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Sanlam's 2025 comparative information on new reporting framework

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2025 comparative information on new reporting framework

Introduction

This document provides selected historical comparative information to support the market's understanding of Sanlam's earnings under the group's new reporting framework. It is intended to help users interpret prior-period information consistently following the introduction of operating profit as Sanlam's IFRS-aligned earnings performance measure. Historically, management used net result from financial services as its primary earnings metric.

This document is not intended to provide earnings guidance, a profit forecast or a view on likely outcomes for any reporting period. Its purpose is to improve transparency around the framework, the key drivers that affect reported outcomes and the group's project costs, with the aim of improving comparability and supporting more consistent analysis.

The document therefore provides additional disclosure across three areas: selected 2025 comparatives for earnings under the new reporting framework; context on project expenditure; and the composition of shareholder investable assets as at 31 December 2025.

Not a profit forecast, earnings guidance, trading statement or SENS announcement

This document is provided for information purposes only in connection with Sanlam's transition to its new earnings reporting framework. It should be read together with Sanlam's published interim and annual financial results, integrated reports, SENS announcements and other formal market disclosures, which remain the authoritative record of Sanlam's financial performance and disclosures.

This document does not constitute, and should not be construed as, a profit forecast, profit estimate, earnings guidance, dividend guidance, trading statement, SENS announcement or any other form of regulated market communication under the JSE Listings Requirements. It does not indicate likely outcomes for any current or future reporting period and should not be interpreted as management's expectations.

This document is not intended to recommend a particular valuation methodology or modelling approach. Any analytical use of the information remains the responsibility of the user and should be considered together with Sanlam's formal published disclosures.

Unless specifically stated otherwise, the financial information, analyses, illustrations contained in this document have not been audited, reviewed or otherwise reported on by Sanlam's external auditors. Certain information has been included to assist users in understanding the earnings framework and historical disclosures. It should therefore not be relied upon in isolation or as a basis for investment, valuation or forecasting decisions.

No representation or warranty, express or implied, is given as to the accuracy, completeness or achievability of any forward-looking statement, estimate or projection contained in this document. Past performance should not be regarded as an indication of future performance. Sanlam undertakes no obligation to update or revise any forward-looking statement contained herein, except as required by applicable law or regulation.

How to use this document

The comparative information presented in this document is provided to support a consistent understanding of previously reported results within the group's IFRS-aligned reporting framework.

The document should be used to note:

- the key components of reported operating profit and related performance measures;
- historical comparative information within the current reporting framework; and
- selected earnings drivers/elements, including project expenses, investment variances and investment return.

Readers may use the comparative information to align prior-period reporting to the current reporting framework. The information should not be used to infer current-period trading or management's expectations.

Key earnings measures

The table below summarises how management uses the principal earnings elements discussed in this document.

Measure	Primary purpose
Operating profit	Sanlam's primary reported IFRS-aligned earnings measure. It reflects the financial performance of the group's businesses, including investment variances and project expenses recognised during the period. Further detail on these elements is provided below.
Investment variances	Reflect short-term profit or losses arising from movements in market variables and certain insurance liability measurement effects in respect of insurance or policyholder business. These form part of reported operating profit.
Project expenses	Operating profit includes all project-related expenditure incurred in the period. Project expenses reflect deliberate investment in technology modernisation, platform upgrades and ecosystem development, including cloud migration, AI enablement and the build out of banking and rewards capabilities.
Operating profit excluding investment variances	A supplemental measure used to assess underlying operational performance by excluding short-term market-related investment variances in respect of insurance or policyholder business that may be positive or negative in any reporting period.
Shareholder net investment returns	Measures net investment returns generated on the group's investable shareholder asset base after allowing for financing cost on long-term debt that supports the group's capital base.
Adjusted headline earnings	Adjusted headline earnings represents operating profit plus shareholder net investment returns. Adjusted headline earnings is used in the return on equity ratio, which is calculated as adjusted headline earnings divided by opening shareholders' equity.

Operating profit

Operating profit remains the group's reported earnings measure and the anchor for financial reporting. It improves transparency around key earnings elements, including investment variances, while enhancing IFRS-based comparability to peers.

Operating profit comprises earnings from operations across the lines of business and includes short-term investment variances arising from market movements on assets backing policyholder liabilities. It also reflects operating expenses incurred in the period, including strategic project and modernisation expenditure.

Supplemental measures are intended to assist interpretation of reported results and should be considered together with, rather than as a substitute for, operating profit.

Treatment of investment variances

Operating profit includes short-term investment variances arising from insurance or policyholder business. These arise in respect of insurance or policyholder business when the actual return on assets backing policyholder liabilities differs from the return expected in the measurement of those liabilities. These variances may be positive or negative in any reporting period and can introduce short-term volatility in operating profit, even when the underlying insurance business performance has not changed materially.

