,307	-1,416	
Profit attributable to preference shareholders	-31	-28	
Headline earnings adjustment	69	1	
Headline earnings	2,981	3,278	-9%
Economic assumptions adjustment (DL and VL) after tax and hedging	659	-321	
Other	107	-81	
Normalised headline earnings	3,747	2,876	+30%

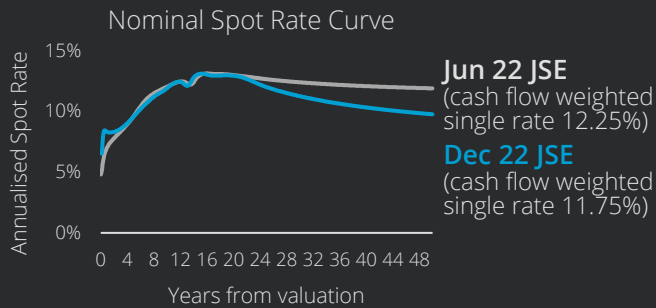
INTEREST RATES IMPACT EARNINGS, BUT NO IMPACT ON OPERATIONS



Discovery Life

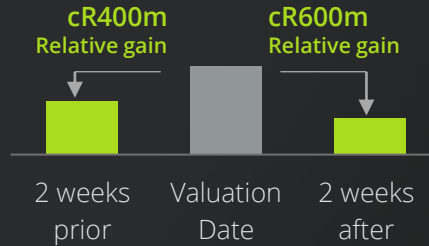
Interest rate volatility

Shape of yield curve changed, particularly at long end



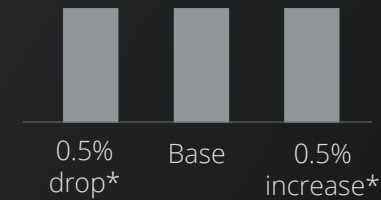
Earnings

IFRS earnings impact¹ sensitive to level and shape of yield curve



Liquidity

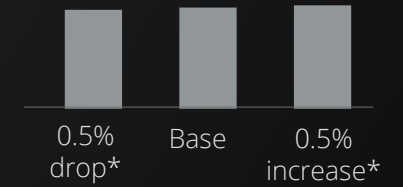
Cashflow immaterially impacted by changes in rates (assuming constant CPI)



*Nominal and real rates

Solvency

Solvency coverage immaterially impacted

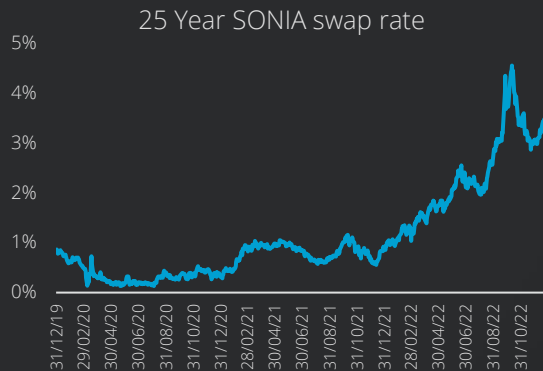


*Nominal and real rates

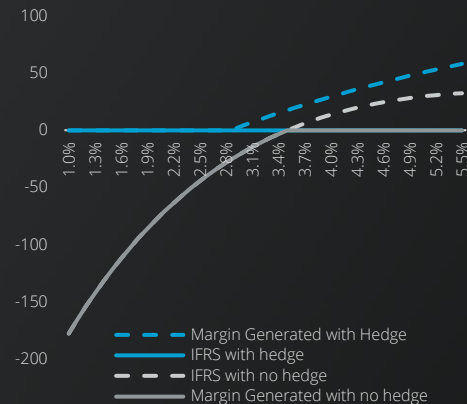


VitalityLife

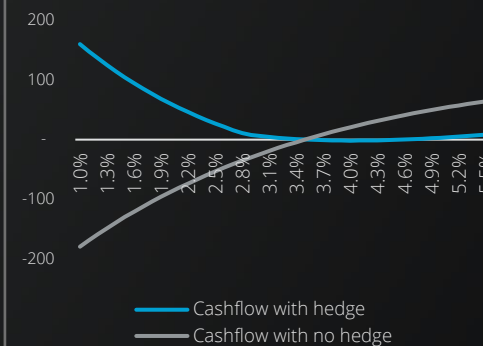
Significant interest rate volatility



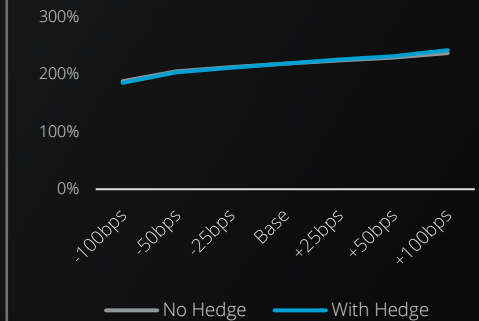
Hedge limits downside to rates falling and upside in margins



Hedge protects against large negative cashflow risk



VLL solvency resilient to stresses





Discovery



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Headline earnings
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Excluding discontinued products like VitalityInvest and Ping An Health reinsurance business

THE THREE STRATEGIC STRANDS



VITALITY PLATFORM

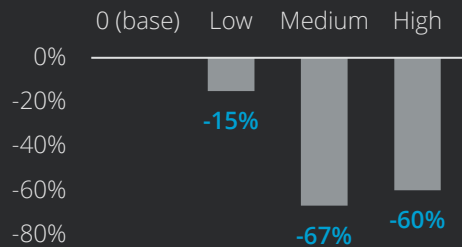


USING CAUSAL INFERENCE WITH NOVEL INSIGHTS

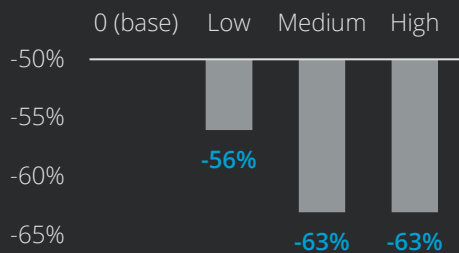


Unadjusted mortality

Age 45-65

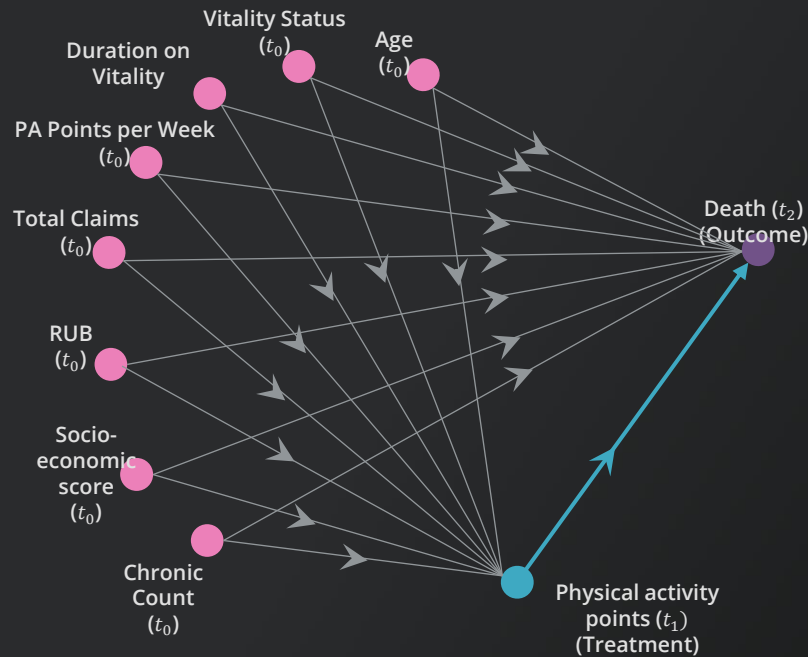


Age 65+



Includes selection and behaviour change

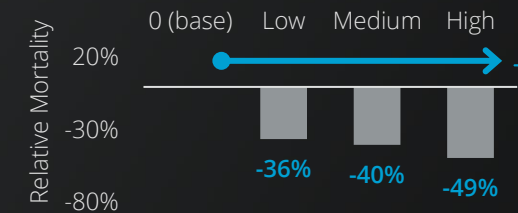
Isolating the impact of exercise



502 062 members Study over 2013 - 2019 36.6bn exercise points earned Causal Forest

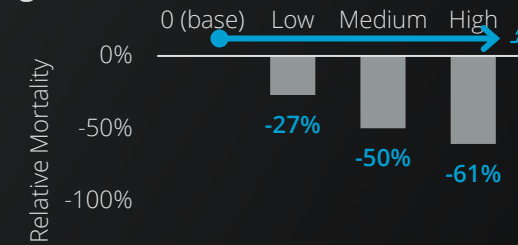
Key insights: how exercise reduces risk

Age 45-65



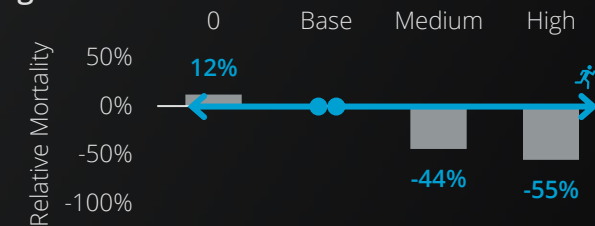
Significant improvements as PA increases

Age 65+



Impact of PA increases as you get older

Age 45-65

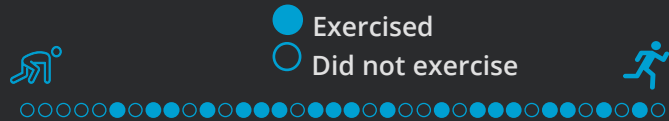


Maintenance is important for already active members

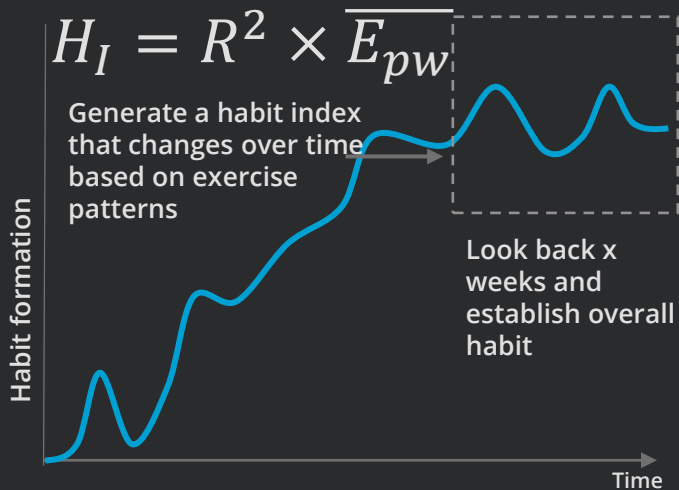
HABIT INDEX PREDICTS LONG-TERM BEHAVIOUR CHANGE



Identify habit

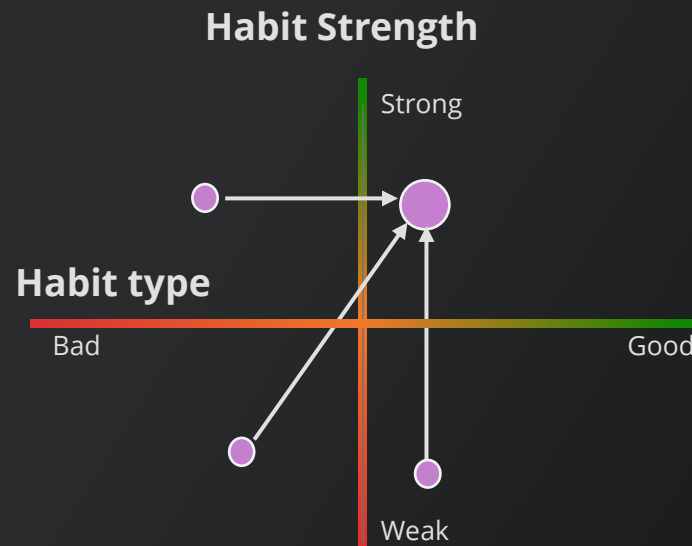


Track how member exercises over 7-week period



6 weeks of behaviour is enough to establish a habit

Classify habits and analyse transitions over time



Observe a net positive habit improvement over time

Deeper understanding of the value equation

$\Delta Value$

$$= \frac{\Delta q_x}{\Delta habit} \times \frac{\Delta habit}{reward} - \Delta premium$$

Persistency and strength of habit determines value created



1

Know Your Health



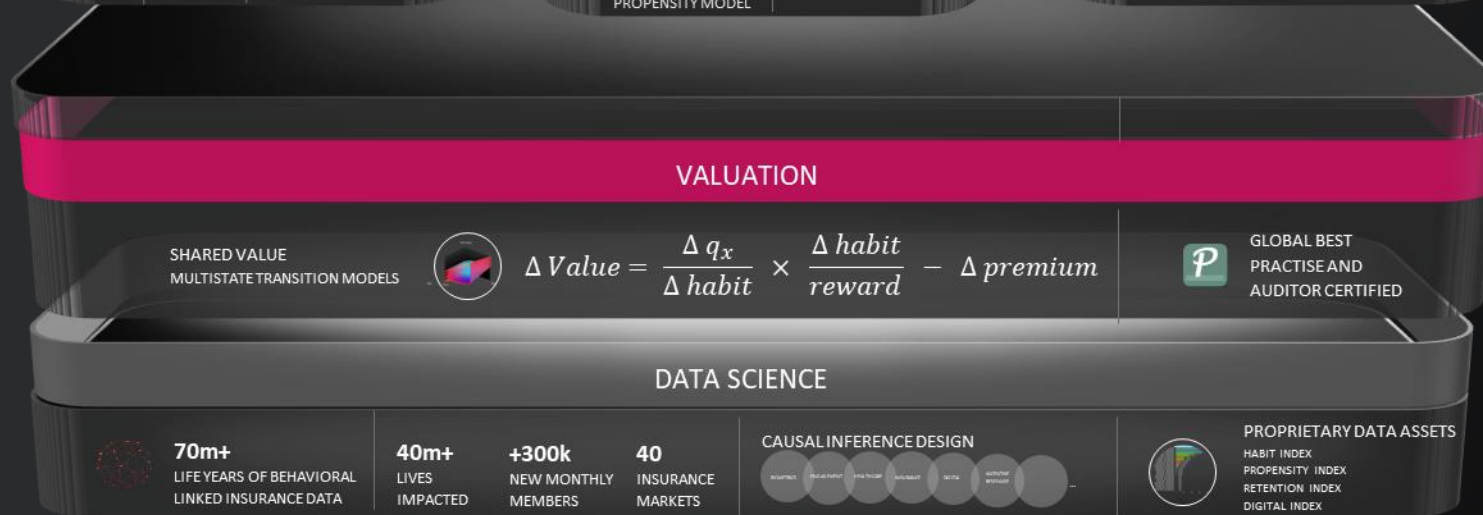
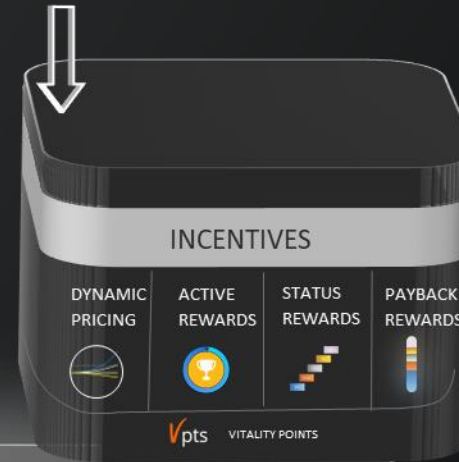
2

Improve Your Health



3

Get Rewarded



THREE STRATEGIC STRANDS





Operating profit

+23%

to R4 414m

New business

+15%

to R8 566m





Total clients

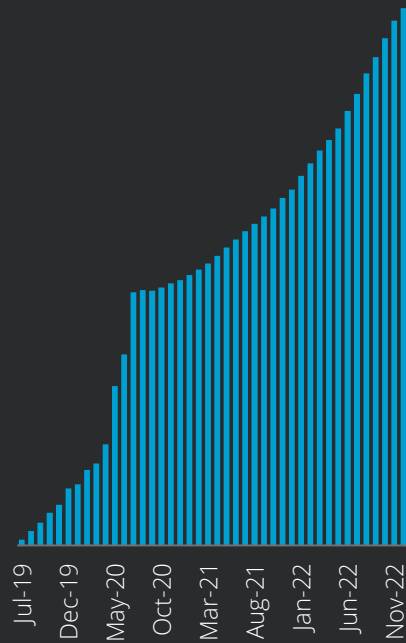
>580k

+51% vs H1 FY22

Total accounts

>1.3m

+66% vs H1 FY22

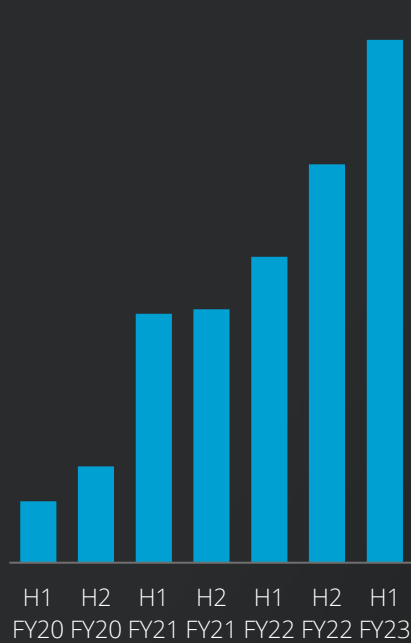


Graph shows total clients

Net income

R706m

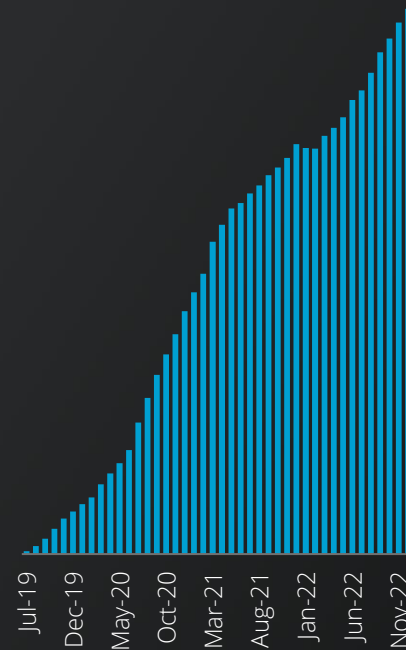
+71% vs H1 FY22



Retail deposits

R12.7bn

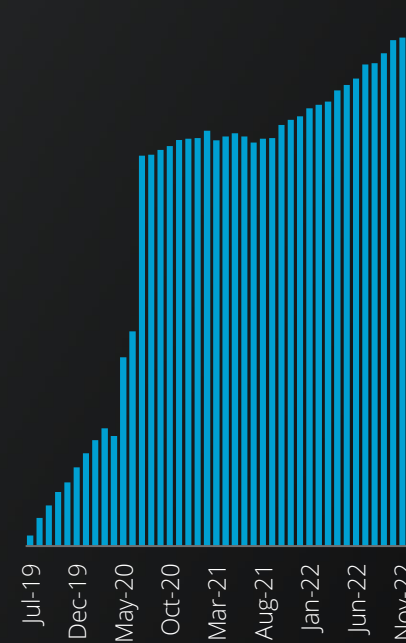
+33% vs H1 FY22



Advances

R4.8bn

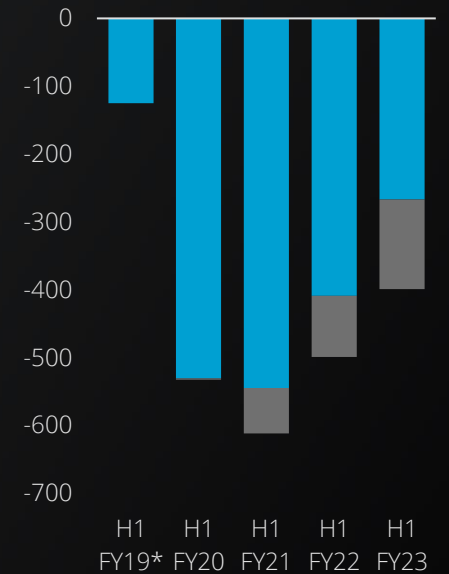
+19% vs H1 FY22



Operating result

-R398m

■ New Business Acquisition Costs
 ■ Loss excl. new business acquisition costs



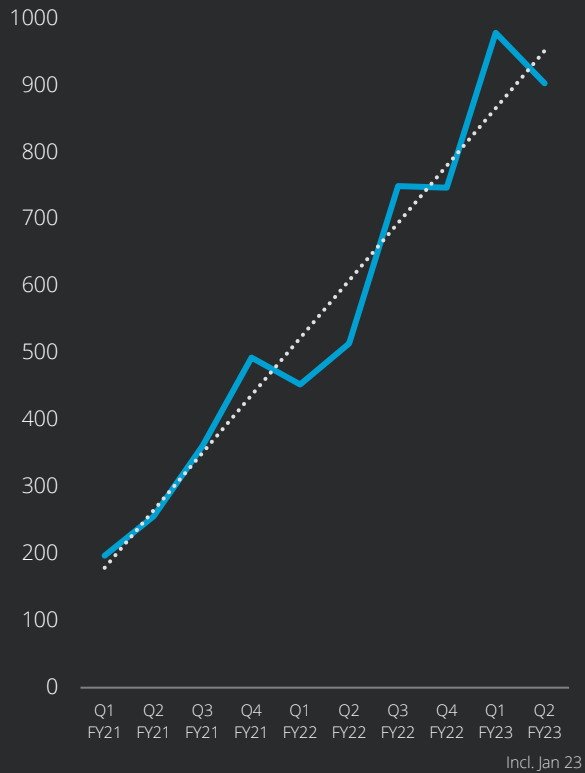
*Includes capital development costs during build phase

