




DISCOVERY


NOTICE OF THE ANNUAL
GENERAL MEETING
FOR THE YEAR ENDED 30 JUNE 2021

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WE USE THE FOLLOWING ICONS FOR FURTHER READING:

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DEAR SHAREHOLDER

The detailed Notice of the Discovery Limited Annual General Meeting ("Notice") and supporting documentation for the year ended 30 June 2021 are attached hereto. The Notice is accompanied by explanatory notes setting out the reasons for and the effects of all the proposed ordinary and special resolutions contained in the Notice.

The Annual Financial Statements and Integrated Annual Report are available on the Company's website at www.discovery.co.za/corporate/investor-relations. Should you require a full printed version of the Integrated Annual Report please contact me on nobuhlem2@discovery.co.za and a copy will be sent to you.

If you are unable to attend the Annual General Meeting, you are entitled to vote by proxy, in accordance with the instructions in the Notice of Annual General Meeting and the form of proxy.

Yours sincerely

NN Mbongo
Company Secretary

NOTICE OF THE ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 30 JUNE 2021

DISCOVERY LIMITED

(Registration number: 1999/007789/06)

ISIN: ZAE00022331

Ordinary share code: DSY

Preference share code: DSBP

ISIN: ZAE000158564

Legal Entity Identifier: 378900245A26169C8132
("the Company")

Notice is hereby given in terms of section 62(1) of the Companies Act, No. 71 of 2008 as amended ("Companies Act") that the twenty second Annual General Meeting ("AGM" or "meeting") of the Company will be held in the Auditorium, Ground Floor, 1 Discovery Place, Sandton, and through electronic participation, on Wednesday, 24 November 2021 at 15h00 to – (i) consider and, if deemed fit to pass, with or without modification, the resolutions set out below; and (ii) deal with such other business as may be dealt with at the AGM.

The Board of Directors of the Company ("Board") has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the AGM is Friday, 15 October 2021 and only shareholders of the Company who are registered in the securities register of the Company on Friday, 19 November 2021 will be entitled to participate in and vote at the AGM. Therefore, the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the AGM is Tuesday, 16 November 2021. The Notice of the AGM will be distributed to shareholders on Tuesday, 26 October 2021 and the results of the AGM will be released on the Stock Exchange News Service on or about Wednesday, 24 November 2021.

In terms of clause 13.13 of the Company's Memorandum of Incorporation ("MOI"), holders of B Preference Shares (as that term is defined in the MOI) shall be entitled to receive notice of, and to be present either in person or by proxy, at the AGM, but they shall not be entitled to vote thereat. In terms of clause 12.7 and clause 14.5 of the MOI, the holders of the A Preference Shares and the C Preference Shares (as those terms are defined in the MOI) respectively shall neither be entitled to attend the AGM nor be entitled to vote, in person or by proxy, at any such meeting.

The Integrated Annual Report and the audited Annual Financial Statements for the year ended 30 June 2021, can be accessed on the Company website www.discovery.co.za/corporate/investor-relations from 26 October 2021.

ELECTRONIC PARTICIPATION IN THE AGM

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication as provided for in terms of the MOI and section 63(2) of the Companies Act. In this regard, shareholders or their proxies may participate in the AGM by way of an interactive electronic platform and, if they wish to do so:

- must contact the Company Secretary (by email at the address **NobuhleM2@discovery.co.za**) or the Transfer Secretaries (by email at the address **proxy@computershare.co.za**) by no later than 09h00 on Monday, 22 November 2021 in order to obtain access details to the AGM or alternatively, they can register online using the online registration portal at **www.meetnow.global/za** prior to commencement of the AGM; and
- will be required, in terms of section 61(3) of the Companies Act, to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Acceptable forms of identification include a valid green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport; and
- the electronic platform does allow for electronic voting but shareholders are encouraged to submit their votes by proxy prior to the meeting.

Participants will be liable for their own network charges in relation to electronic participation at the AGM. Any such charges will not be for the account of either the Company's Transfer Secretaries or the Company, who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating at the AGM.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. A proxy does not have to be a shareholder of the Company.

This Notice of the AGM includes the attached form of proxy and shareholder's attention is directed to the additional notes and instructions on the back of the form of proxy.



ORDINARY BUSINESS

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited Annual Financial Statements, including the Directors' Report, Auditor's Report and the Report by the Audit Committee of the Company and all of its subsidiaries ("Group") for the year ended 30 June 2021 are presented to shareholders for consideration.

The complete audited Annual Financial Statements, including the Directors' Report, Auditor's Report and the Report by the Audit Committee, of the Company and the Group for the year ended 30 June 2021, are available on the Company website,

www.discovery.co.za/corporate/investor-relations. The summary consolidated Annual Financial Statements are set out within Annexure 1 from page 12 to 34.