For this reason, management also considers operating profit excluding investment variances as a complementary view of underlying performance. Reported operating profit remains the primary IFRS-aligned measure, while management's earnings guidance is based on normalised operating profit, excluding investment variances.

Operating profit excluding investment variances is intended to provide an additional view of underlying business performance and should not be interpreted as deferring actual market outcomes.

2025 comparative information on new reporting framework continued

Treatment of project expenses

Operating profit includes all project-related expenditure incurred in the period. Project expenses reflect deliberate investment in technology modernisation, platform upgrades and ecosystem development, including cloud migration, AI enablement and the buildout of banking and rewards capabilities.

Within total project expenses, Sanlam separately identifies certain approved Future Fit project expenses for dividend assessment purposes, but they remain current-period expenses recognised in operating profit.

The group therefore presents two categories of project expenses included in operating profit:

- Net Future Fit project expenses: strategic transformation and modernisation costs that are recognised in operating profit when incurred but excluded for dividend assessment purposes. These were previously disclosed as “pre-funded project expenses”
- The remainder of the project expenses: previously disclosed as “project expenses”

The Future Fit project expense reserve was established at the transition to IFRS 17, when specific policyholder-related reserves were released to equity and allocated to support approved digital transformation and modernisation initiatives. These relate mainly to large-scale digital transformation and technology modernisation initiatives. The costs are recognised as expenses in operating profit in the period in which they are incurred and the separate identification is used only for dividend assessment purposes.

The associated movement in the Future Fit project expense reserve reflects the utilisation of previously established shareholder reserves. The reserve may be replenished when a business formally contributes to the fund for approved projects. Once contributed, the amounts remain within the reserve and are utilised as the related Future Fit project expenses are incurred.

The remainder of project expenses include business integration costs, corporate transaction expenses and ongoing or one-off technology modernisation initiatives within enabling functions.

All project expenses are included in operating profit. They differ only in their treatment for dividend assessment purposes.

Comparative project expenses disclosure (unaudited/unreviewed)

R million	June 2025	December 2025
Net Future Fit project expenses[1]	199	424
Project expenses[2]	229	747
Total project expenses included in operating profit	428	1 171

[1] *Includes strategic modernisation programmes including cloud migration, the South Africa ecosystem platform and rewards, and modernisation of policy administration systems.*
[2] *Includes Pan-Africa transformation and integration costs, project costs related to setting up the Lloyd's syndicate and group office finance initiatives.*

Comparative earnings (unaudited/unreviewed)

The information below provides selected 2025 comparative disclosures to assist users in understanding previously published group results within the new earnings reporting framework.

The comparatives are presented for analytical consistency only and do not restate or amend the group's previously reported statutory results.

2025 comparative earnings (unaudited/unreviewed)

Operating profit per line of business	Life and health		General insurance		Investment management		Credit and structuring		Corporate expenses		Total	
R million	30 June 2025	31 December 2025	30 June 2025	31 December 2025	30 June 2025	31 December 2025	30 June 2025	31 December 2025	30 June 2025	31 December 2025	**30 June 2025**	**31 December 2025**
South Africa	3 621	7 645	1 331	2 538	439	1 018	216	382	(251)	(911)	**5 355**	**10 672**
Sanlam Life and Savings	3 431	7 098	–	–	76	126	34	27	(164)	(304)	**3 376**	**6 947**
Retail affluent	1 911	3 646	–	–	76	126	–	–	–	–	**1 987**	**3 772**
Retail mass	992	2 328	–	–	–	–	–	–	–	–	**992**	**2 328**
Corporate	470	1 004	–	–	–	–	–	–	–	–	**470**	**1 004**
Credit, banking and rewards	57	120	–	–	–	–	34	27	(164)	(304)	**(73)**	**(157)**
Sanlam Investments	190	547	–	–	363	892	182	355	–	–	**735**	**1 794**
Sanlam Investments	–	–	–	–	235	580	–	–	–	–	**235**	**580**
Wealth management	–	–	–	–	128	312	–	–	–	–	**128**	**312**
Sanlam Financial Markets	190	547	–	–	–	–	182	355	–	–	**372**	**902**
Santam	–	–	1 331	2 538	–	–	–	–	–	–	**1 331**	**2 538**
Group office	–	–	–	–	–	–	–	–	(87)	(607)	**(87)**	**(607)**
Pan-Africa: SanlamAllianz	330	662	343	498	37	83	77	141	(141)	(340)	**646**	**1 044**
Asia	32	(24)	170	299	–	–	885	1 743	58	154	**1 145**	**2 172**
India	(12)	(81)	184	329	–	–	885	1 743	65	164	**1 122**	**2 155**
Malaysia	44	57	(14)	(30)	–	–	–	–	(7)	(10)	**23**	**17**
International	–	–	–	–	56	239	–	–	–	–	**56**	**239**
Operating profit excluding investment variances	3 982	8 283	1 844	3 335	532	1 340	1 178	2 266	(334)	(1 097)	**7 202**	**14 127**
Investment variances	318	(463)	344	58	–	–	–	–	–	–	**662**	**(405)**
Operating profit	4 300	7 820	2 188	3 393	532	1 340	1 178	2 266	(334)	(1 097)	**7 864**	**13 722**
Investment return on shareholder capital and reserves											**2 494**	**4 438**
Finance costs											**(561)**	**(1 041)**
Adjusted headline earnings[3]											**9 797**	**17 119**