SIGNIFICANT GROWTH



± 1000 daily new business sales

Average daily new business sales per business day

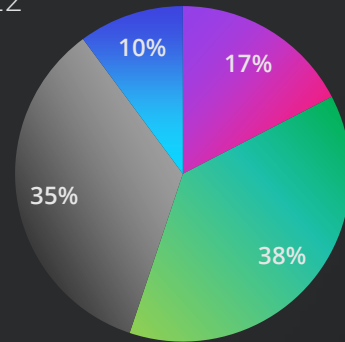


Incl. Jan 23

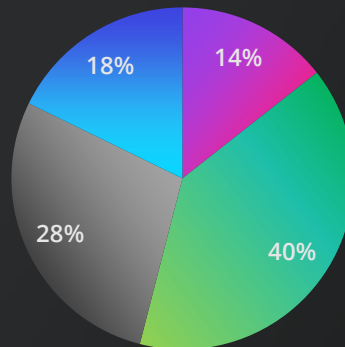
Superior new business product mix

Increasing % of new business weighted towards Credit Card and Suite

H1 FY22



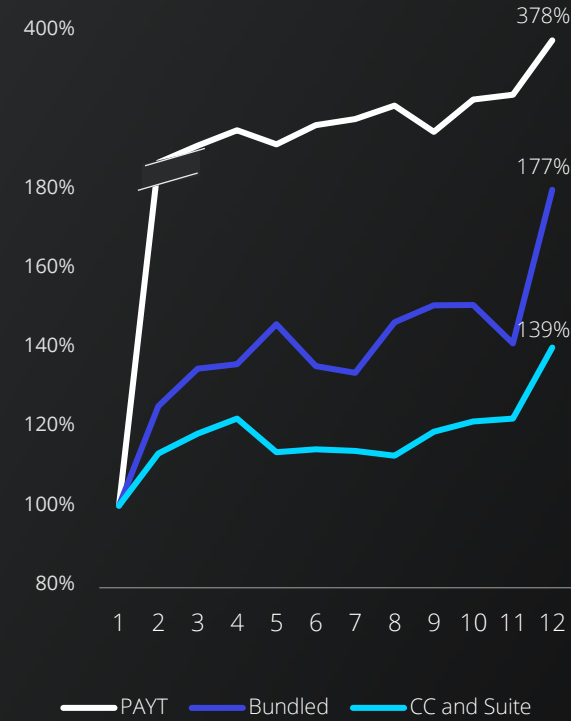
H1 FY23



■ Savings ■ PAYT ■ Bundled ■ CC and Suite

Increasing engagement/NIR by tenure

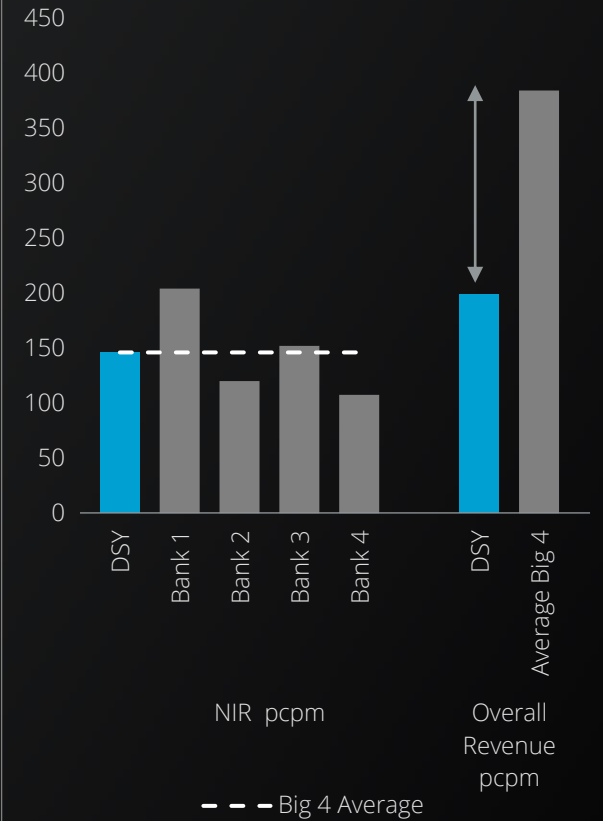
NIR pcpm for different products Indexed to month 1



— PAYT — Bundled — CC and Suite

Opportunity to increase overall revenue

Revenue pcpm vs Big 4



--- Big 4 Average

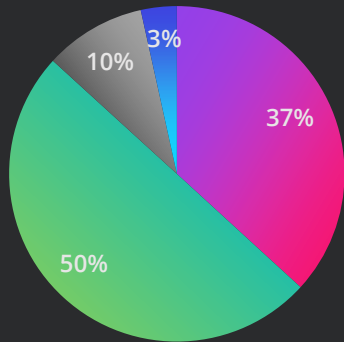
EXCEPTIONAL CLIENT QUALITY



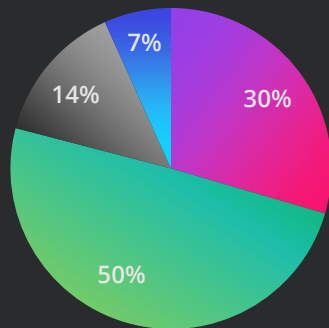
Income distribution of new business

Increasing % of higher income earners

H1 FY22



H1 FY23

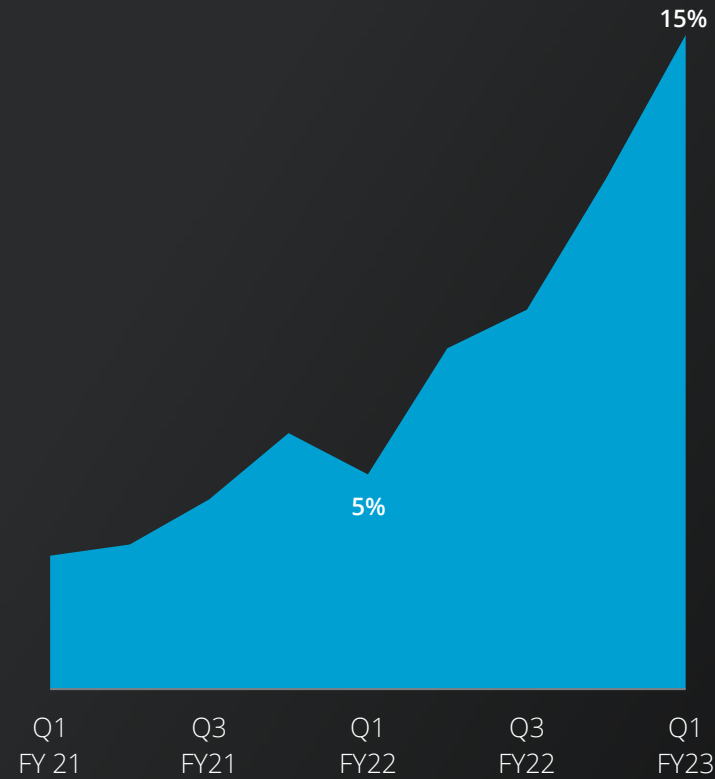


0-10k 10k-50k 50k-100k R100k+

Income per month

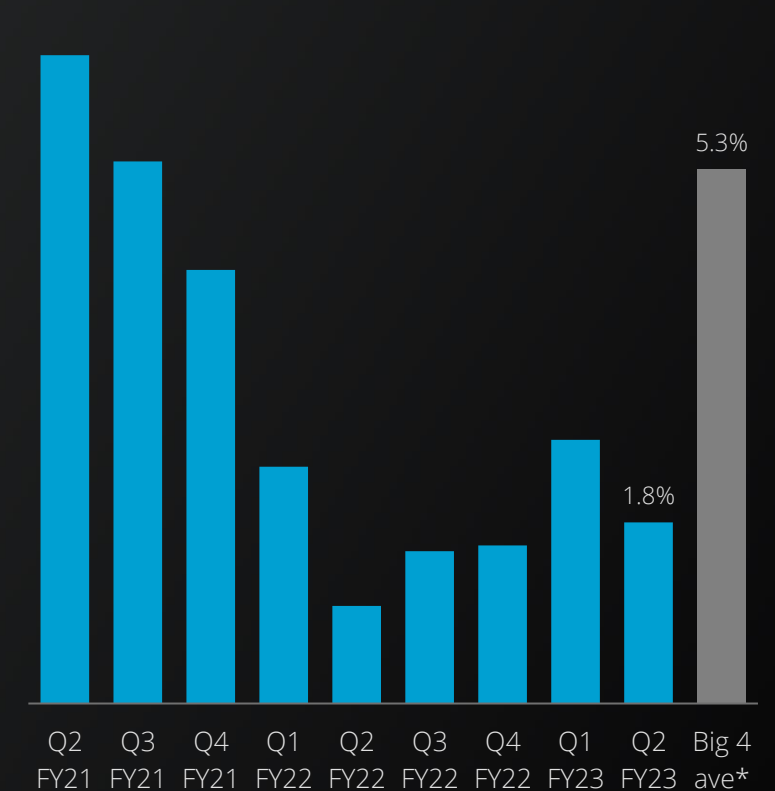
Growing new credit market share

New credit card market share



Superior and improving credit quality

Credit loss ratio vs market



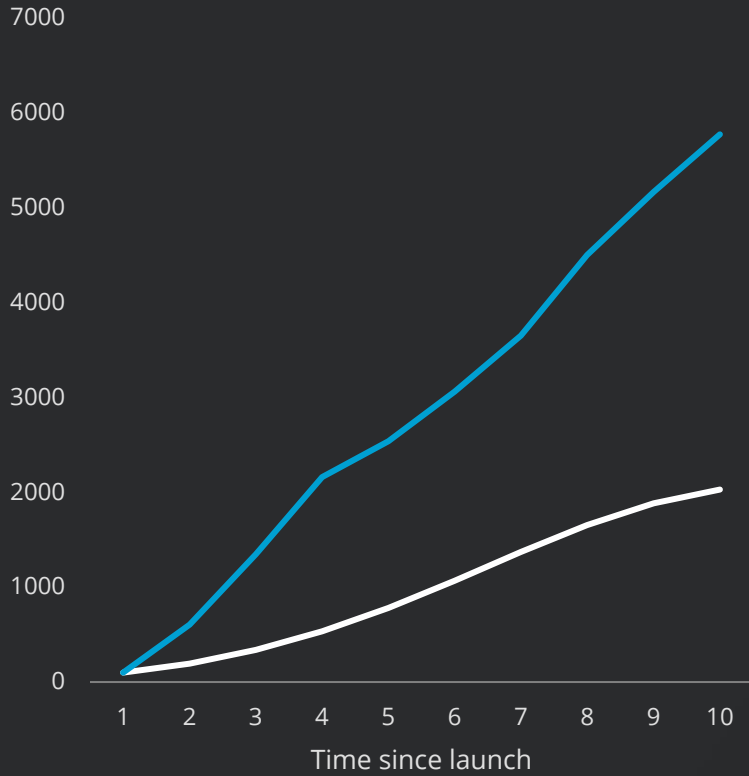
June 2022

ECONOMICS OF GROWTH



Banking vs insurance growth

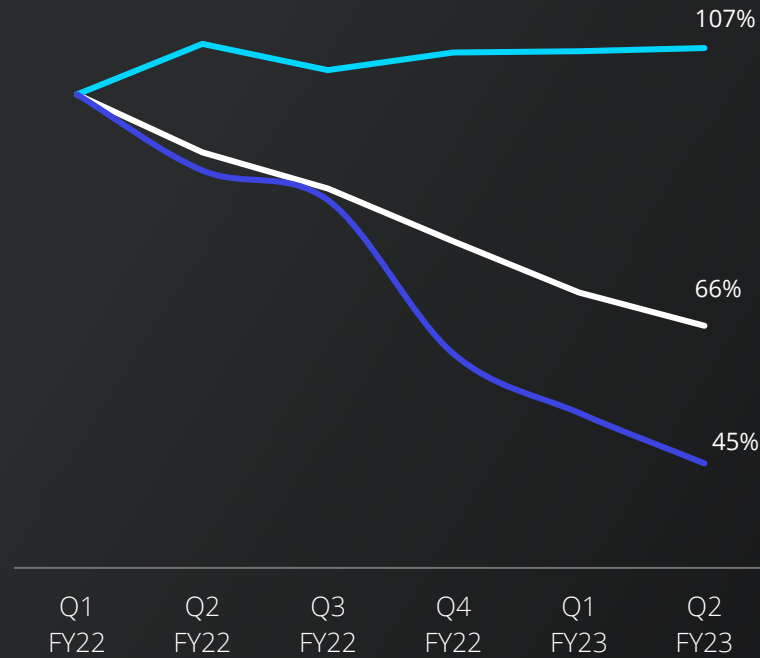
Estimated trajectory of client growth rebased at 100



— Average financial services company illustrative
 — Discovery Bank illustrative

Operating leverage

Indexed to FY22 Q1

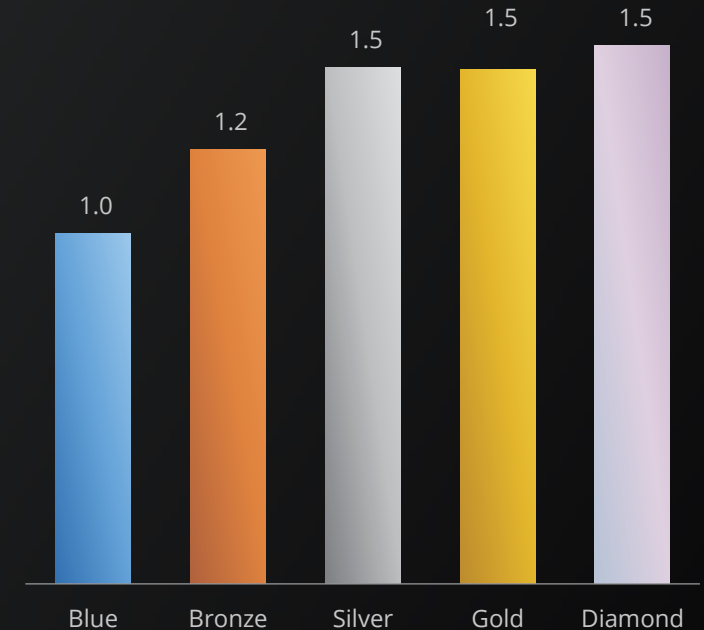


— Expenses pcpm — Gross NIR pcpm — Loss before tax pcpm*

*Once-off adjustments allocated evenly over the financial year

High value derived from more engaged clients

NIR pcpm after cost of incentives by status
 Indexed to Blue VM status



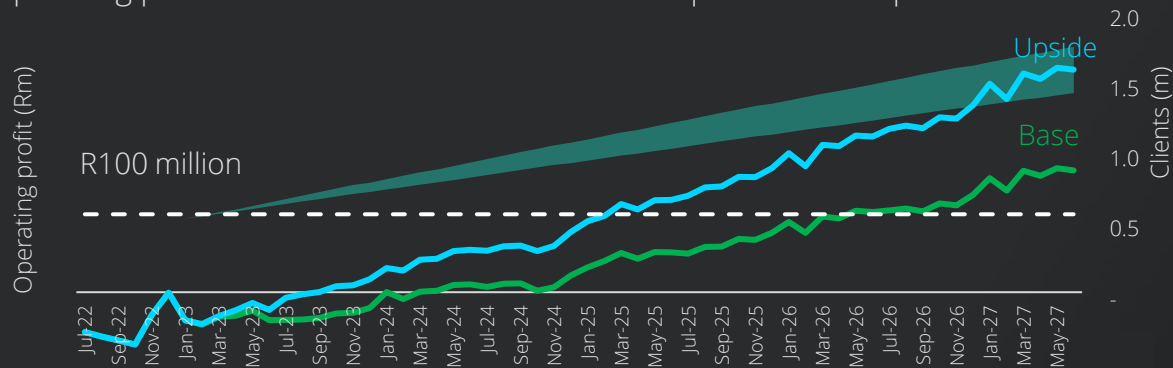
ATTRACTIVE RETURNS AND PROFITABILITY



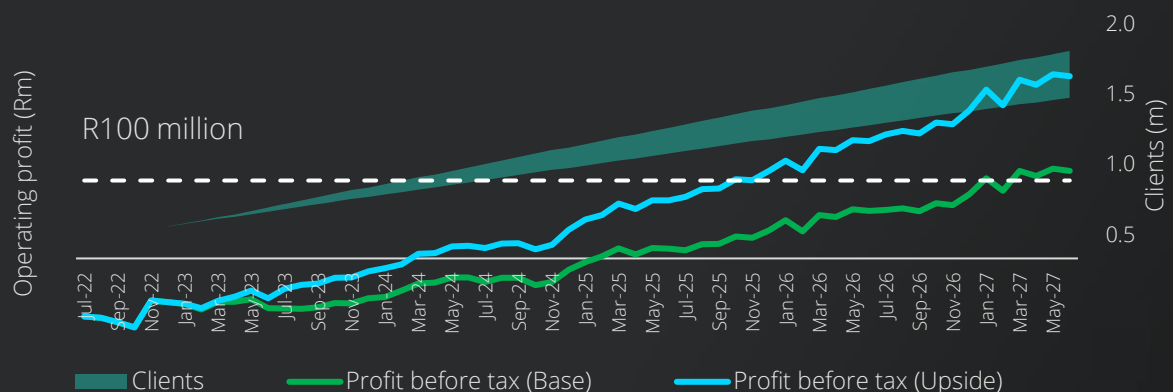
Business case sensitivities:

R1bn-R1.2bn p.a. operating profit in 3 years

Operating profit before tax and new business acquisition costs p.m.



Operating profit before tax p.m.



