



Short-form SENS Announcement

For the year ended 30 June 2024

MOMENTUM GROUP LIMITED
(previously MOMENTUM METROPOLITAN HOLDINGS LIMITED)
 Incorporated in the Republic of South Africa
 Registration number: 2000/031756/06
 JSE share code: MTM
 A2X share code: MTM
 NSX share code: MMT
 ISIN code: ZAE000269890
 (“Momentum” or “the Group”)

MOMENTUM METROPOLITAN LIFE LIMITED
 Incorporated in the Republic of South Africa
 Registration number: 1904/002186/06
 LEI: 378900E0A78B7549C212
 Company code: MMIG
 (“Momentum Metropolitan Life”)

Audited financial results for the 12 months ended 30 June 2024 and dividend declaration

Short-form announcement

	Basic			Diluted		
	F2024	Restated ¹ F2023	Δ%	F2024	Restated ¹ F2023	Δ%
Earnings (R million)	3 936	3 191	23%	3 884	3 141	24%
Headline earnings (R million)	4 061	3 041	34%	4 098	3 078	33%
Normalised headline earnings (NHE, R million) ²				4 438	3 491	27%
Operating profit (R million) ³				3 608	2 755	31%
Investment return (R million)				830	736	13%
Closing contractual service margin (CSM, R million)				19 398	17 644	10%
Earnings per share (cents)	282.9	220.0	29%	276.0	216.3	28%
Headline earnings per share (cents)	298.6	215.5	39%	291.3	212.0	37%
Normalised headline earnings per share (cents)				309.7	235.2	32%
Total dividend per share (cents)				125	120	4%
Present value of new business premiums (PVNBP, R million) ⁴				82 141	68 873	19%
Value of new business (VNB, R million) ⁴				589	600	(2)%
Value of new business margin ⁴				0.7%	0.9%	
Diluted embedded value per share (R) ⁴				36.94	33.75	10%
Return on embedded value per share ⁴				13.3%	17.0%	
Return on equity ⁵				15.5%	12.7%	

¹ The IFRS 17 – Insurance Contracts (IFRS 17) standard became effective for the Group from 1 July 2023. Accordingly, the prior year’s accounting has been restated for the application of IFRS 17 as well as for other restatements. Prior year normalised headline earnings (NHE) was restated from R5 079 million to R3 491 million. Refer to the summarised audited financial statements for more information.

² NHE adjusts the JSE definition of headline earnings for the impact of finance costs related to preference shares that can be converted into ordinary shares of the Group when it is anti-dilutive, the impact of treasury shares held by the iSabelo Trust, the amortisation of intangible assets arising from business combinations, broad-based black economic empowerment (B-BBEE) costs, and the impairment of loans to subsidiaries that were subsequently disinvested. Additionally, the iSabelo special purpose vehicle, which houses preference shares issued as part of the employee share ownership scheme’s funding arrangement, is deemed to be external from the Group, and the discount at which the iSabelo Trust acquired the Momentum Group Limited’s treasury shares is amortised over a period of 10 years and recognised as a reduction to NHE.

³ Operating profit represents the profit (net of tax) that is generated from the Group’s operational activities and reflects NHE excluding the investment return on shareholder funds.

⁴ Prior year embedded value (EV) reporting has not been restated for the changes introduced by IFRS 17.

⁵ Return on equity expresses NHE as a percentage of start-of-year net asset value. In this calculation, net asset value is adjusted for the items outlined in footnote 2, consistent with NHE.

Momentum Group delivers strong results

Good operational performance sets the base for future growth

Introduction

We are pleased that, despite the adverse impact of the continued challenging macroeconomic landscape, our businesses remained resilient and achieved robust operating results for the year ended 30 June 2024.

Group financial performance

Momentum Group delivered normalised headline earnings (NHE) of R4 438 million for the year ended 30 June 2024, up 27% on the prior year. NHE per share increased by 32% from 235.2 cents to 309.7 cents, reflecting the positive impact of the share buyback programme over the year. Headline earnings per share increased by 39% from 215.5 cents to 298.6 cents and earnings per share improved by 29% from 220.0 cents to 282.9 cents.