ORDINARY RESOLUTIONS

1. ORDINARY RESOLUTION NUMBER 1 (COMPRISING ORDINARY RESOLUTIONS NUMBER 1.1. TO 1.2 (INCLUSIVE))

Appointment of joint external independent auditor(s)

By way of separate ordinary resolutions:

- 1.1 "Resolved that PricewaterhouseCoopers Inc. ("PwC") is re-appointed, as the joint independent external auditor of the Company, as nominated by the Company's Audit Committee, until the conclusion of the next AGM."
- 1.2 "Resolved that KPMG Inc. ("KPMG") is appointed, as the joint independent external auditor of the Company, as nominated by the Company's Audit Committee, with effect from 1 July 2021, until conclusion of the next AGM."

EXPLANATORY NOTES IN RESPECT OF ORDINARY RESOLUTION NUMBER 1

In accordance with section 90 of the Companies Act, PwC is proposed to be re-appointed as the joint independent external auditors of the Company, as nominated by the Company's Audit Committee, until the conclusion of the Company's next AGM. Mr Andrew Taylor is the individual registered auditor who will undertake the joint audit for the financial year ending 30 June 2022. The Company is implementing mandatory audit firm rotation in conjunction with the requirement by the Independent Regulatory Board for Auditors as well as the intention of the Prudential Authority to appoint joint auditors for an Insurance Group. Accordingly, KPMG is proposed to be appointed as the joint external auditors of the Company as nominated by the Company's Audit Committee, until the conclusion of the Company's next AGM. Mr Mark Dankwerts is the individual registered auditor who will undertake the audit for the financial year ending 30 June 2022.

2. ORDINARY RESOLUTION NUMBER 2

Election and re-election of Directors

Ordinary Resolution Number 2 (comprising Ordinary Resolutions Number 2.1. to 2.3 (inclusive))

Shareholders are requested to consider and, if deemed fit, to re-elect Dr Vincent Maphai, as a director of the Company and, further, to ratify the appointment of Ms Marquerithe Schreuder and Ms Monhla Hlahla as directors of the Company, by way of passing separate resolutions. Ms Marquerithe Schreuder and Ms Monhla Hlahla were appointed as additional directors during the year.

Dr Brian Brink and Ms Sonja De Bruyn retire in terms of clause 41.3 of the MOI and are both eligible for re-election, however, have chosen not to offer themselves for re-election as directors. The Company notes their resignations with effect from the conclusion of this AGM.

- 2.1 "Resolved that Dr Vincent Maphai, who retires in terms of clause 41.3 of the MOI and who, being eligible, offers himself for re-election, is re-elected as an independent non-executive director of the Company."
- 2.2 "Resolved that the appointment of Ms Marquerithe Schreuder as an independent non-executive director of the Company, with effect from 19 February 2021, be and is hereby ratified."
- 2.3 "Resolved that the appointment of Ms Monhla Hlahla as an independent non-executive director of the Company, with effect from 15 August 2021, be and is hereby ratified."

EXPLANATORY NOTES IN RESPECT OF ORDINARY RESOLUTIONS NUMBER 2.1 TO 2.3

Clause 41.3 of the MOI provides that 1/3 (one-third) of the Company's non-executive directors shall retire at every AGM. Therefore, Ordinary Resolution Number 2.1 is proposed to re-elect Dr Vincent Maphai, in accordance with the provisions of the MOI.

Ms Marquerithe Schreuder and Ms Monhla Hlahla were appointed, as independent non-executive directors (on 19 February 2021 and 15 August 2021 respectively), in terms of clause 41.10 of the MOI. In accordance with the provisions of clause 41.3.3 of the MOI, Ms Marquerithe Schreuder and Ms Monhla Hlahla must retire and be elected at the AGM (following their appointments), by the shareholders of the Company.

A brief CV of each of the directors mentioned above appears on pages 37 to 38.

3. ORDINARY RESOLUTION NUMBER 3 (COMPRISING ORDINARY RESOLUTIONS NUMBER 3.1. TO 3.3 (INCLUSIVE))

Election of members of the Audit Committee

"Resolved that –

- 3.1 Mr David Macready, who is an independent non-executive director of the Company, is elected as a member and the chairperson of the Company's Audit Committee for the financial year ending 30 June 2022.
- 3.2 Subject to the passing of Ordinary Resolution Number 2.2, Ms Marquerithe Schreuder, who is an independent non-executive director of the Company, is elected as a member of the Company's Audit Committee for the financial year ending 30 June 2022.
- 3.3 Subject to the passing of Ordinary Resolution Number 2.3, Ms Monhla Hlahla, who is an independent non-executive director of the Company, is elected as a member of the Company's Audit Committee for the financial year ending 30 June 2022."