Legend: Clients (shaded area), Profit before tax (Base) (green line), Profit before tax (Upside) (blue line)

Forward looking information on this slide is for illustration and has not been reviewed or reported on by the auditors

Key financial levers

Growth: clients and daily new business

(*average daily new business)

Average income pcpm

(Rands)

Advances pc

(Rands)

Model efficacy: CLR

(%, excl. overlays)

Expenses growth

(%; current references yoy normalised growth; base/upside references medium-term CAGR)



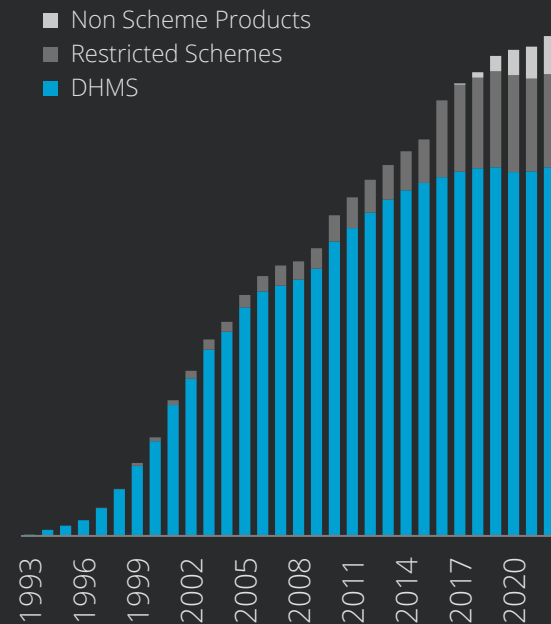




Membership

>3.8m

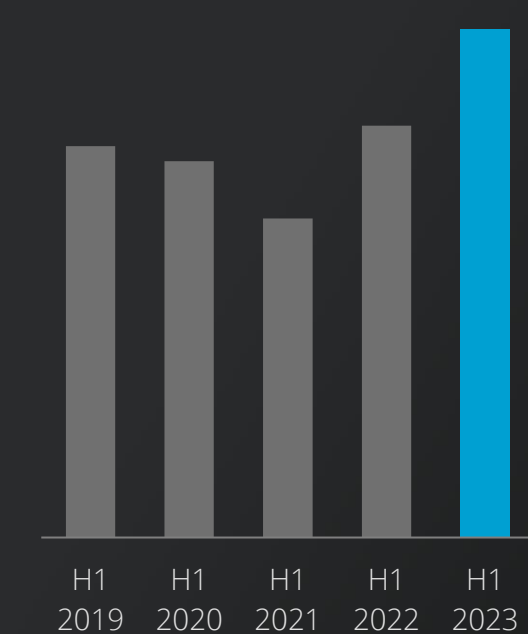
lives under administration



New business

+23%

to R4 442m



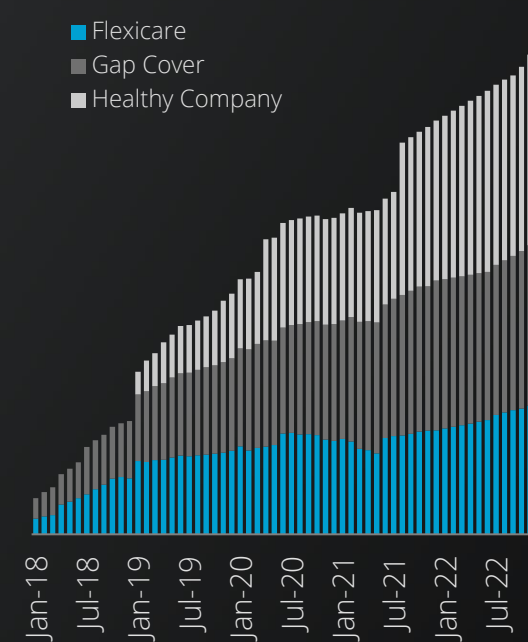
Non-scheme growth

>290k

lives

15%

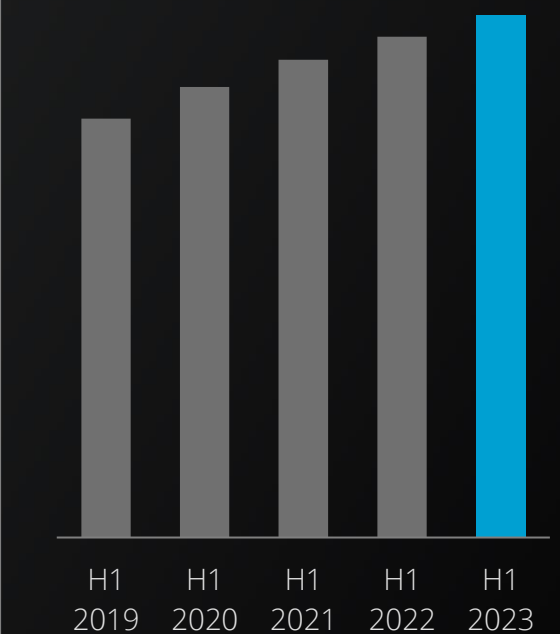
of total revenue



Operating profit

+4%

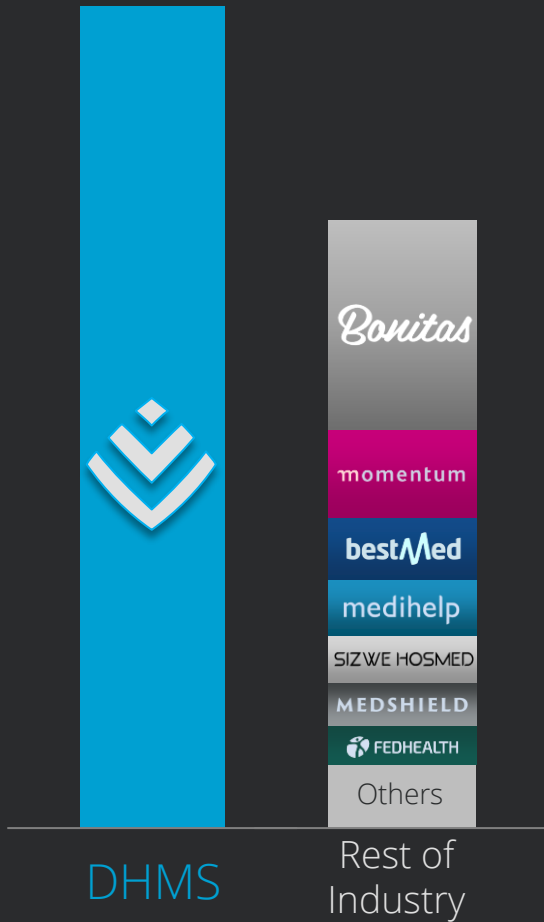
to R1 825m



DISCOVERY HEALTH MEDICAL SCHEME (DHMS) PERFORMANCE SUMMARY

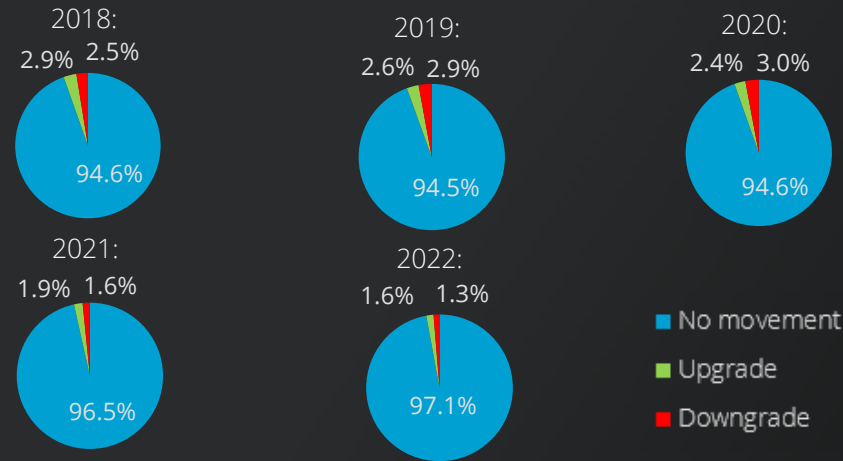
Membership

57.6% market share

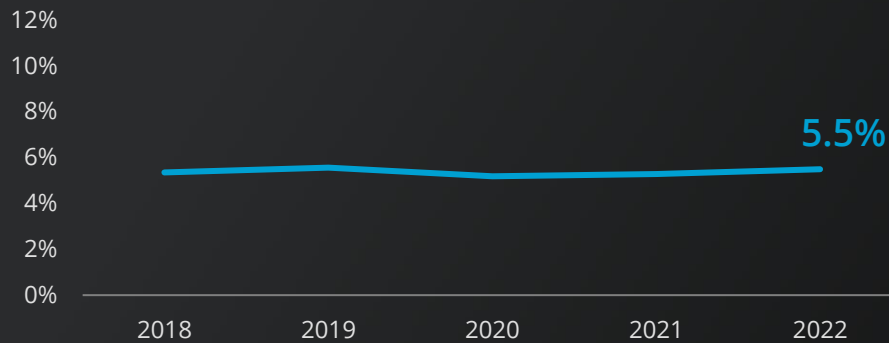


Stable plan movements and lapses

Plan upgrades / downgrades



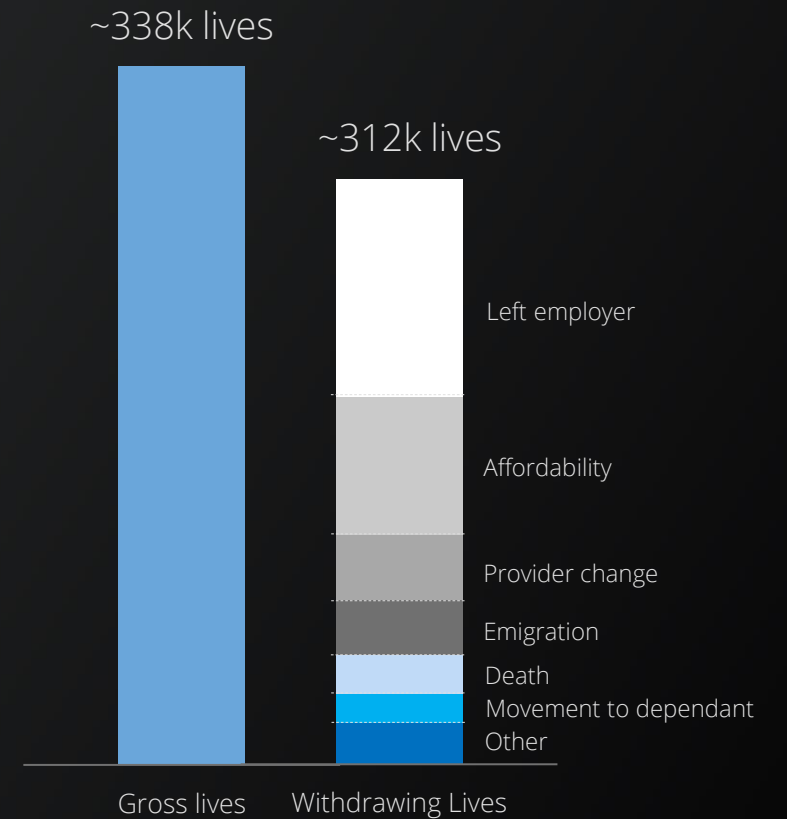
Stable lapses



Annualised lapse rate excludes turnover members: i.e. members from existing employer groups who leave their employment and are subsequently replaced

Robust growth

Gross activations and withdrawing lives in 2022

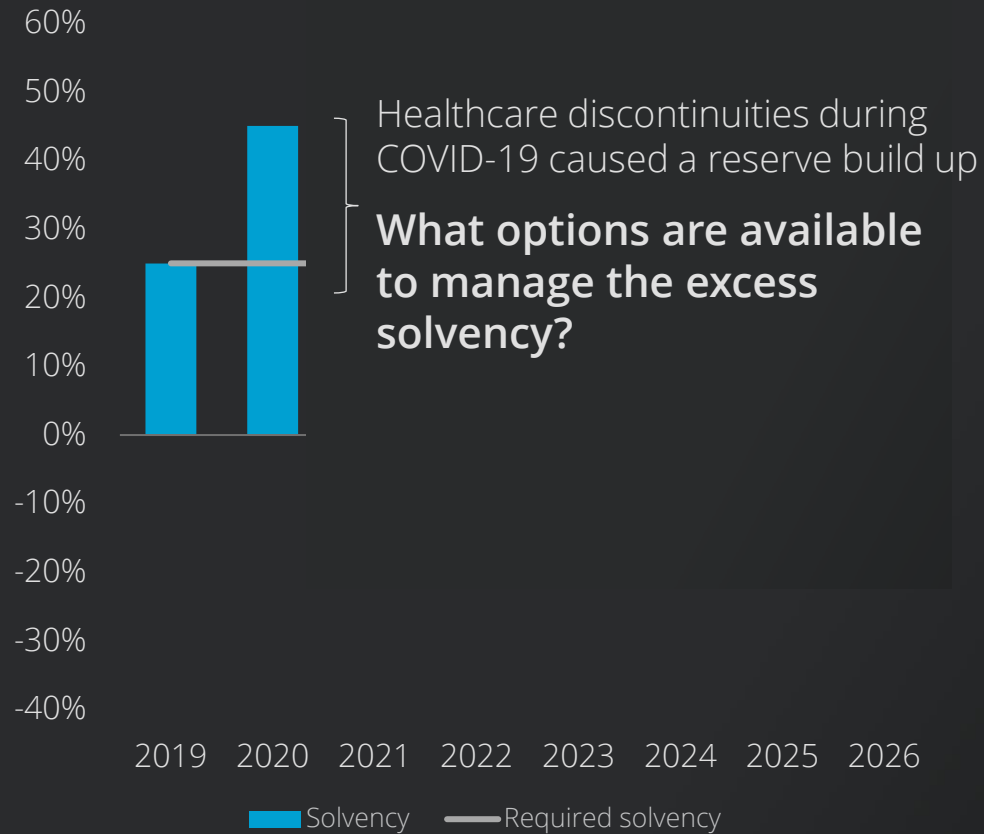


SOLVENCY BUILT UP | PROTECTING MEMBERS AND THE SCHEME



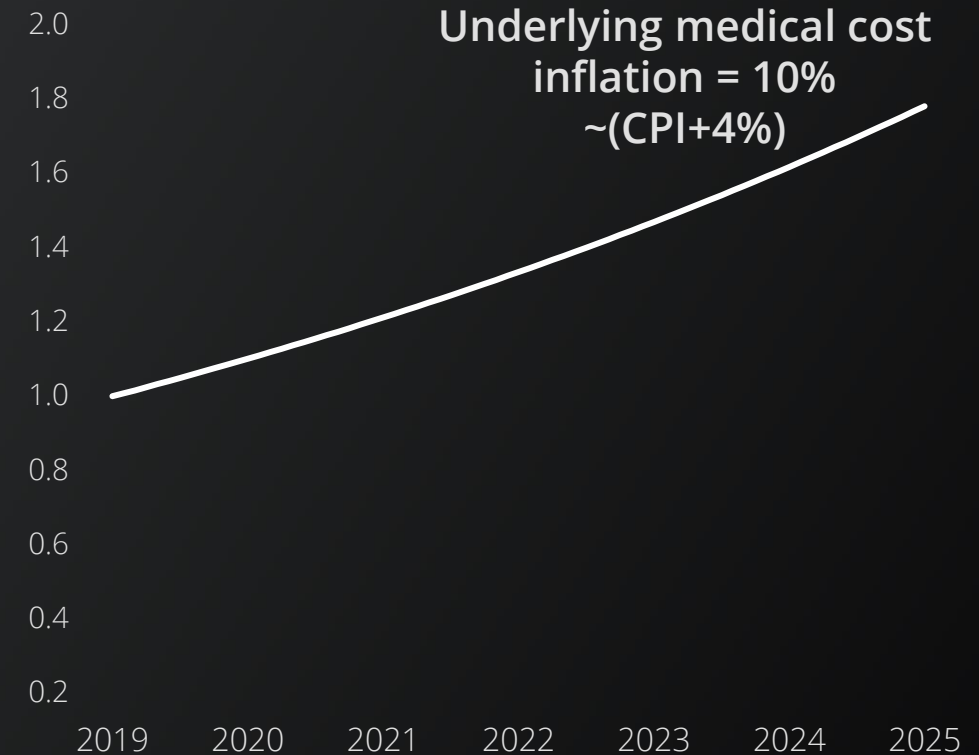
Illustrative example based on sample scheme that was priced correctly for an operating breakeven in 2019

Solvency position



Cost curve

Indexed at January 2019

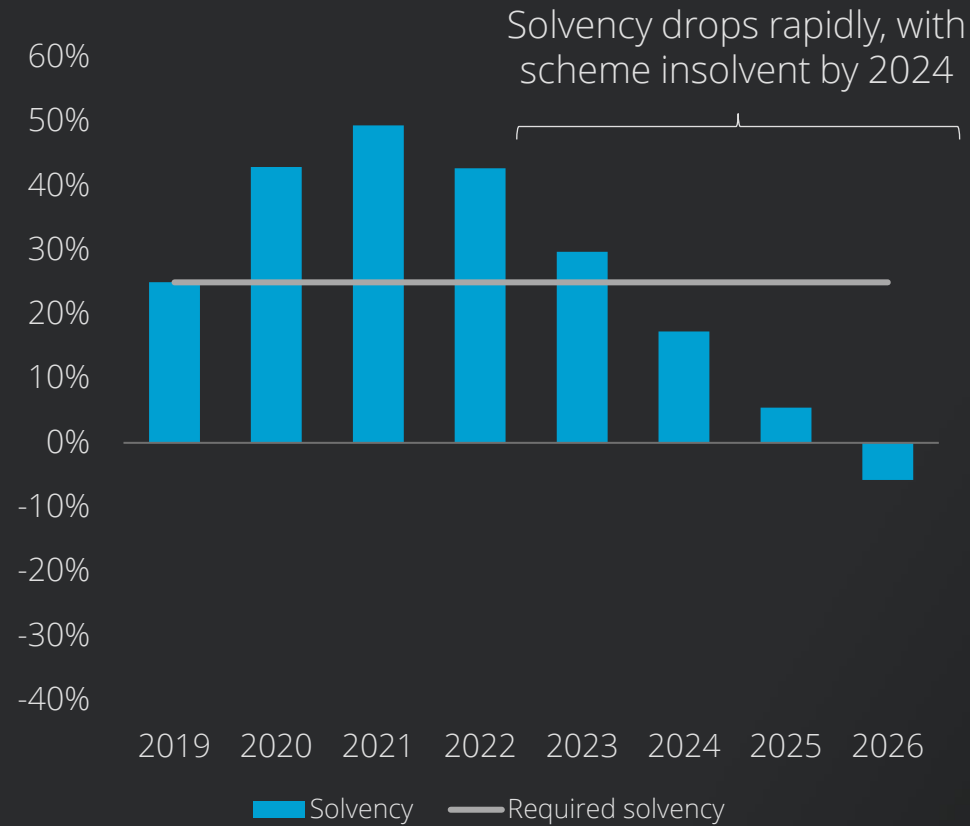


SOLVENCY BUILT UP | PROTECTING MEMBERS AND THE SCHEME



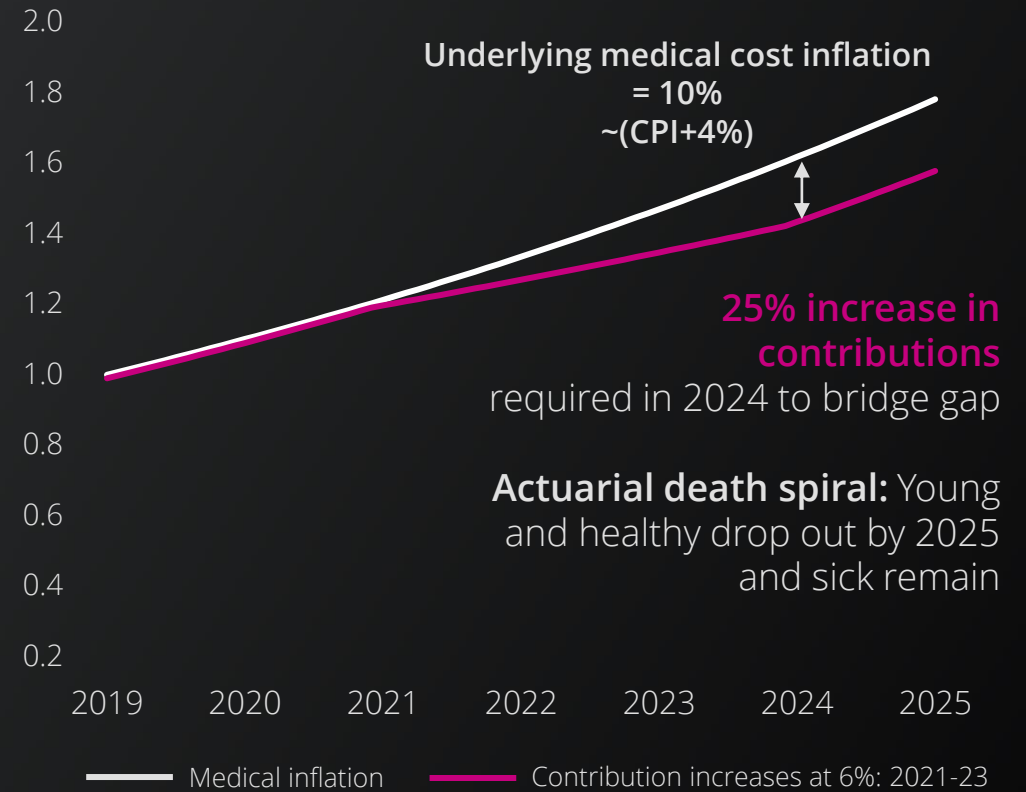
SCENARIO 1: Price for inflation at 6% during 2021, 2022 and 2023 rather than 10%