Operating profit increased by 31% from R2 755 million to R3 608 million, as many of the business units benefited from higher investment income from the assets in the portfolios backing policyholder liabilities and the elevated interest rate environment. Momentum Retail's operating profit declined, mainly due to lower market variances than experienced in the prior year and increased expenses. These included costs incurred to exit the franchise model in Momentum Financial Planning (MFP), creating a more sustainable tied agency model. In Momentum Investments, the operating profit increase was due to higher mortality profits from the annuities business and continued solid growth in life annuity products. Metropolitan Life's operating profit was supported by improved persistency experience (albeit not yet at targeted levels) on the protection business. In Momentum Corporate, operating profit decreased following lower market variances compared to the prior year. The Health business' operating profit improvement was largely due to increased fee income following growth in Health4Me and public sector membership. Strong fee income and underwriting profit growth boosted operating profit in Guardrisk. The turnaround in Momentum Insure's operating profit was due to an improved claims ratio, increased investment income, and the recognition of a deferred tax asset that was derecognised in the prior year. Africa's operating loss narrowed, primarily due to improved profitability in health insurance operations across the portfolio. The operating loss in India widened, largely because our response to increased claims and expenses was restricted by current regulations limiting pricing adjustments to the next contract renewal date.

Investment return from the Group's shareholder assets improved by 13% to R830 million, largely supported by increased returns on shareholder portfolios achieved on the back of a favourable interest rate environment. This was partially offset by fair value losses on venture capital (VC) funds and the non-repeat of a significant increase in the valuation of an option to purchase a share of a UK technology business in the prior year.

While the improvement in earnings is encouraging, management is giving significant attention to new business profitability. Although negatively impacted by the strengthening of actuarial assumptions on 30 June 2023, our current new business margins are not at desired levels. We have solid plans in place for each business to address VNB, including a Group-wide performance optimisation project aimed at reducing our cost base.

Net asset value

R million	F2024	Restated ⁶ F2023	Δ%
Total assets	707 400	636 577	11%
Total liabilities	(677 343)	(607 707)	11%
Total equity	30 057	28 870	4%

⁶ The prior year numbers are restated for IFRS 17 and other restatements.

The following table outlines the contribution from operating profit and investment return to normalised headline earnings per business unit:

R million	F2024			Restated F2023 ⁷			Δ%		
	Operating profit/(loss)	Investment return	Normalised headline earnings	Operating profit/(loss)	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings
Momentum Retail	907	202	1 109	1 009	135	1 144	(10)%	50%	(3)%
Momentum Investments	450	83	533	344	125	469	31%	(34)%	14%
Metropolitan Life	476	119	595	236	77	313	>100%	55%	90%
Momentum Corporate	996	186	1 182	1 028	109	1 137	(3)%	71%	4%
Momentum Metropolitan Health	255	-	255	236	9	245	8%	(100)%	4%
Guardrisk	668	(15)	653	488	3	491	37%	<(100)%	33%
Momentum Insure	59	133	192	(345)	36	(309)	>100%	>100%	>100%
Momentum Metropolitan Africa	(27)	403	376	(150)	404	254	82%	(1)%	48%
India	(275)	1	(274)	(223)	1	(222)	(23)%	-	(23)%
Normalised headline earnings from operating business units	3 509	1 112	4 621	2 623	899	3 522	34%	24%	31%
Shareholders segment	99	(282)	(183)	132	(163)	(31)	(25)%	(73)%	<(100)%
Normalised headline earnings	3 608	830	4 438	2 755	736	3 491	31%	13%	27%

More details on the Group's earnings performance can be found in the Group's full results announcement and condensed consolidated financial statements for the year ended 30 June 2024, available on the Group's website at <https://www.momentumgroup.co.za/investor-relations/reporting-centre/year-end-results>.

⁷ The prior year numbers are restated to provide meaningful comparisons for the new reporting segments and for IFRS 17 and other restatements.

