

TRUSTCO GROUP HOLDINGS LIMITED

Incorporated in the Republic of Namibia

(Registration number 2003/058)

NSX Share Code: TUC

JSE Share Code: TTO

OTCQX share code: TSCHY

ISIN Number: NA000AORF067 ("the Company" or "Trustco")

Media Release

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TRUSTCO GROUP RELEASES INTERIM RESULTS

Windhoek, Namibia - Trustco Group Holdings Limited ("Trustco") has announced the release of its latest unaudited condensed consolidated interim results for the six months ended 28 February 2022.

Trustco Group was founded on 21 August 1992, and this year sees its 30th birthday fast approaching. *"Since I acquired Trustco back in 1992, the group has managed a compounded annual growth rate (CAGR) of 84% in capital and reserves until February 2022, and 34.1% since its first public listing on the NSX in 2006. If you invested NAD (Namibia Dollar) 100 in Trustco in 1992, your investment would have been worth NAD 6.5 billion now,"* Dr Q van Rooyen, Group MD, noted.

"Yet, since its listing in 2006, the share price only managed a compound annual growth rate of 3.89% up to February 2022. Had the share price mirrored the growth in capital and reserves, a price of NAD 68.30 per share by the end of the reporting period would have been reached. This is an issue that needs to be addressed by the board as soon as possible," he continued.

Trustco commenced with its IFRS 10 transition in 2017 when it first sold a 20% stake to a US-Investment fund as part of its financial services portfolio. As a result, the group transitioned from only managing fully-owned and operated businesses, to evaluating each business portfolio for its investment returns to shareholders instead. During the COVID-19 pandemic, this process accelerated, as each portfolio was assessed in terms of its returns, as well as when the group should exit each investment to maximise shareholder value.

This has resulted in Trustco Group as an entity having to value its portfolio of investments in terms of IFRS 13. Valuations were done *via* the income approach, with differing discount rates relative to the portfolio companies' activities, all applied from a market participants' perspective. As an investment entity, Trustco evaluates investments in a financial services portfolio, which covers investments in banking and financing, insurance, education and real estate, as well as its resources portfolio, with its high-profile international investment being the Meya mine in Sierra Leone. However, Trustco continues to consolidate its shared services subsidiaries. These entities provide investment related services to Trustco's investment portfolios.

Trustco Group reported a profit for the six months ended 28 February 2022 of NAD 579 million and headline earnings of NAD 27 million. For the six months ended 28 February 2022, the group thus reported basic earnings of 36.63c per share, and headline earnings of 1.70c per share. By the end of February 2022, shareholder assets under management (or Net Asset Value) had built up to NAD (Namibia Dollar) 6.5 billion, with gross assets amounting to NAD 8.5 billion. Total liabilities stood at NAD 2.0 billion or 24% of total assets. The gearing is therefore 0.31

Substantial growth in the Namibian economy is still lacking, although high profile prospects like a significant oil reserve discovery and green hydrogen projects, hint at growth prospects returning. At the time of reporting, however, the negative situation in Europe had escalated, with many knock-on effects to the local economy. As a result, inflation has increased with monetary policy contractions already experienced and expected to become worse.

“The socio-political stability of Namibia as a sovereign state remains to be a major drawcard to foreign direct investment, as more and more global citizens see Namibia as a safe haven. This will ensure the growth of the key industries in Namibia from Agriculture, Tourism, Mining and Fishing. Namibia must continue to develop its human capital to ensure sustainable growth in all these sectors. Trustco Group on its part will continue to invest in its various portfolios to attract foreign investment and provide the returns its shareholders expect,” Dr van Rooyen commented.

Trustco’s board remains cautiously optimistic about the group’s future growth prospects, as its resources portfolio transitions into escalating positive operating cash flow generation while providing an adequate exchange rate hedge and its financial services portfolio benefits from increased interest rate margins.

Interim Results FY2022: <https://tinyurl.com/2hbfemje>

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