Solvency position



Cost curve

Indexed at January 2019



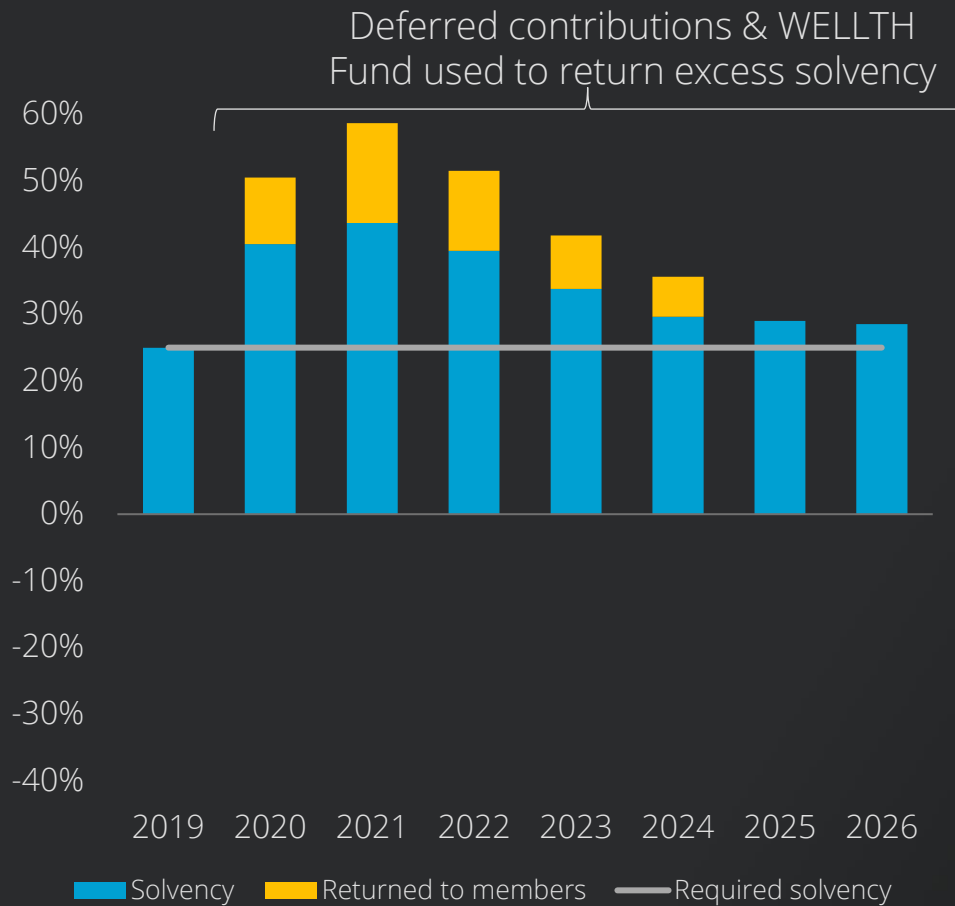
Ignoring real underlying inflation during the pandemic: scheme reaches point of no return within one year

SOLVENCY BUILT UP | PROTECTING MEMBERS AND THE SCHEME



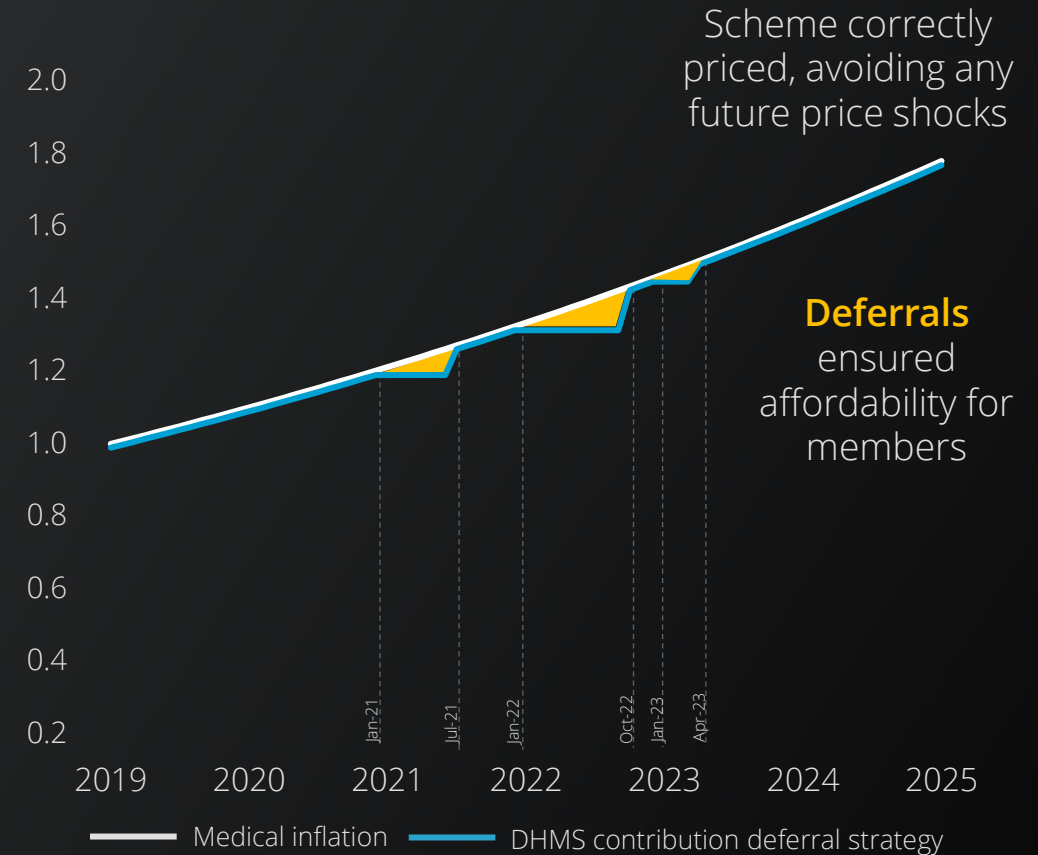
SCENARIO 2: DHMS approach to return excess solvency to members through deferrals & WELLTH fund

Solvency position



Cost curve

Indexed at January 2019



Matching underlying inflation throughout the pandemic: contribution increases less than 10% in all years

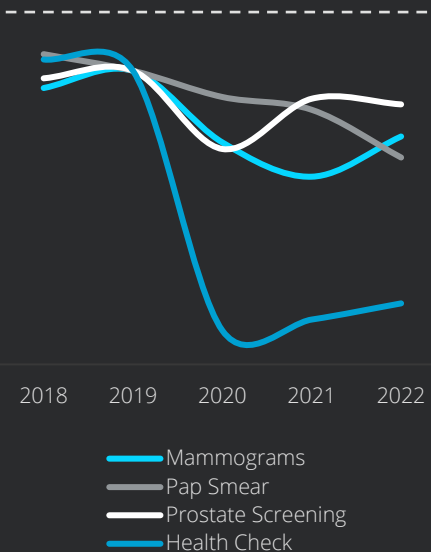


Suppressed screening and preventative healthcare during COVID-19 had severe health implications, leaving people with undiagnosed risks



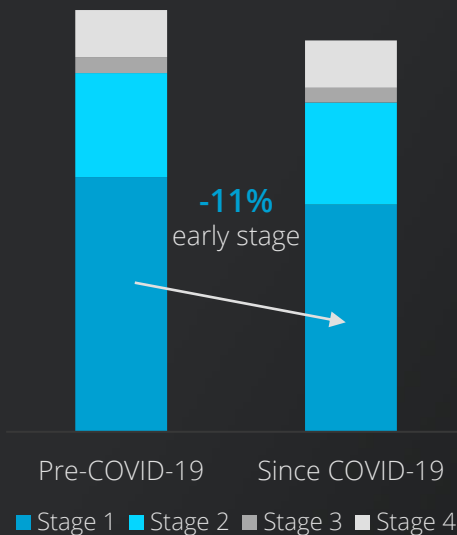
Preventative screening materially reduced over COVID-19

Proportion of eligible members screening



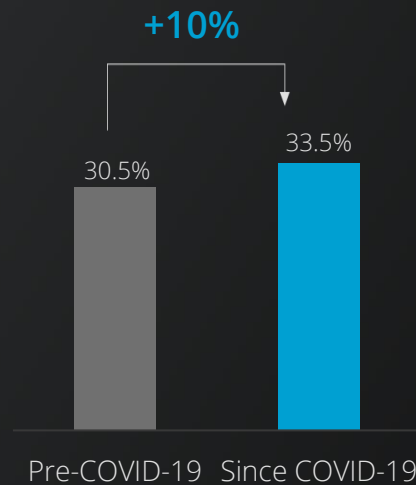
Fewer early-stage cancers due to a lack of screening

Number of members diagnosed with cancer



Higher severity at diagnosis of diabetes

Proportion of new diabetes diagnoses with complex conditions



Once-in-lifetime funding to reset health understanding

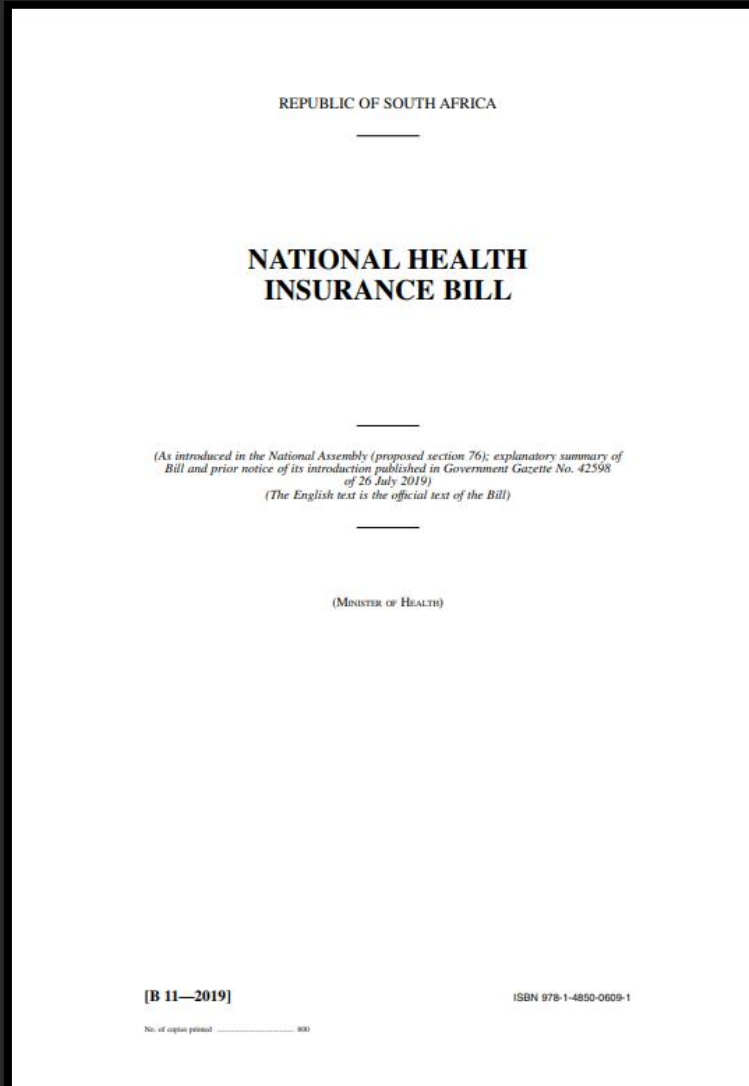
Up to **R10 000** in discretionary wellness benefits, for all existing and new policies across all plans



R1.4bn

investment in members' health, funded by reserves

THE NEED FOR A RESILIENT HEALTHCARE SYSTEM IS MORE APPARENT THAN EVER



- 1 Discovery is supportive of healthcare reform to **address unacceptable levels of inequality** in access to quality healthcare
- 2 The NHI Fund can be a **valuable tool to build on public-private partnerships** developed during the COVID-19 pandemic
- 3 Discovery has proposed a **blended funding model**, that can achieve NHI policy objectives with less risk
- 4 Although the envisaged implementation of NHI is incremental and long-term, **LCBOs present an immediate opportunity** to progress universal health coverage



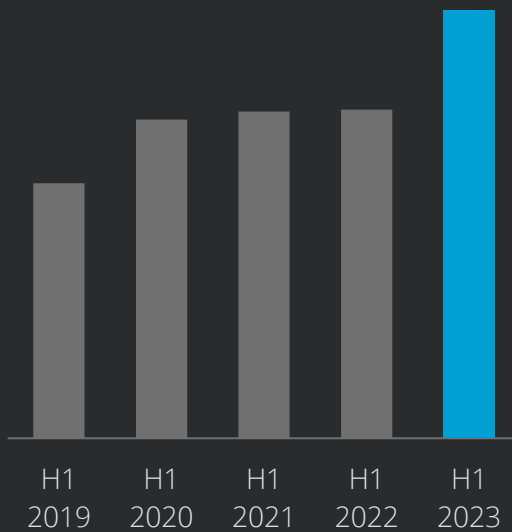


Normalised operating profit

+30%

to R2 518m

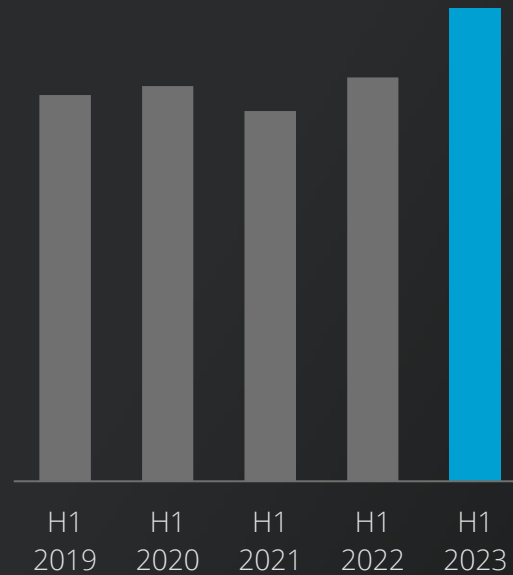
Group life returned to profitability
Individual life: **+11%**



New business API

+17%

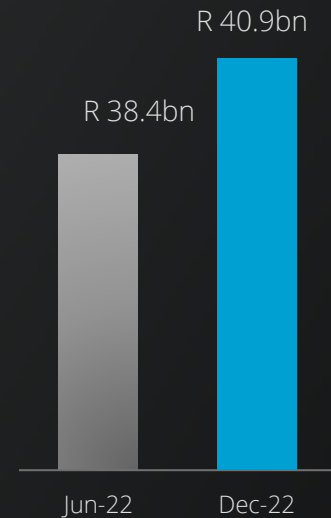
to R1 485m



Life and Invest EV

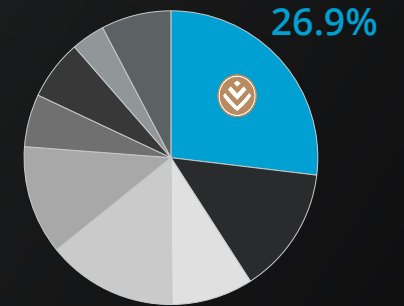
+14.8%

RoEV annualised

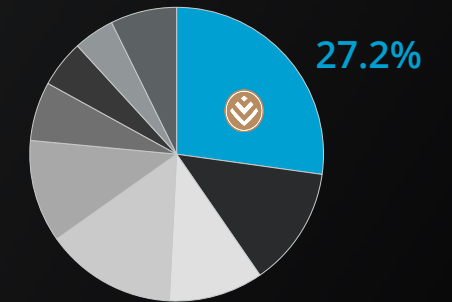


Maintained leading market share position

12 months to Sep 2021



12 months to Sep 2022



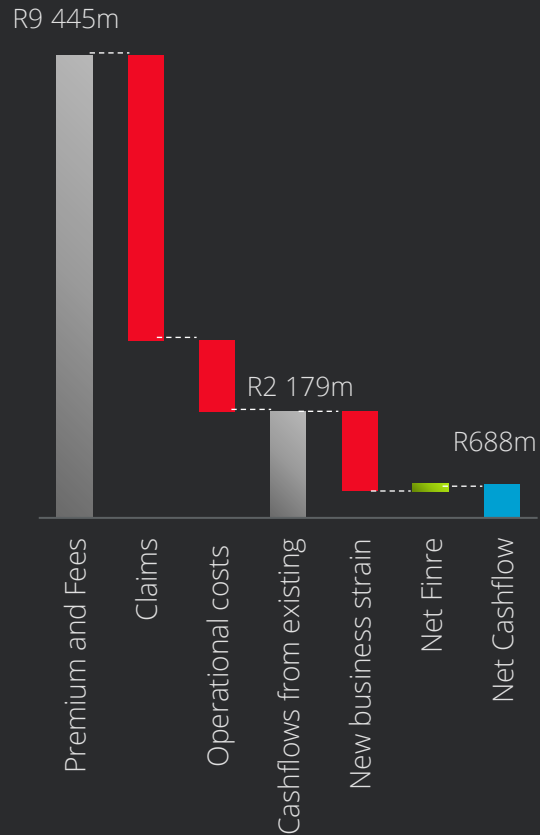
NMG Market Share survey Q3 2022

POSITIVE CASH GENERATION AND VARIANCES



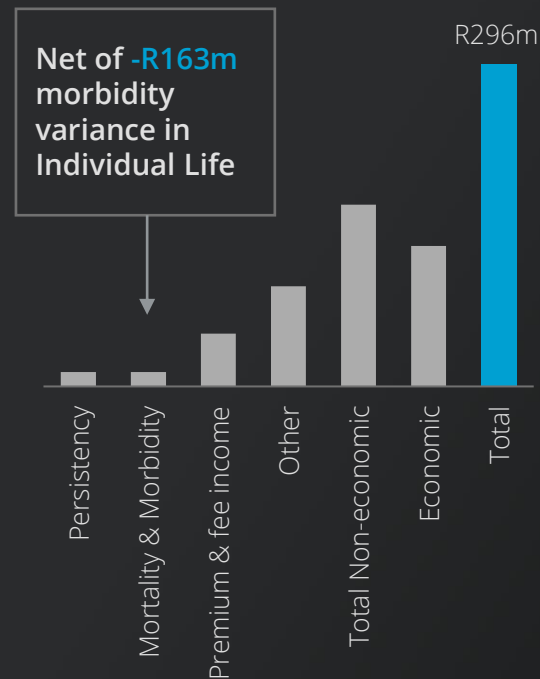
Strong cashflow generation (Life and Invest)

Cash flow equates to **c30%** of net of tax normalised earnings



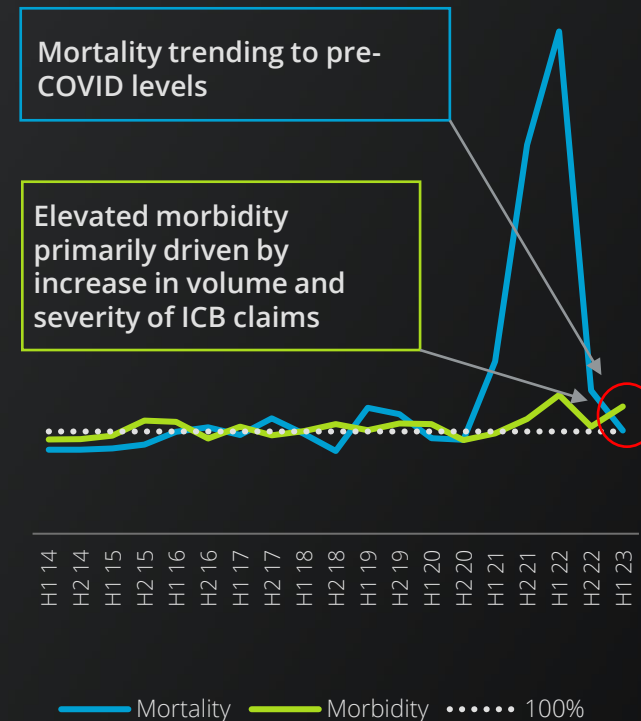
Positive variances

Discovery Life (Rm)



Mortality trending to pre-COVID levels, elevated morbidity

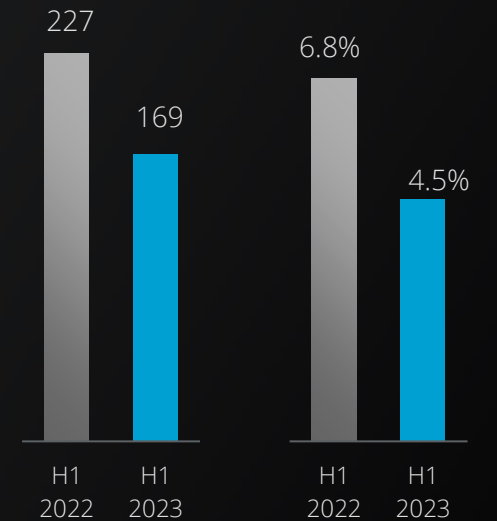
Gross AvE (vs pre-COVID-19 assumptions)