Group new business performance

Prior year EV reporting has not been recalculated for the methodology and assumption changes that resulted from the introduction of IFRS 17. Therefore, the below metrics have not been restated.

Key metrics	F2024	F2023	Δ%
Recurring premiums (R million)	4 150	4 524	(8)%
Single premiums (R million)	62 865	49 617	27%
PVNB ⁸ (R million)	82 141	68 873	19%
VNB (R million)	589	600	(2)%
New business margin	0.7%	0.9%	

The Group's sales as measured by the present value of new business premiums (PVNB⁸) increased by 19% to R82.1 billion. This growth was enhanced by a reduction in the discount rate used to calculate the present value of premiums to align with the market consistent valuation methodology used for IFRS 17. Momentum Retail's long-term savings and protection new business volumes improved. Momentum Investments continued to deliver solid growth in new business volumes on life annuities and on Momentum Wealth's investment platform. Metropolitan Life saw a decline in protection and long-term savings new business volumes, partially offset by good growth in life annuities. Momentum Corporate saw solid growth in structured investment flows (albeit at low margins), partially offset by a decline in recurring premiums from protection new business. Africa's PVNB⁸ declined marginally following lower corporate protection new business volumes in Botswana and Lesotho, partly offset by higher retail new business volumes in Namibia.

The Group's VNB declined by 2% from the prior year to R589 million, largely impacted by the strengthening of persistency and expense basis implemented on 30 June 2023, which resulted in VNB being calculated on a more conservative basis than in the prior year, most notably for Metropolitan Life. The overall Group new business margin declined to 0.7%.

Contractual service margin

Under IFRS 17, the contractual service margin (CSM) is a component of the insurance liability that represents the present value of future earnings. This becomes an important metric for assessing the earnings prospects of an insurance entity. The CSM increased from R17.6 billion to R19.4 billion, with new business contributing R1.6 billion, expected growth adding R1.8 billion, and changes in estimates adding R1.0 billion to the opening balance. This was offset by R2.6 billion released from the CSM into earnings.

Return on equity and embedded value

Return on equity (ROE) was 15.5% for the current year, an increase from 12.7% in the prior year. This follows the higher equity at the beginning of the year following the implementation of IFRS 17. Group embedded value per share was R36.94 as at 30 June 2024 and the return on embedded value per share was 13.3%.

Solvency

The regulatory solvency positions of most of the Group's regulated entities remain strong, near or above the upper end of their specified target solvency ranges. For Momentum Metropolitan Life (MML), the Group's main life insurance entity, the solvency cover strengthened from 2.07 times the solvency capital requirement (SCR) at 30 June 2023 to 2.10 times SCR at 30 June 2024 (pre foreseeable dividend). This is above the upper end of

⁸ To align with the "market consistent methodology" used for IFRS 17, and following a revision in the embedded value, PVNB⁸ is calculated on a risk-free discount rate. It was previously calculated at a risk discount rate.

MML's target range of 1.6 to 2.0 times SCR. Momentum Group Limited's solvency cover improved slightly from 1.63 to 1.64 times SCR over the reporting period.

Share buyback programme

The R500 million share buyback programme communicated to investors at the F2024 interim results announcement was completed on 12 June 2024. The Group bought back 23.6 million shares at an average price of R21.11 per share. This represents a 43% discount to the embedded value of R36.94 per share on 30 June 2024.

In line with our capital management framework and in consideration of the strong capital and liquidity position, the Board has approved a further R1.0 billion for the buyback programme of the Group's ordinary shares.

Dividends

The Momentum Group has declared a final dividend of 65 cents per ordinary share, resulting in a total dividend of 125 cents per ordinary share for the full year. The F2024 total dividend represents a payout ratio of 40% of NHE, close to the mid-point of the Group's dividend payout range. The Group's policy of declaring dividends within a range of 33% to 50% of NHE remains unchanged.