[3] *Adjusted headline earnings are presented at group level for purposes of this comparative disclosure. A line-of-business split will be included in Sanlam's June 2026 interim results disclosure.*

2025 comparative information on new reporting framework continued

Investment returns on shareholders' funds

Investment return represents the total return generated on the group's investable shareholders' fund assets over a reporting period, comprising both investment income and surpluses.

The shareholders' investable asset base is predominantly invested in cash, money market and fixed interest assets, with a selective allocation to equities, including hedged equity strategies. This positioning is intended to optimise risk-adjusted returns, protect capital in real terms over time and limit higher-risk or concentrated exposures. These assets may give rise to periodic investment gains or losses.

The composition of these assets is set out below to support understanding of the group's shareholder investment return profile.

Shareholder investable assets at 31 December 2025 (unaudited/unreviewed)

As at 31 December 2025 R million	Cash and other money market securities	Interest-bearing investments	Hedged equities	Equities	Property	Insurance contract assets and other[4]	Total assets	Funding	Total net assets
South Africa	20 317	15 577	4 475	7 029	37	9 757	57 192	(14 424)	42 768
Sanlam Life and Savings	7 198	9 510	2 709	5 509	37	9 632	34 595	(6 629)	27 966
Sanlam Investments	369	60	1 766	850	–	(241)	2 804	–	2 804
Santam	5 128	4 466	–	669	–	333	10 596	(2 545)	8 051
Group office	7 622	1 541	–	1	–	33	9 197	(5 250)	3 947
Pan-Africa	5 245	7 191	–	5 017	1 800	499	19 752	–	19 752
Asia	94	1 569	–	728	20	–	2 411	(411)	2 000
India	12	985	–	673	20	–	1 690	–	1 690
Malaysia	82	584	–	55	–	–	721	(411)	310
Total investable assets	25 656	24 337	4 475	12 774	1 857	10 256	79 355	(14 835)	64 520
Total investable domestic assets	15 557	14 603	4 475	4 811	37	9 755	49 238	(14 424)	34 814
Total investable foreign assets	10 099	9 734	–	7 963	1 820	501	30 117	(411)	29 706

[4] *Comprises mostly of the intangible assets backings negative insurance liabilities.*

Investment return on investable assets (unaudited/unreviewed)

As at 31 December 2025 R million	Investment income	Investment surpluses	Finance costs	Total net investment return	Assets under management	Implied return[5]
South Africa	1 901	979	(1 030)	1 850	42 768	4,5%
Sanlam Life and Savings	1 088	1 435	(427)	2 096	27 966	7,4%
Sanlam Investments	83	238	(8)	313	2 804	13,0%
Santam	523	(150)	(237)	136	8 051	1,7%
Group office	207	(544)	(358)	(695)	3 947	(36,5%)
Pan-Africa	656	957	–	1 613	19 752	7,6%
Asia	1	(56)	(11)	(66)	2 000	(3,1%)
Total investable assets	2 558	1 880	(1 041)	3 397	64 520	5,3%

[5] *Implied investment return percentage is expressed as return over average assets for the period.*

Interpreting dividend capacity

Sanlam's dividend capacity is determined with reference to its sustainable earnings and cash generation, while taking into account capital requirements, solvency considerations, strategic investment opportunities and the Group's dividend policy. Reported operating profit, excluding investment variances, remains the earnings measure underpinning dividend sustainability. As previously communicated, Sanlam's equity-accounted investment in Ninety One does not contribute to operating profit but to investment income. However, dividends received from this holding remain available for distribution to shareholders.

Importantly, Sanlam will continue to exclude the impact of short-term investment variances when determining earnings available for distribution, supported by the substantial reserves that remain on the balance sheet. Dividends will also continue to be shielded from the cost of identified Future Fit projects. As a result, while operating profit is expected to be more volatile than under our previous earnings approach, dividends are expected to remain steady and largely unaffected by the change in reporting methodology.



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