VNB and margin impacted by interest rate volatility and lower volumes*

VNB (Rm) Life:

VNB margin (%) Life:



*Excludes ACIs and servicing

POWERFUL SHARED-VALUE DYNAMICS



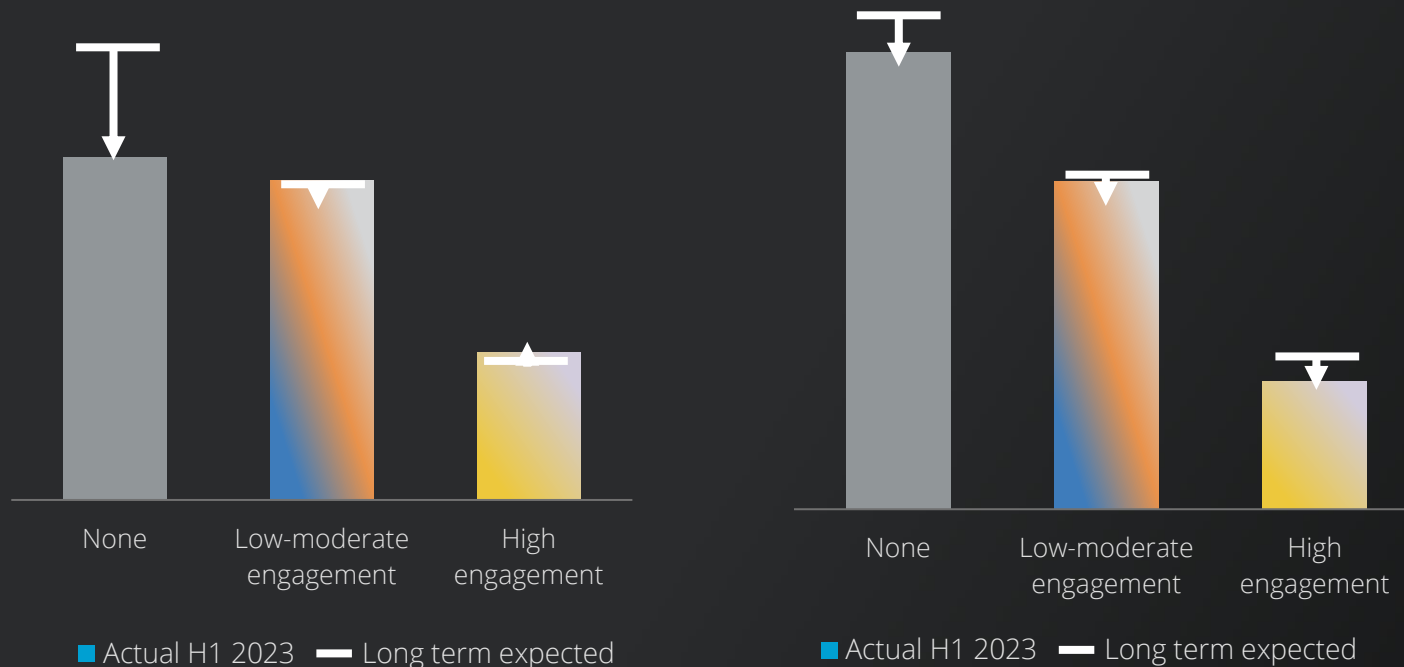
Improved experience dynamics through engagement, consistent with status-based assumptions

Lapse experience

20% DSY lower than competitors in a comparable portfolio*

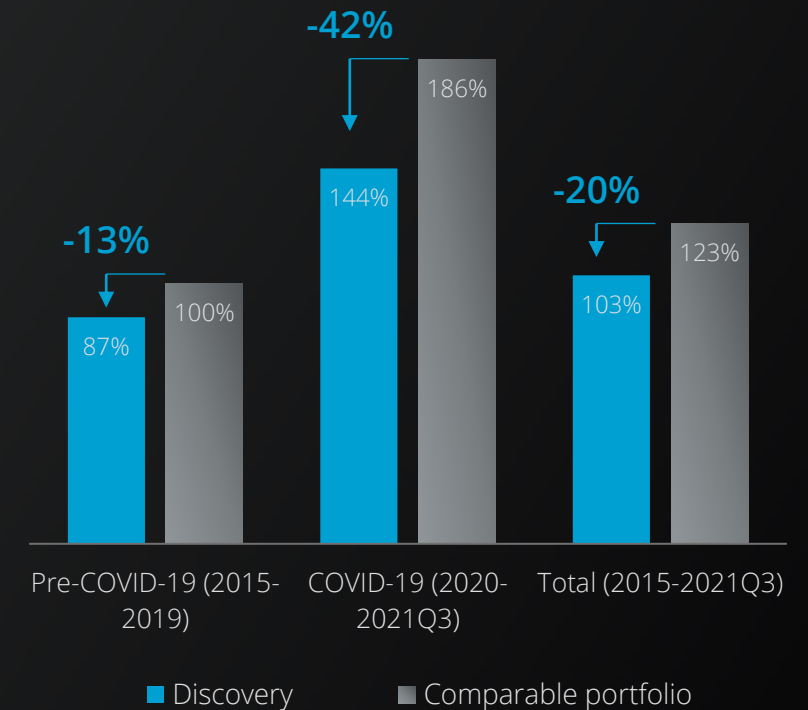
Mortality experience

13% DSY lower than competitors in a comparable portfolio*



Positive engagement dynamics amplified through the pandemic

Independent study by global reinsurer confirms lower relative increase in mortality through COVID-19 period



*Market comparison from global reinsurer study

Based on study by global reinsurer
Comparable portfolio refers to fully underwritten risk providers



DISCOVERY INVEST



Normalised operating profit

+15%
to R592m



New business

-1%
to R1 505m



Shared-value outcomes

Since the launch of shared value:

11%

lower income drawdowns

22%

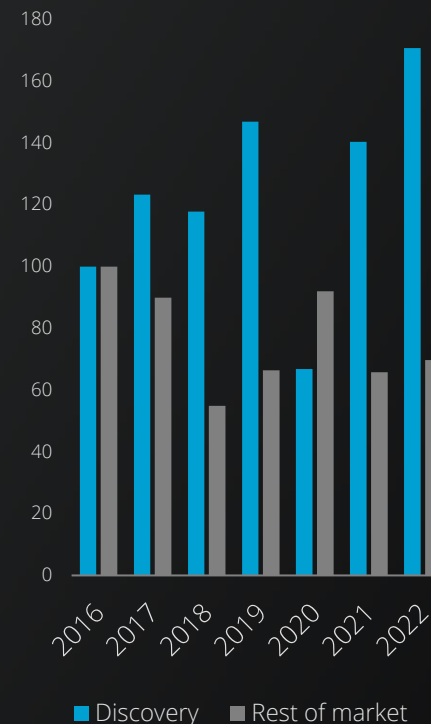
lower investment lapses

R16.1bn

in shared-value benefits accrued and paid to clients

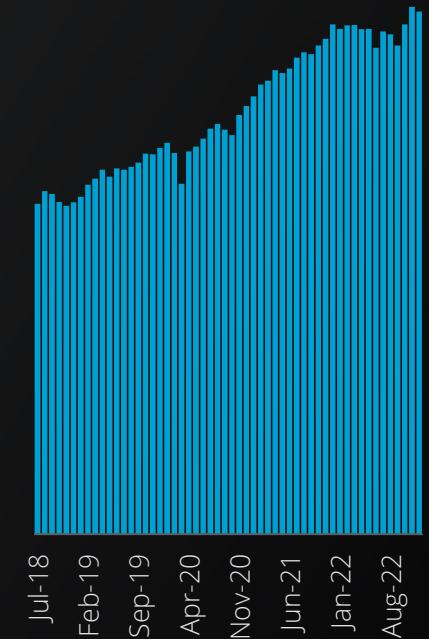
Higher net flows growth than the rest of the market¹

Indexed to 100 at Sept 2016



Assets under administration

+3%
to R131bn



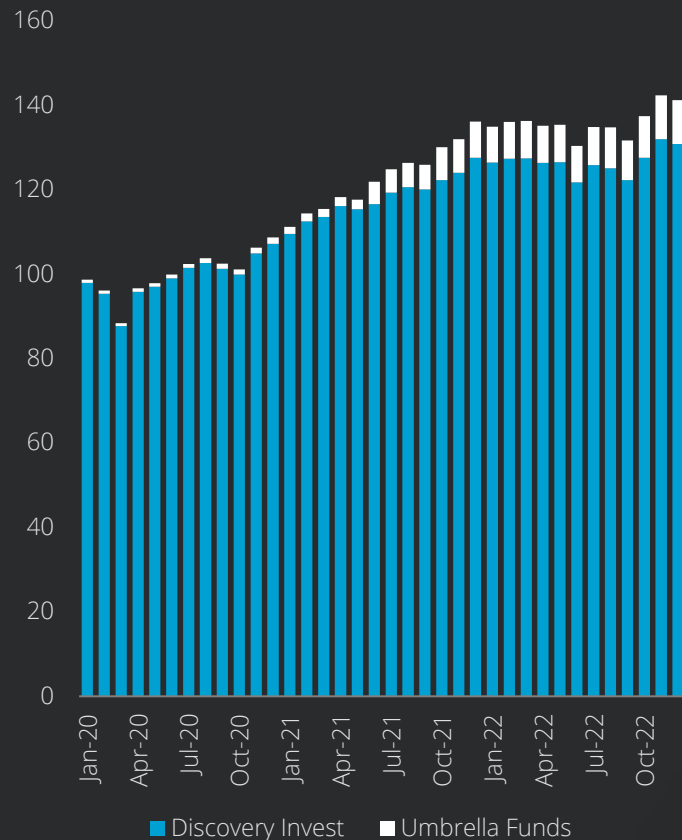
¹ Source: ASISA; Retail and funds of funds net flows at 30 September each year rebased at 100 on 30 September 2016

COMPELLING BUSINESS CASE



Strong assets under administration growth

Assets under administration per month

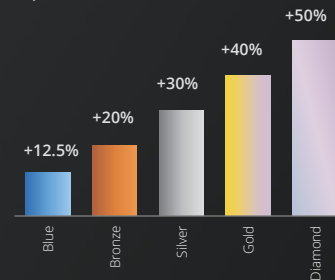


Leveraging Shared-value model to drive growth

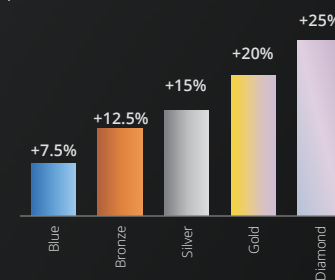
Consistent architecture and Shared-value model



Discovery Invest income protection boosts

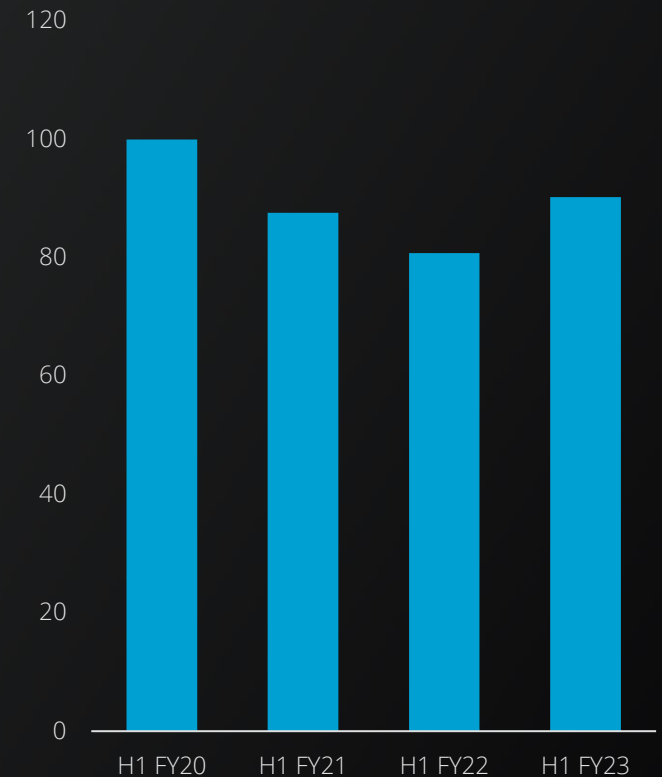


Cogence income protection boosts



Consistent margin

Operating profit to assets rebased at 100





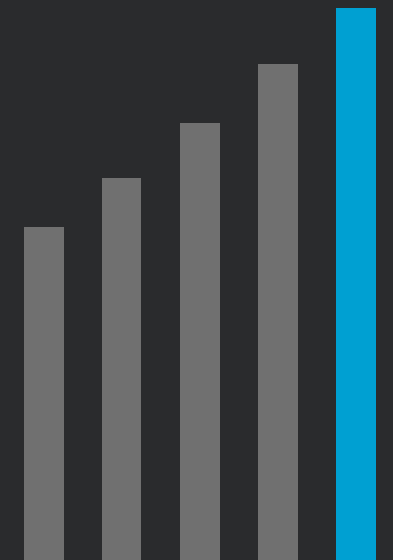
DISCOVERY INSURE



Gross written premium

+11%

to R2 579m¹

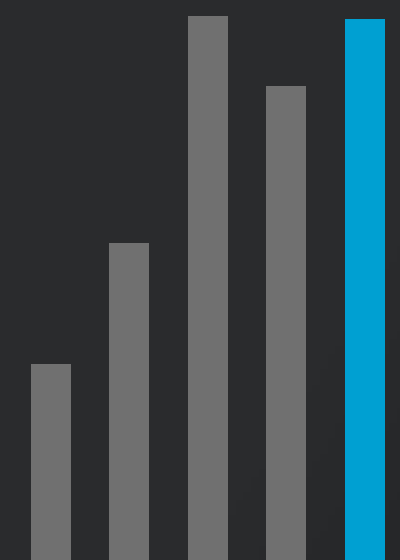


H1 FY19 H1 FY20 H1 FY21 H1 FY22 H1 FY23

Gross new business

+3%

to R616m²

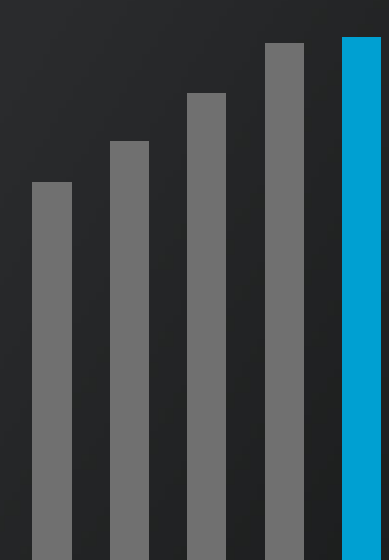


H1 FY19 H1 FY20 H1 FY21 H1 FY22 H1 FY23

Vehicles insured

+1%

to 295 066



H1 FY19 H1 FY20 H1 FY21 H1 FY22 H1 FY23

Normalised operating profit

-38%

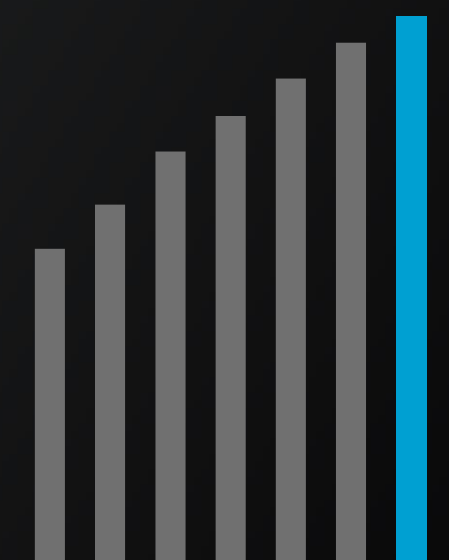
to R21m³



H1 FY19 H1 FY20 H1 FY21 H1 FY22 H1 FY23

Market share in GWP

7%



H1 FY17 H1 FY18 H1 FY19 H1 FY20 H1 FY21 H1 FY22 H1 FY23

Assuming 6% annual market growth

1 Personal lines figures only

2 Figures excluding VAT

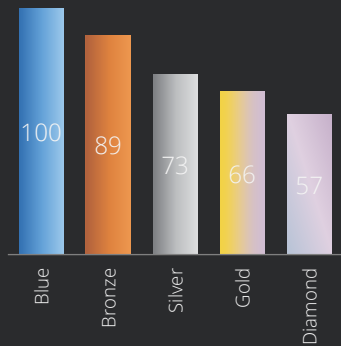
3 Normalised operating profit includes Personal lines but excludes Cambridge Mobile Telematics (CMT), Sigfox and Bi-ME

EXPECT MARGIN RECOVERY AFTER REPRICING ACTION

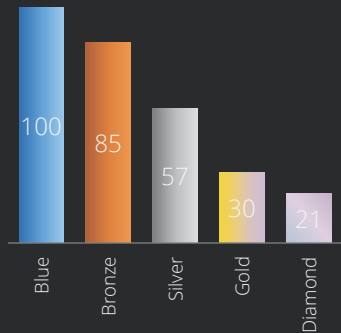


Model is working

Loss ratio by Vitality status

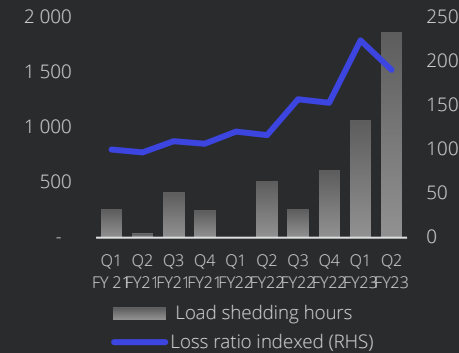


Lapses by status

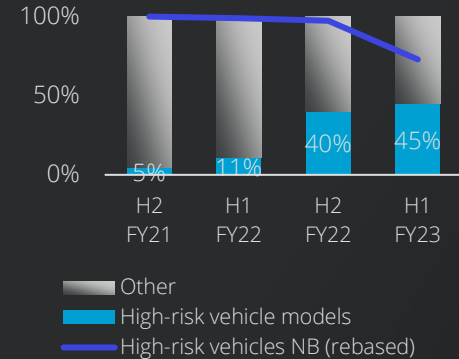


Ongoing pressure from power surge and theft

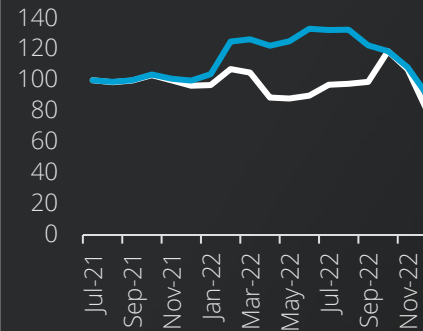
Load shedding impacts on power surge claims



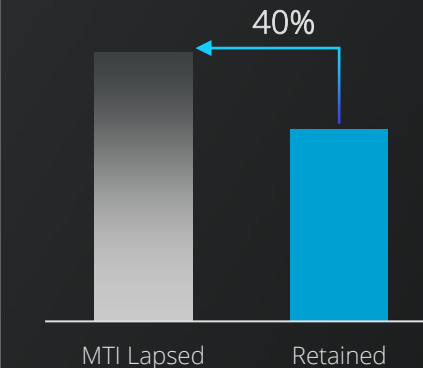
Proportion of high-risk vehicles in total claims and new business