The final dividend is payable from income reserves to all holders of ordinary shares recorded in the Company's register on record date. The final dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate. This will result in a net final dividend of 52 cents per ordinary share for those shareholders who are not exempt from paying dividend tax. The number of ordinary shares at the declaration date was 1 405 148 402.

The income tax number of the Momentum Group is 975 2050 147.

Publication of declaration data	Friday, 27 September 2024
Last date to trade cum-dividend	Tuesday, 15 October 2024
Trading ex-dividend	Wednesday, 16 October 2024
Record date	Friday, 18 October 2024
Payment date	Monday, 21 October 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 October 2024 and Friday, 18 October 2024, both days inclusive.

Outlook

We are satisfied with the underlying operational performance the Momentum Group has achieved. Our business model of empowered, accountable business units has once again demonstrated its resilience and agility, enabling the Group to withstand the challenging operating environment and report steady financial performance over the year.

Looking ahead, we remain concerned about the pressure on our operating environment given the subdued economic growth. We are, however, beginning to see encouraging signs of improvement in the South African economy. With inflation expected to ease, the environment should be more conducive to interest rate cuts, which will bring financial relief to clients and the absence of loadshedding should all gradually improve confidence levels. As we navigate an increasingly competitive landscape, we remain dedicated to maintaining our competitive attractiveness to both existing and potential clients. We will continue to drive sales volumes and find innovative solutions to improve VNB outcomes. The Group is on a solid financial footing and is well positioned to adapt to the evolving needs of our clients.

The conclusion of our Reinvent and Grow strategy bolsters our confidence in the Group's ability to continue delivering significant value to clients and other stakeholders. We believe that achieving the strategic goals we had set for ourselves over the last three years has enabled the Group to continue to strengthen its competitive

position within the South African and other markets.

Our new Impact strategy revolves around six strategic objectives aimed at driving meaningful outcomes. These are interlinked and work together to form a cohesive, integrated approach in which each strategic objective has a positive influence on the next. We will:

- Unlock the full potential of our businesses.
- Harness the synergies of collaboration in our federated model.
- Optimise our cost base to grow earnings.
- Invest aggressively in advice to drive growth.
- Selectively expand our addressable market where we have a right to win.
- Design simplified and impactful client experiences as a foundation for growth.

Central to this strategy is setting the Momentum Group apart as a financial services company that excels at advice, cares for our clients through simple products and services, is enabled by technology, and has excellent vertically integrated product and asset management capabilities. Through executing this strategy, we aim to build and protect our clients' financial dreams and achieve our financial ambition to generate NHE of R7 billion by F2027, VNB of R1.0 to R1.2 billion, a VNB margin of 1% to 2%, ROE of 20% and improvements of NPS across all client service areas.

Short-form statement

This announcement is the responsibility of the Board. The information in this short-form announcement, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Group Limited's external auditors. Financial figures in this announcement have been extracted from the summarised annual financial statements. The announcement is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full SENS announcement accessible from Friday, 27 September 2024, via the JSE link and also available on the Company's website at <https://www.momentumgrouppltd.co.za/investor-relations/reporting-centre/year-end-results>.

The annual financial statements have been audited by the Group's auditors, who expressed an unqualified opinion thereon. The audited annual financial statements, including the audit opinion and key audit matters and the summarised financial statements can be found on the Group's website at <https://www.momentumgrouppltd.co.za/investor-relations/reporting-centre/year-end-results> and via the JSE link. A printed copy of the full SENS announcement may also be requested from the Group Company Secretary, Gcobisa Tyusha, Tel: +27 12 673 1931 or gcbisa.tyusha@mmltd.co.za, and is available for inspection by appointment at the Company's registered office, weekdays Monday to Friday from 09:00 to 16:00.

The JSE link is as follows: <https://senspdf.jse.co.za/documents/2024/jse/isse/MTME/FY24Result.pdf>

SENS issue: 27 September 2024

Equity sponsor

Merrill Lynch SA (Pty) Ltd t/a BofA Securities

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Rand Merchant Bank (a division of FirstRand Bank Limited)