Data-driven repricing action

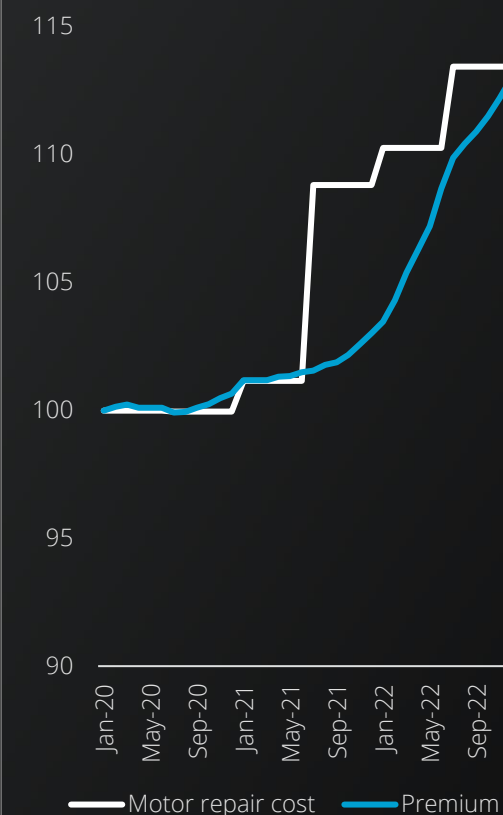


Lapsed clients have a relatively higher loss ratio

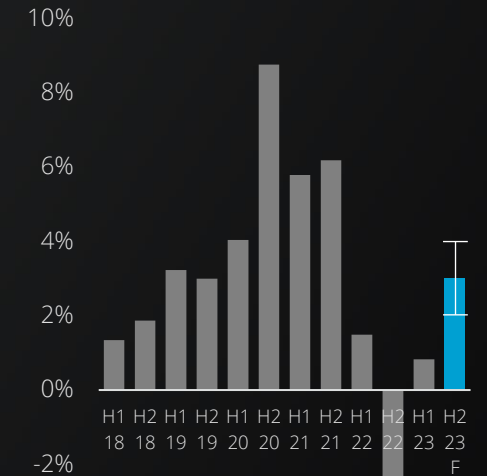


Pricing mismatch during COVID-19

Actual vs motor repair cost rebased at 100



Operating profit glidepath



Forward looking information on this slide is for illustration and has not been reviewed or reported on by the auditors



Operating profit

+15%

to R1 277m

New business

+34%

to R1 691m

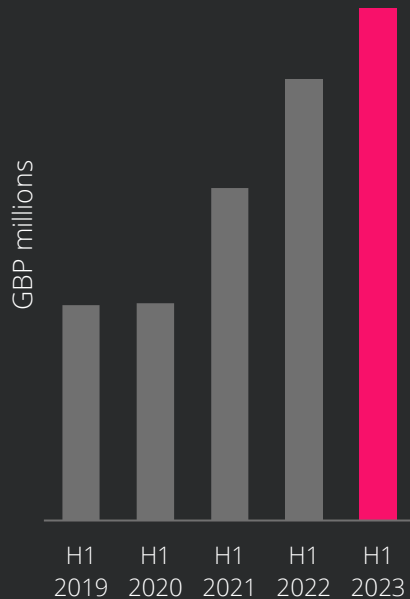
UK COMPOSITE



New generation insurer offering best-in-breed products across businesses and operating as a fully integrated composite business with a seamless and intuitive client journey

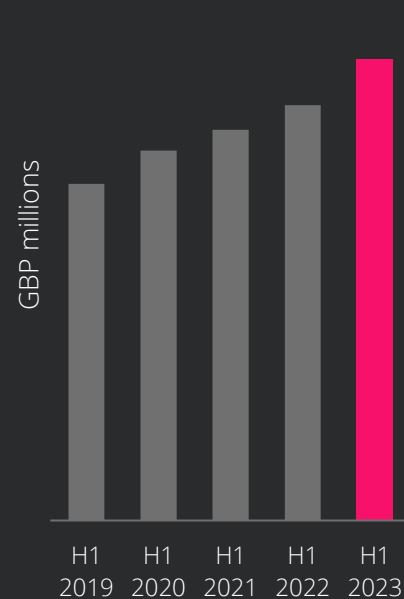
Normalised operating profit¹

+16%
to £62.7m



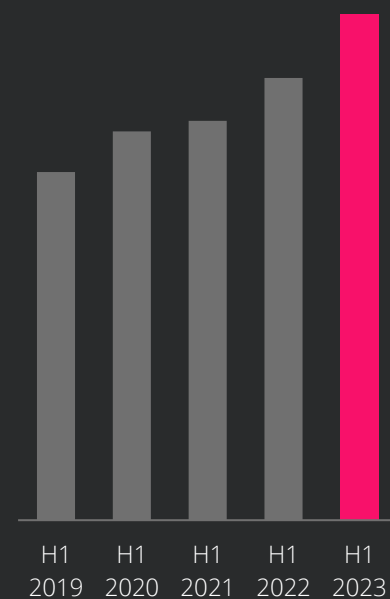
Earned premiums

+11%
to £483.6m



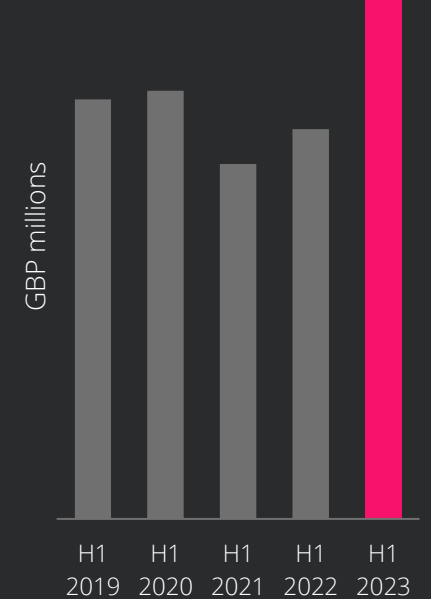
Lives covered

+15%
to 1.66m lives



New business

+35%
to £83m



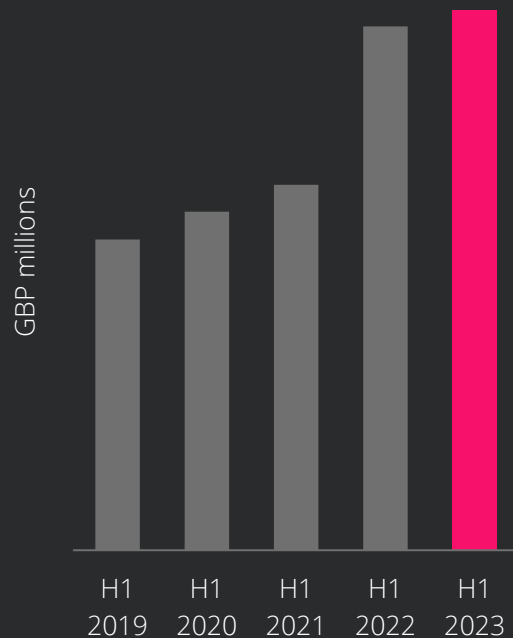
¹ Including Vitality Invest, group initiatives and head office costs



Normalised operating profit

+3%

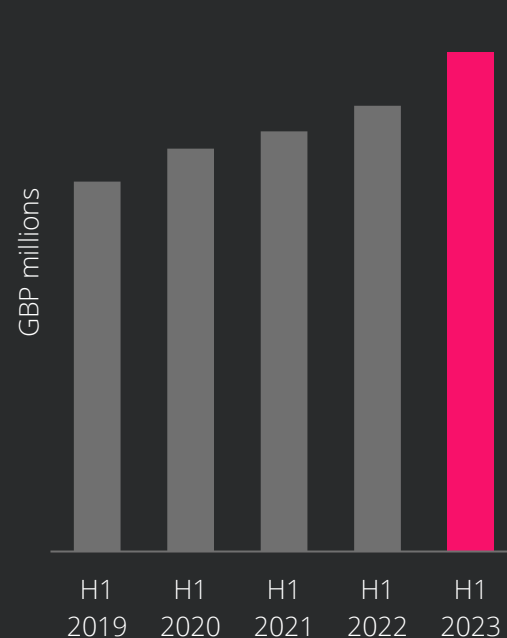
to £42.5m



Earned premiums

+12%

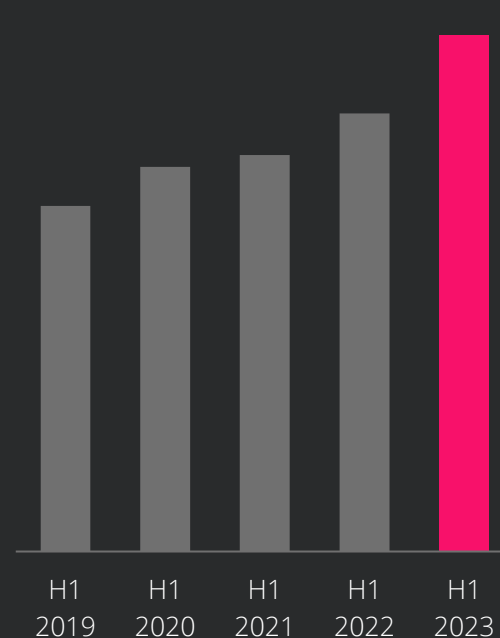
to £305.5m



Lives covered

+18%

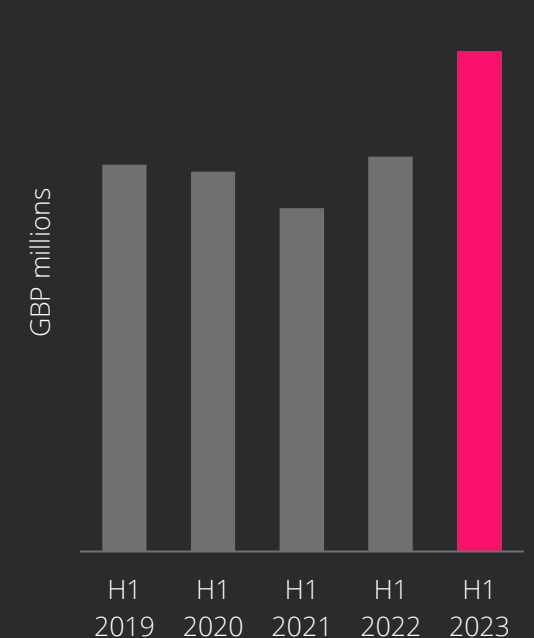
to 903k lives



New business

+26%

to £43.7m

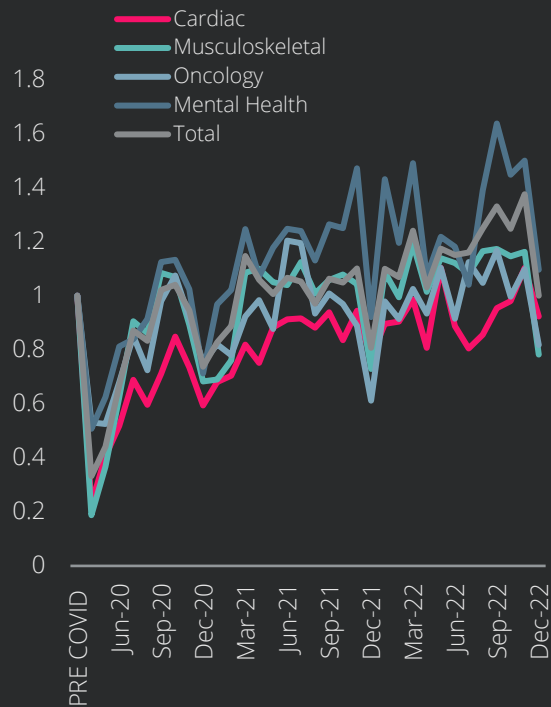


POSITIVE ACTUARIAL AND OPERATING RESULTS



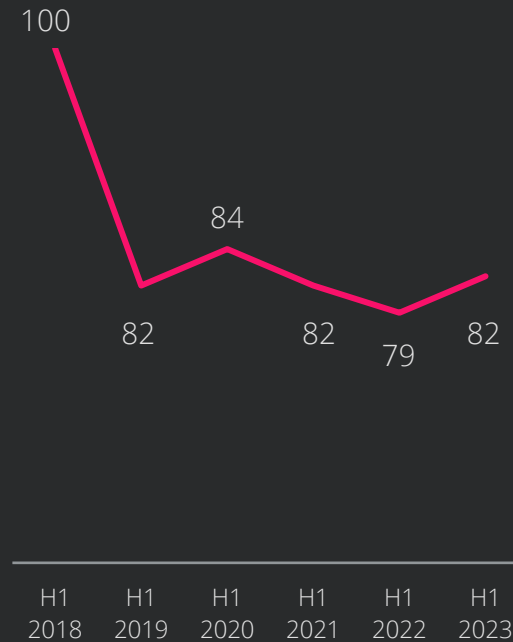
Authorisations returned to pre-COVID-19 levels

Monthly authorisations per 1000 lives



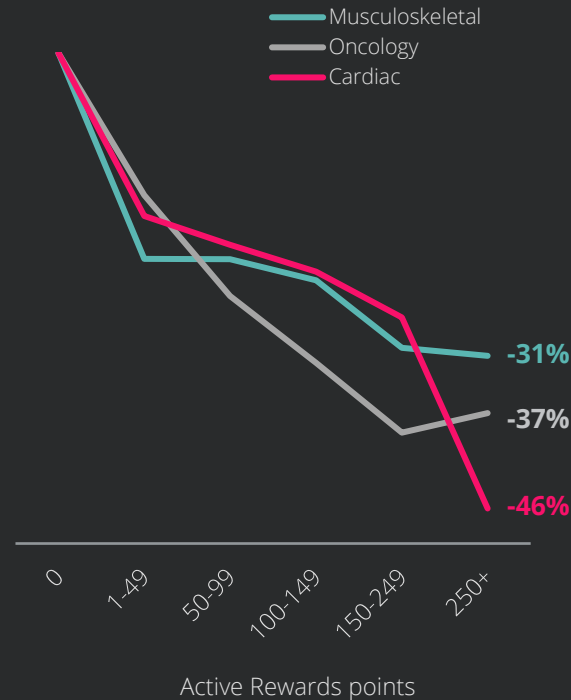
Continued excellent retention strategy

Lapse rates

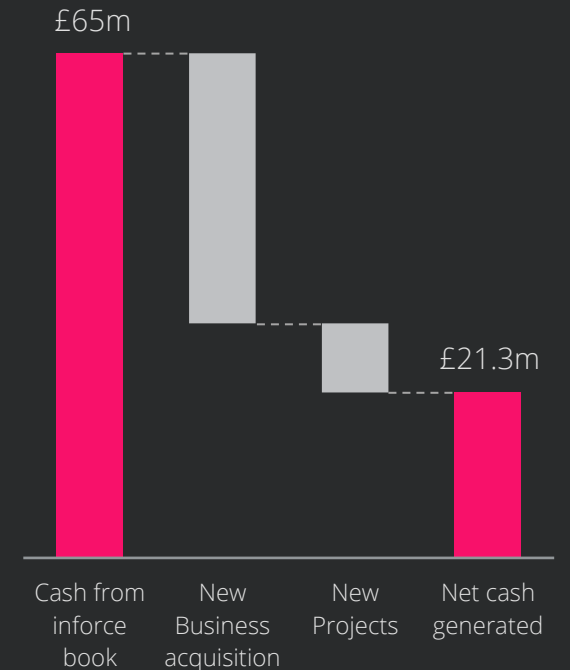


Causal relationship between engagement and healthcare costs

Relative healthcare costs by level of engagement



Good cash generation



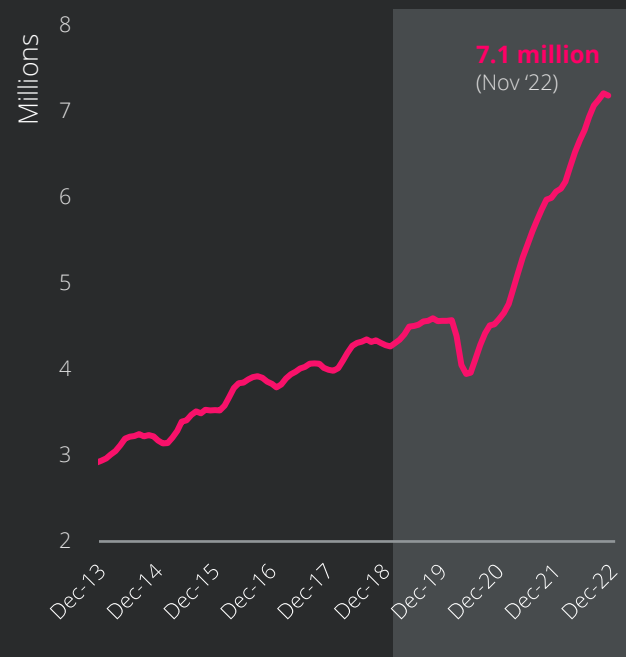
WELL POSITIONED FOR FURTHER GROWTH IN THE UK HEALTHCARE ENVIRONMENT



Current state of the NHS

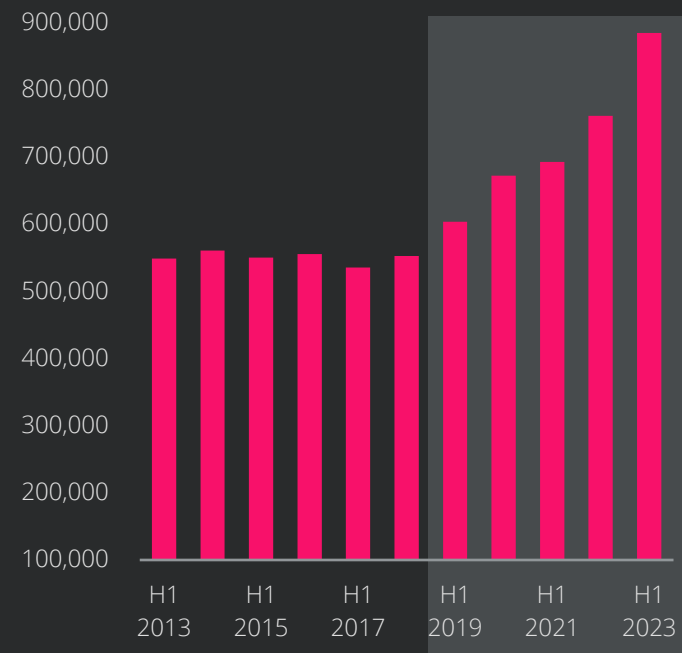
Structural and environmental difficulties

People waiting to receive treatment



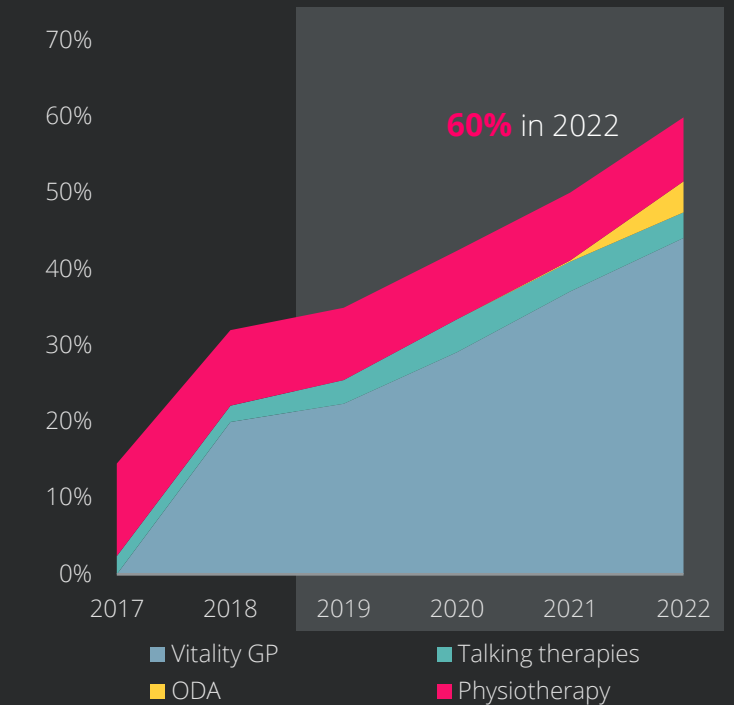
Greater value placed on PMI cover

Growth of VH PMI lives



Surge in demand for Primary Care services

Percentage of claims that are Primary Care



IMPROVING THE EFFICIENCY OF HEALTHCARE DELIVERY



Sophisticated analytical, technology and health management assets

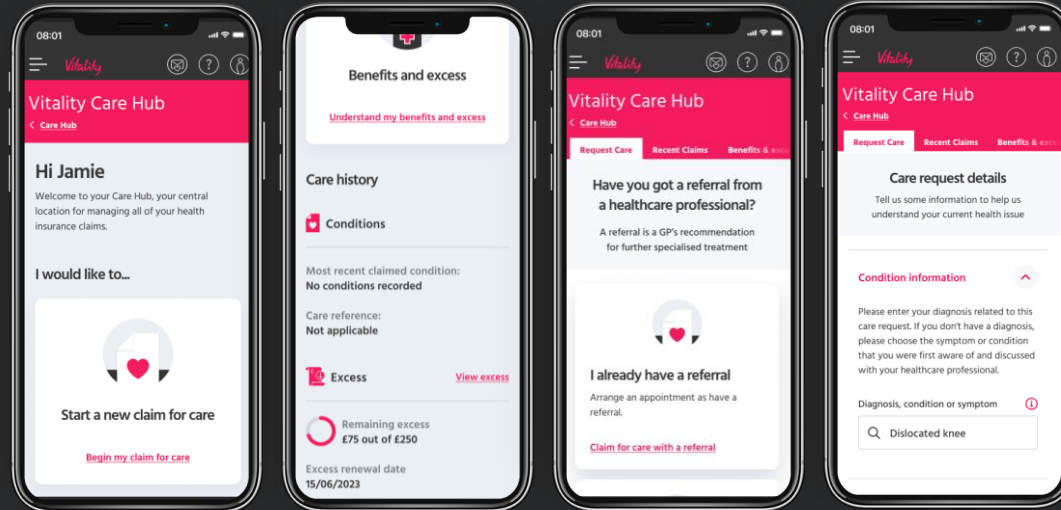
Smart Service – digital-first engagement journey

Expansive primary care.

First insurer to introduce a virtual GP

Introduced physiotherapy, talking therapies, optical, dental and audiology benefits

All accessible via single source through CareHub



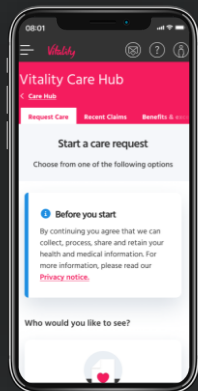
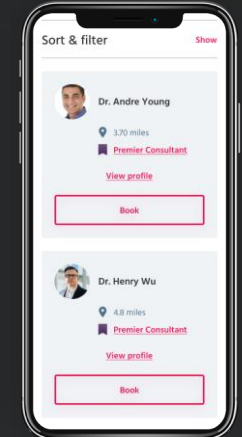
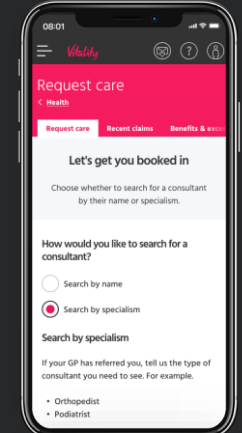
Advanced digital pathways.

Obtain instant online authorisation for care digitally through Vitality GP and Care Hub

Research, compare and book with highly rated consultants using the intelligent Consultant Finder tool

Proactive reach-out to members to assist engaging with Vitality and accessing healthcare

Intelligent matching with the right person at the right time



Vitality GP

A Vitality GP
Book a video appointment with a GP or call our advice line.
[Speak to a GP](#)

Talking Therapies

Mental health support
Explore our support options for mental health and talking therapies.
[Get mental health support](#)

Physiotherapy

A physiotherapist
For muscle, bone or joint problems.
[Arrange physiotherapy](#)

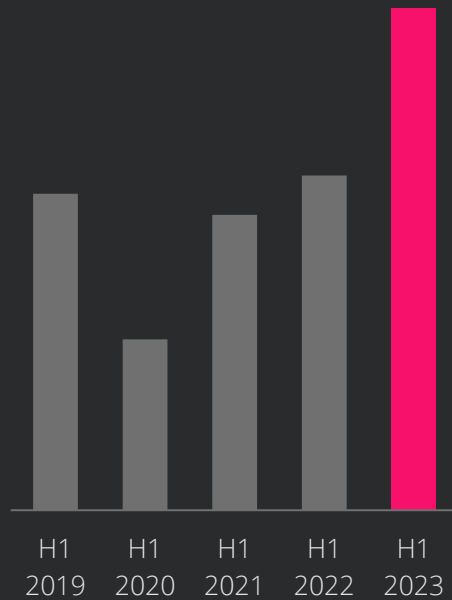


Normalised operating profit

+49%

to £26.3m

GBP millions

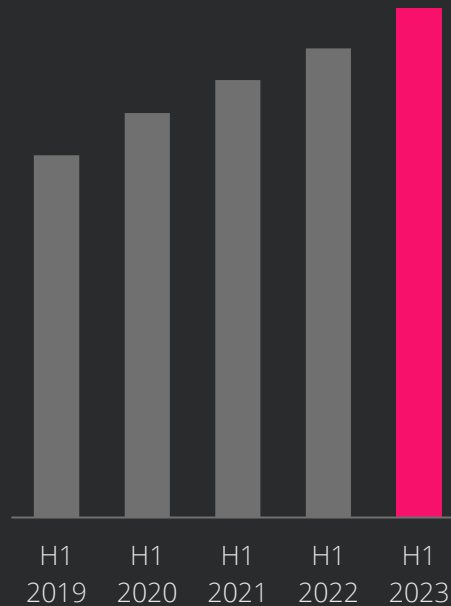


Earned premiums

+9%

to £178.1m

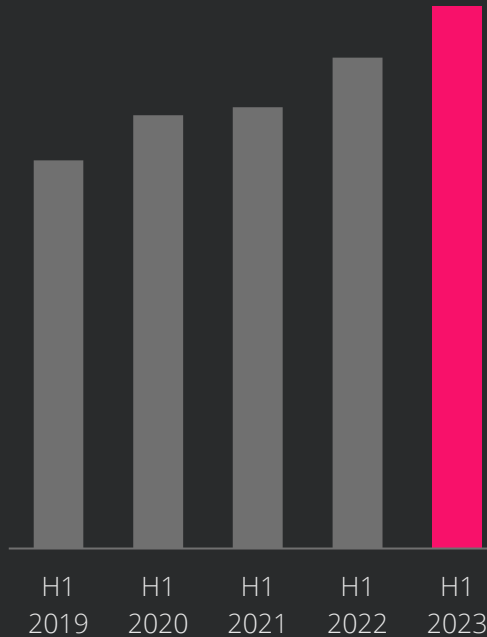
GBP millions



Lives covered

+11%

to 758k lives

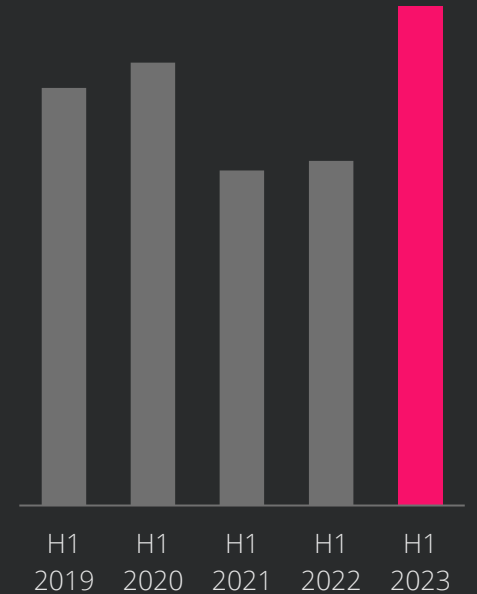


New business

+45%

to £39.3m

GBP millions



STRONG OPERATING PERFORMANCE IN A COMPLEX ECONOMIC ENVIRONMENT



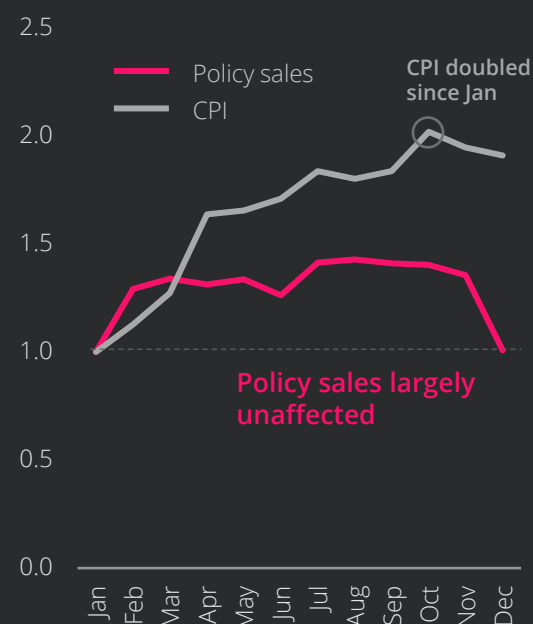
Addressed the 10-point plan

Area Management actions

OPERATIONS	1 Intervened against 'high lapse' brokers	✓
	2 Restructured franchise channel	✓
	3 Consolidated ops and service at Group level	✓
	4 Enhanced retention capabilities	✓
	5 Strengthened actuarial bases and set up COVID-19 provisions	✓
CAPITAL	6 Entered into interest rate hedge	✓
	7 Deferred Part VII transfer	✓
	8 Changed Group legal entity structure	✓
	9 Adapted elements of actuarial methodology	✓
LIQUIDITY	10 Sourced liquidity funding in the UK	✓

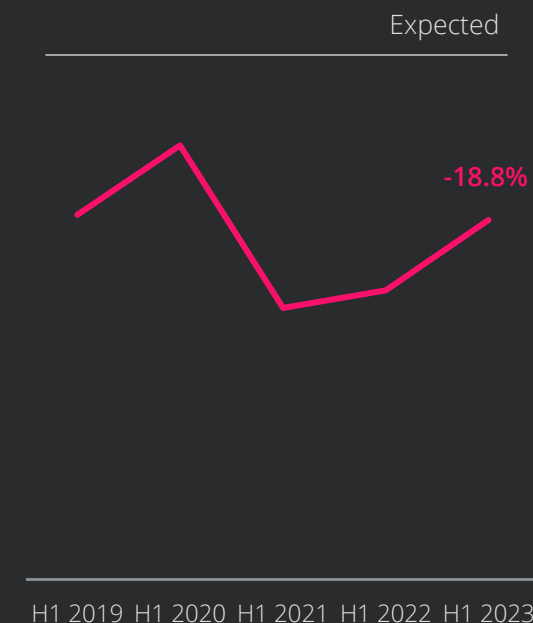
Exceptional sales performance despite rising inflation

Sales of index-linked policies rebased to Jan 2022



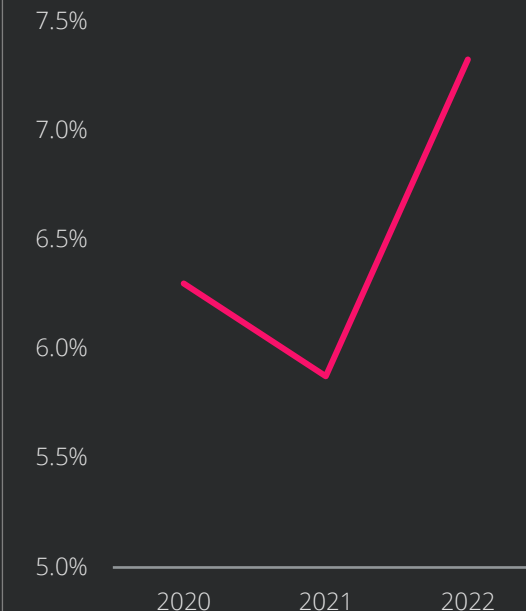
Continued excellent retention strategy

Lapses AvE



Strong growth in new business market share

Average market share of new business volumes





Operating profit

+33%

to R239m

New business*

-12%

to R804m

Income

+69%

to R1 129m

Vitality Global

Vitality Network

Vitality Health International



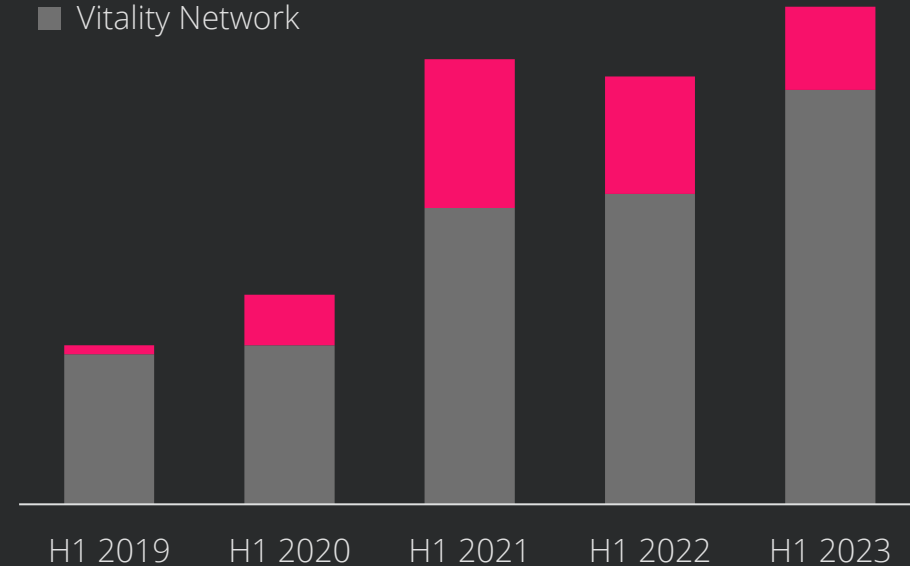
Strong underlying growth, driven by deepened partner relationships, broadening the reach of Vitality assets and capabilities

Operating result

+15%
to \$13.8m

+33%
to R239m

■ Vitality Health International
■ Vitality Network



VITALITY NETWORK



Vitality Global

Vitality Network

Vitality Health International

The image shows two vertical pillars representing different divisions of Vitality. The left pillar is white and labeled 'Vitality Network', featuring logos for AIA, John Hancock, Generali, Sumitomo Life, Prudential, and Multicare. The right pillar is grey and labeled 'Vitality Health International', featuring logos for Health International Africa, Ping An, Amplify Health, Vitality USA, and Quantum. Both pillars sit on a pink base with the Vitality logo.

Vitality Network	Vitality Health International
AIA	Health International Africa
John Hancock	中国平安 PING AN
Generali	amplifyhealth
SUMITOMO LIFE	Vitality USA
Prudential	quantum
MULTICARE	

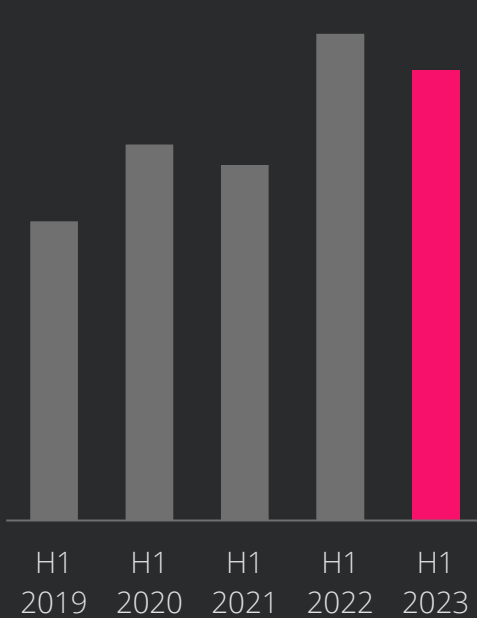
Continued growth driven by product innovation, delivery excellence through Vitality 1 and the deepening of successful partnerships

VITALITY NETWORK



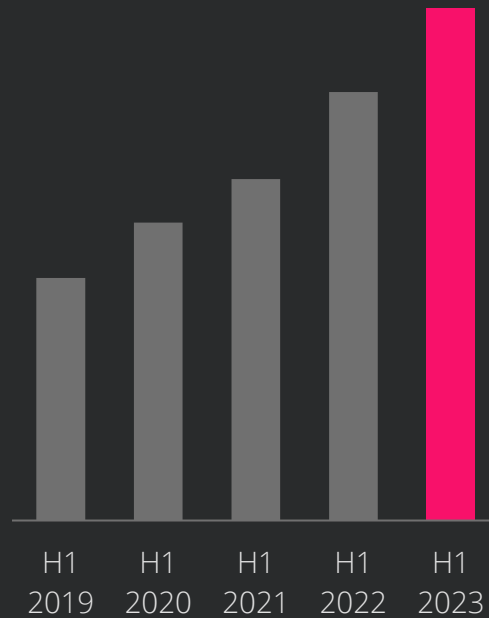
Integrated API by insurance partners

-7% to \$709m | **+7%** to R12.3bn



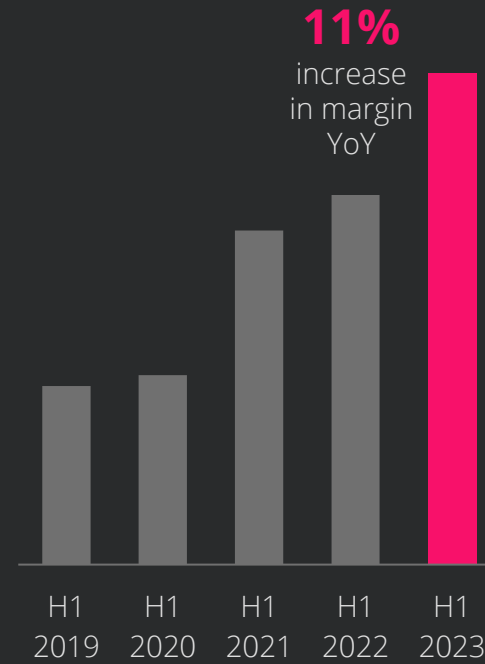
Revenue

+20% to \$35.3m | **+38%** to R613m



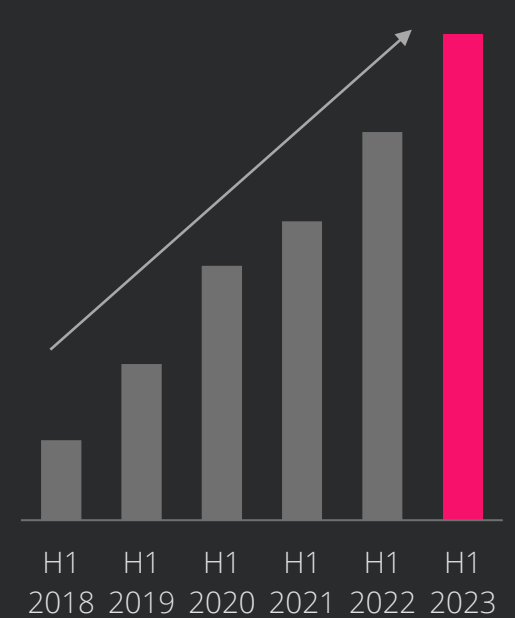
Operating profit

+33% to \$11.5m | **+52%** to R199m



Insurance partners membership

+24% to 3.4m



GROWTH SUPPORTED BY ASIAN MARKET RECOVERY POST COVID AND EXPANSION WITH PARTNERS



1 **AIA**

Growth in Asian Pacific regions as markets continue to recover from the Pandemic, with membership growth of 11% for AIA

2 **TATA AIA**
LIFE INSURANCE

Continued success and market expansion with our partners, and a partnership with the second largest life insurer in India reaching > 43 000 lives in 3 months

3  Prudential

Expansion into South America by enabling a total wellness ecosystem with Prudential, leveraging the V1 technology

4  Manulife

A more comprehensive rollout of Vitality with Manulife in Canada

Vitality Global

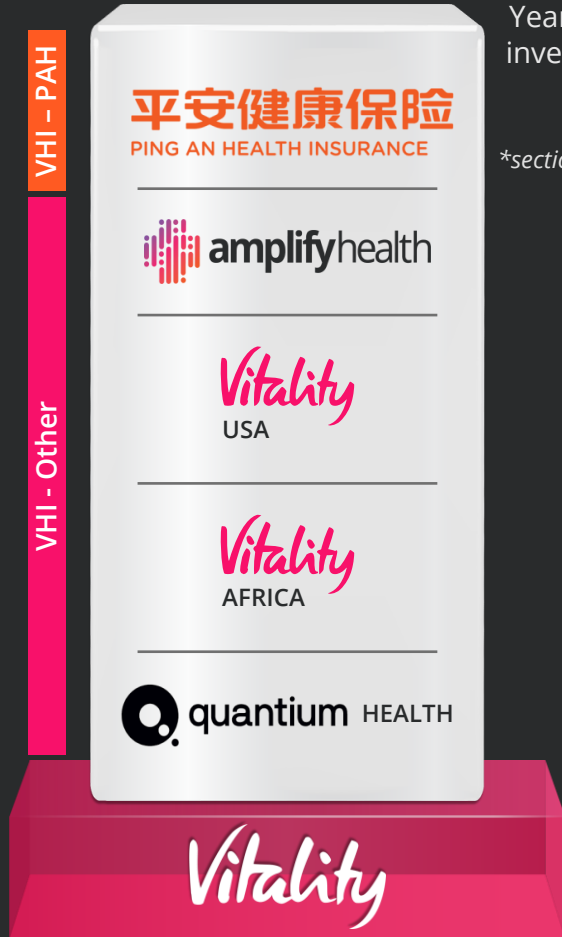


Investment towards growing early growth businesses in health insurance and health tech in key markets

VHI LEVERAGES THE SUCCESS OF THE MATURE PAH TO INVEST INTO HIGH POTENTIAL HEALTH MARKETS



Vitality Health International

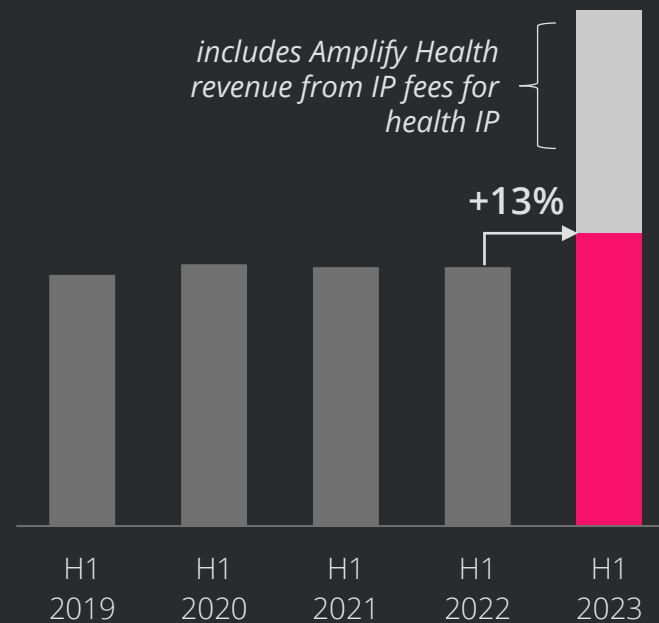


Year of launch or investment by VG
 2009
 *section follows on slide

Revenue

VHI excluding PAH

+99%
 to \$29.7m

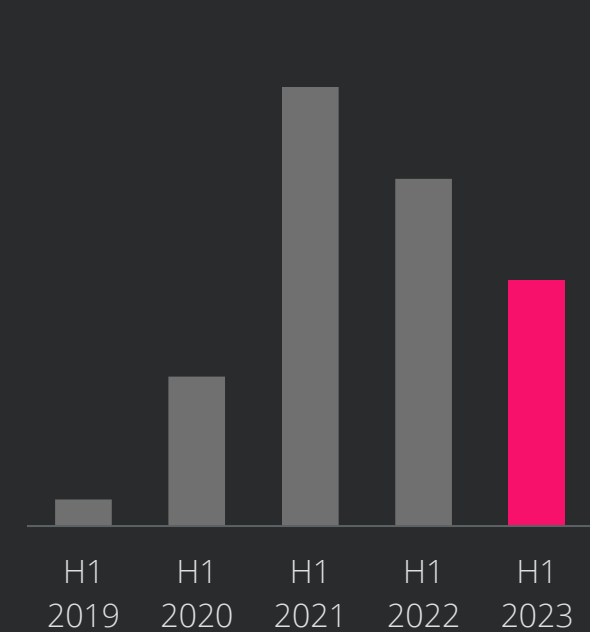


Operating result

Including PAH equity earnings

-29%
 to \$2.3m

-18%
 to R40m



BROADENING IMPACT & BUILDING GLOBAL DIGITAL HEALTH CAPABILITIES



While overall pre-tax profits were down 44% to R624m, **PAH licence written premiums for the period increased 14% to R14bn**. The decline in overall profits was driven largely by the poor performance of the Shanghai Stock Exchange causing a 46% decline in investment income

Initial revenue fees from the sale of IP earned in H1 of 2023. **Expanding on existing market-leading capabilities through the acquisition of AiDA** a Singapore-based leading AI and machine learning solutions provider, with superior AI solutions & cloud services

Rapid build of health tech capabilities and **early positive feedback from market on new capabilities**

Continued expansion into markets and **creating partnerships with leading rewards partners**



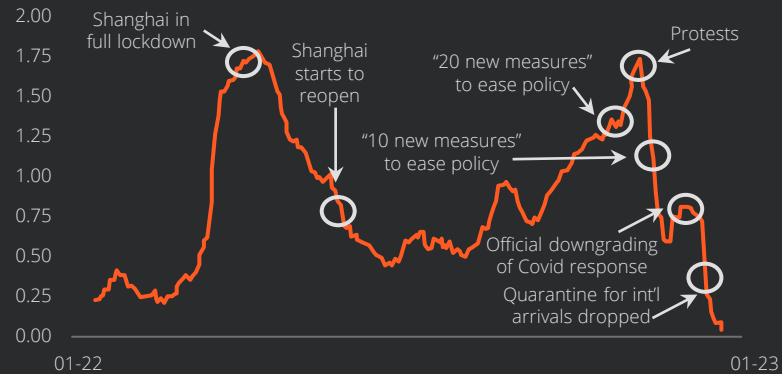
Following successful solution delivery in Australia, the business is **pursuing opportunities to expand into the UK and Asia**

ECONOMIC ENVIRONMENT IMPACTED BY EXTENSIVE COVID WAVE



COVID restrictions in place for most of 2022

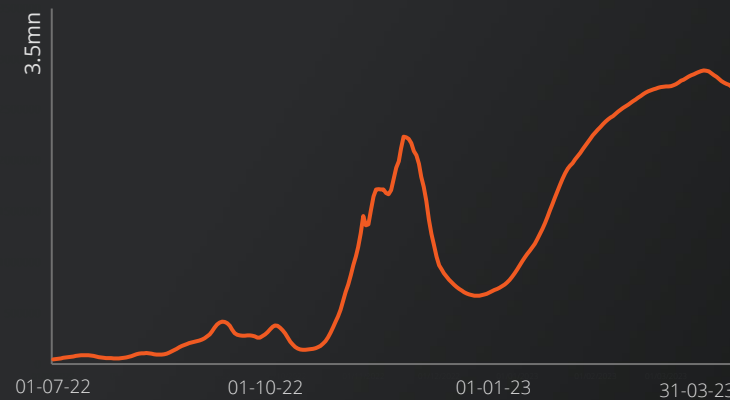
Lockdown intensity index in top 100 Cities (GDP weighted)¹



- **Restrictions varied** from city-wide lockdowns to more open movement with 72-hour PCR testing
- **Rapid removal of restrictions** in December and now completely lifted
- **308m domestic tourism trips** during Lunar new year²

First Omicron wave is subsiding

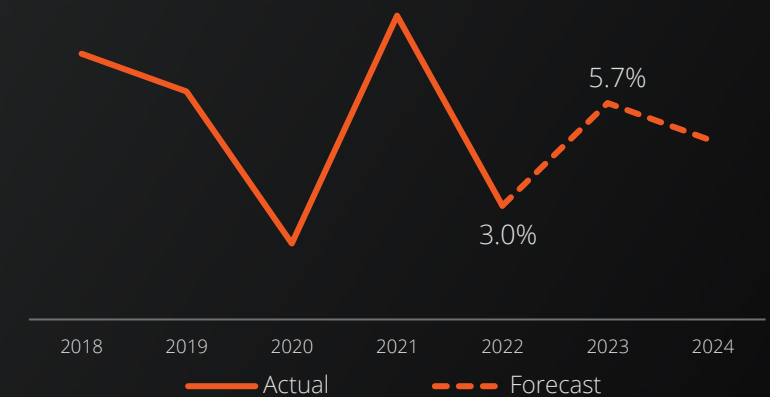
Projected daily COVID-19 infections (IHME)



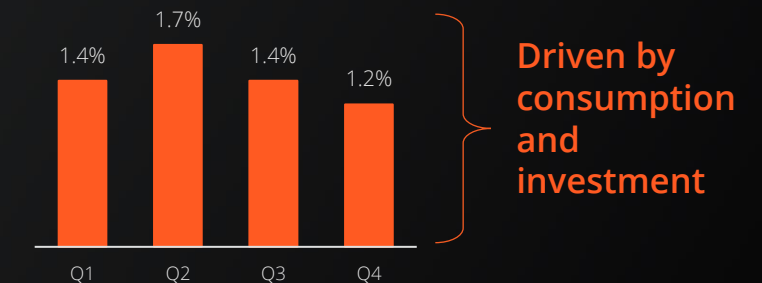
- Population infection rate: **~80%**³
- Official cumulative deaths: **83,150**⁴
- Estimated cumulative deaths: **500k – 1.5m**^{4,5}
- Peak COVID hospitalisations: **1.625m** (5 Jan 23)⁶

Economic environment expected to rebound⁷

GDP growth performance



2023 GDP growth forecast (%change QoQ)



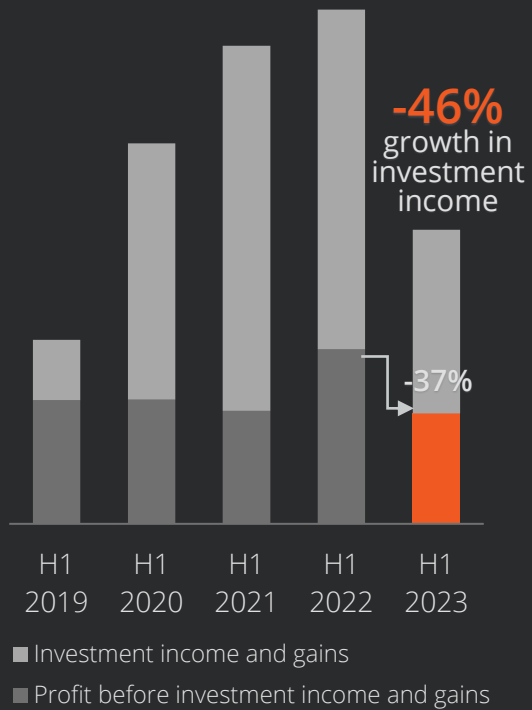
PING AN HEALTH



PAH's operating results pre-tax

-44%

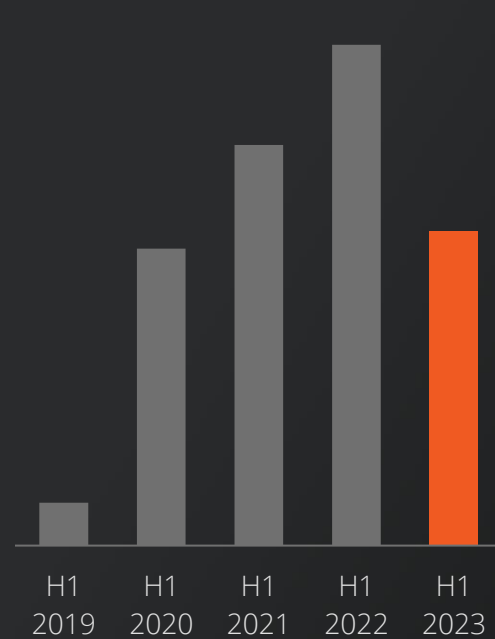
to R624m
(DSY's share is R107m)



Discovery's operating result after tax

-40%

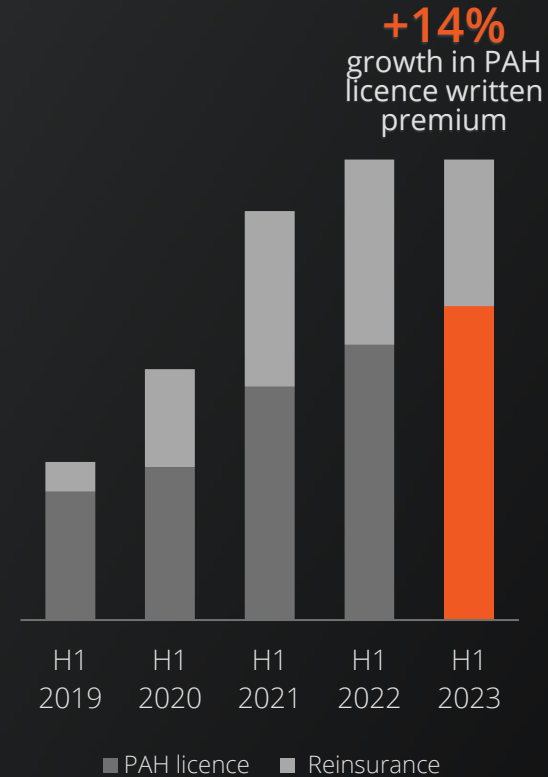
to R84m



Written premium¹

+0%

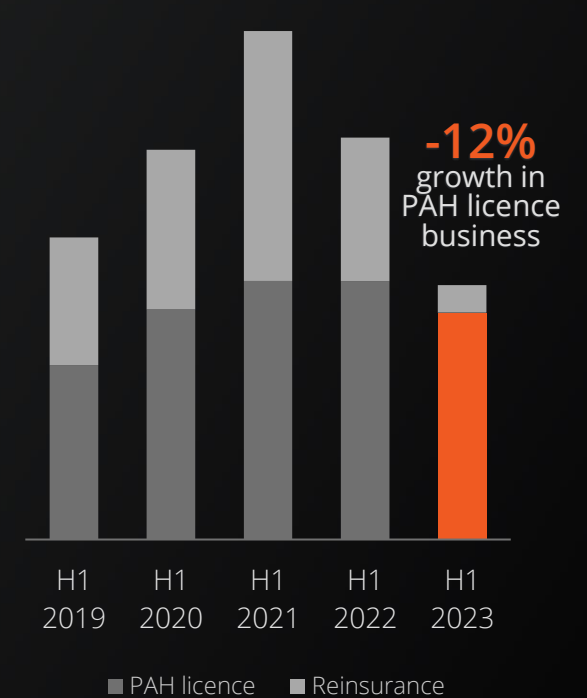
R20.4bn



New business¹

-37%

to R3.6bn

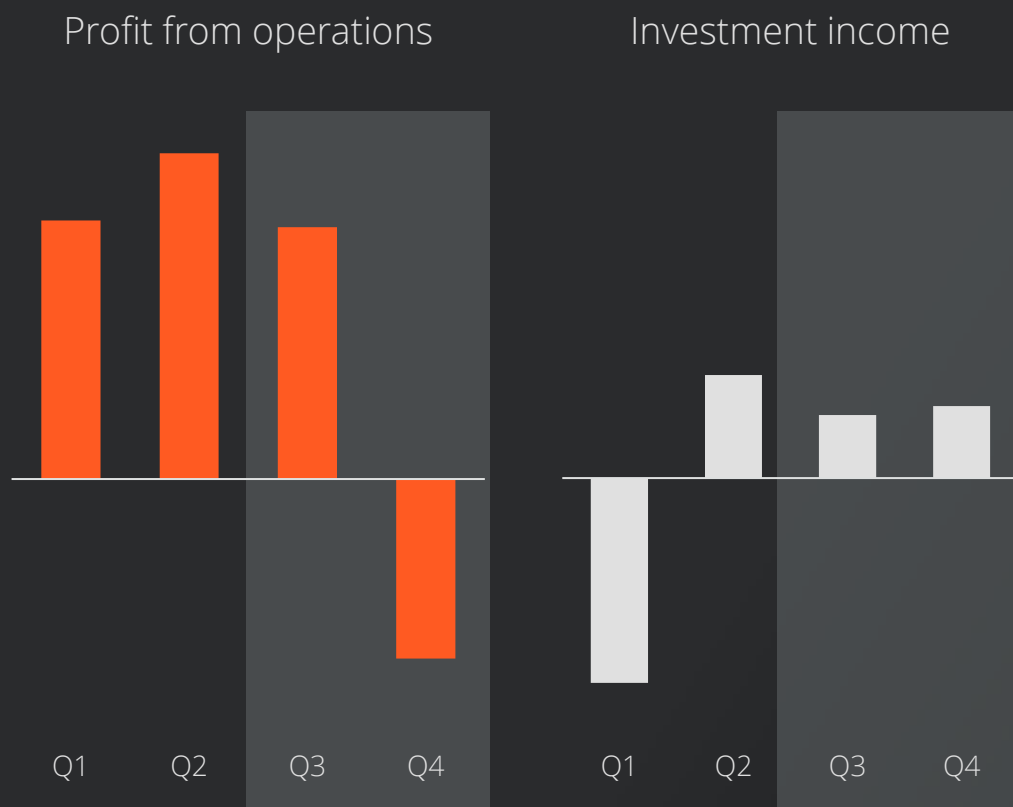


¹ 100% of PAH

PING AN HEALTH REMAINS RESILIENT SUPPORTED BY STRONG BUSINESS FUNDAMENTALS



Profits impacted by negative investment performance and conservative reserving approach



High quality metrics

93.6%
Combined
Operating
Ratio

219%
Core
solvency
ratio*

266%
Comprehensive
solvency
ratio*

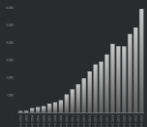
RMB11bn
Insurance
contract
reserves as at
31 Dec 2022

* As defined by the China Banking and Insurance Regulatory Commission

RAPID ESTABLISHMENT OF LEADING DIGITAL HEALTH SOLUTIONS ACCELERATED BY A SUCCESSFUL ACQUISITION OF AIDA

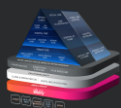


1



Revenue and capital model appropriate and fit for expansion: up to \$200m of build and acquisition costs funded in return for IP and talent transfer

2



Transfer of IP and talent is largely complete with leadership and management roles fully staffed

3



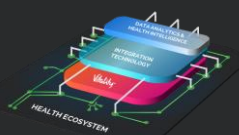
Acquisition of AiDA accelerating expansion in Asia and provides commercially proven solutions with strong synergies with Amplify Health IP

4

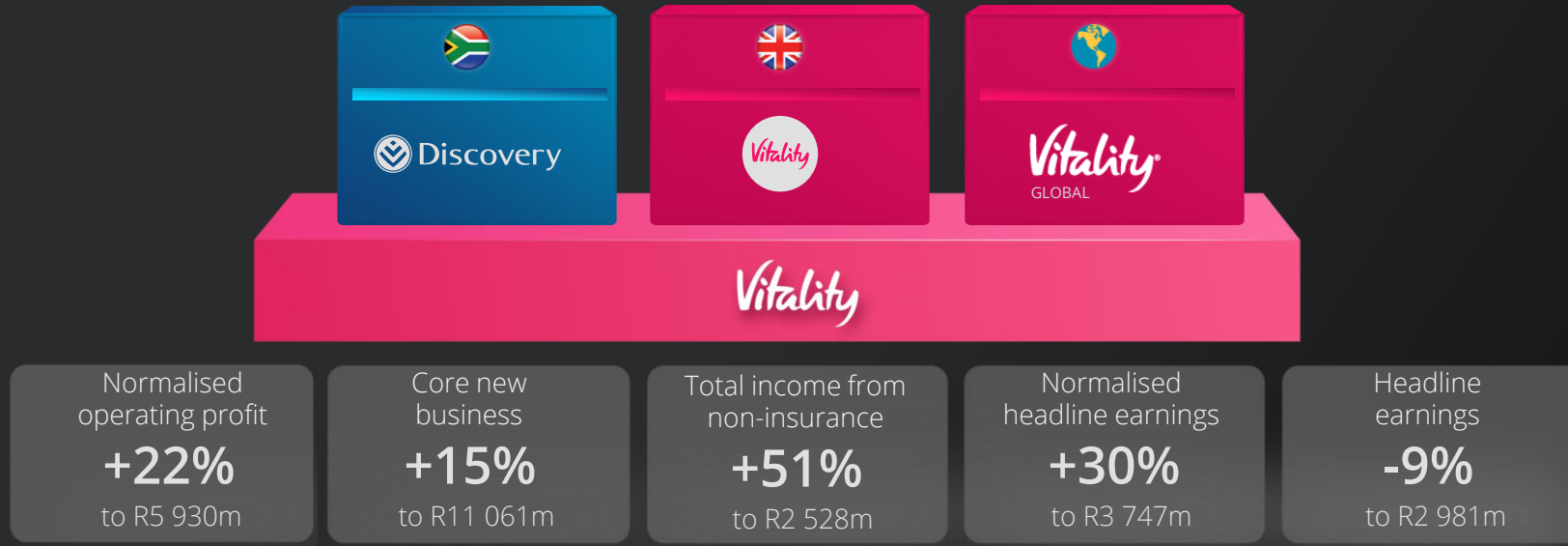


7 products identified for development, with 3 prioritised (Smart Claims, Chronic Disease Management platform and Data Foundation) due to clear demand from local markets

5



Positive discussions being held with 4 markets and early-stage interest shown by various private healthcare businesses including large regional hospital groups



- 1 Strong growth in quality earnings, driven by the efficacy of the Vitality shared-value model and in line with the target operating model
- 2 Strong performance removes need for VCP; and given strong growth dynamics a dividend is premature but will be revisited at the end of the financial year
- 3 Focus on financial prudence and immunisation from a volatile interest rate environment
- 4 Evolving the model to create a platform for strong future growth



THANK YOU

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