EXPLANATORY NOTES IN RESPECT OF ORDINARY RESOLUTION NUMBER 3.1 TO 3.3

In terms of section 94(2) of the Companies Act, the members of the Audit Committee are elected by shareholders at each AGM. A brief CV of each of the independent non-executive directors mentioned above appear on pages 37 to 38. In terms of the Regulations promulgated under and in terms of the Companies Act ("Companies Act Regulations"), at least 1/3 (one-third) of the members of the

Company's Audit Committee must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Board is satisfied that the Company's Audit Committee members are suitably skilled, experienced as contemplated in Regulation 42 of the Companies Act Regulations and that, collectively, they have the necessary qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act.

4. ORDINARY RESOLUTION NUMBER 4

General authority to issue preference shares

In terms of clauses 15.2.2 and 15.2.3 of the MOI, the Board requires the approval of the ordinary shareholders of the Company to issue and allot and grant options over the unissued redeemable no par value preference shares (i.e. A Preference Shares (as defined in the MOI)); the non-cumulative, non-participating, non-convertible, voluntary redeemable no par value preference shares (i.e. B Preference Shares (as defined in the MOI)) and the perpetual no par value preference shares (i.e. C Preference Shares (as defined in the MOI)) in the share capital of the Company. As such, it is proposed that shareholders provide the requisite general authority to the Board to issue up to 10 000 000 (ten million) A Preference Shares, 12 000 000 (twelve million) B Preference Shares and 20 000 000 (twenty million) C Preference Shares by passing the following Ordinary Resolution Numbers 4.1 to Ordinary Resolution Number 4.3 (inclusive):

4.1 General authority to directors to allot and issue A Preference Shares

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as it in its discretion deems fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 10 000 000 (ten million) A Preference Shares from the authorised but unissued A Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 (fifteen) months from the date of this Ordinary Resolution Number 4.1, whichever period is shorter."

EXPLANATORY NOTES IN RESPECT OF ORDINARY RESOLUTION NUMBER 4.1

In terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued A Preference Shares and/or grant options over them, as the Board in its discretion deems fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. This ensures that the Board has the necessary flexibility to allot and issue (or grant options over) up to 10 000 000 (ten million) A Preference Shares as it deems fit.

4.2 General authority to directors to allot and issue B Preference Shares

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as it in its discretion deems fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 12 000 000 (twelve million) B Preference Shares from the authorised but unissued B Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 (fifteen) months from the date of this Ordinary Resolution Number 4.2, whichever period is shorter."

EXPLANATORY NOTES IN RESPECT OF ORDINARY RESOLUTION NUMBER 4.2

In terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued B Preference Shares and/or grant options over them, as the Board in its discretion deems fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. This ensures that the Board has the necessary flexibility to allot and issue (or grant options over) up to 12 000 000 (twelve million) B Preference Shares as they deem fit.

4.3 General authority to directors to allot and issue C Preference Shares

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as it in its discretion deems fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 20 000 000 (twenty million) C Preference Shares from the authorised but unissued C Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 (fifteen) months from the date of this Ordinary Resolution Number 4.3, whichever period is shorter."

EXPLANATORY NOTES IN RESPECT OF ORDINARY RESOLUTION NUMBER 4.3

In terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued C Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. This ensures that the Board has the necessary flexibility to allot and issue (or grant options over) up to 20 000 000 (twenty million) C Preference Shares as they deem fit.

5. ORDINARY RESOLUTION NUMBER 5

Authority to implement Special and Ordinary Resolutions

"Resolved that any director of the Company or the Company Secretary of the Company is authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions to be proposed at the AGM."

EXPLANATORY NOTES IN RESPECT OF ORDINARY RESOLUTION NUMBER 5

To authorise any director or the Company Secretary of the Company to attend to the necessary to implement the special and ordinary resolutions passed at the AGM and to sign all documentation required to record the special and ordinary resolutions.



ADVISORY VOTES

1. ADVISORY VOTE: REMUNERATION POLICY AND IMPLEMENTATION REPORT

- 1.1 "To endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out in the Remuneration Report contained in the Integrated Annual Report."
- 1.2 "To endorse, by way of a non-binding advisory vote, the Company's remuneration implementation report (excluding the remuneration of the non-executive directors for their services as directors and members of statutory committees), as set out in the "Integrated Annual Report."

EXPLANATORY NOTES IN RESPECT OF ADVISORY ENDORSEMENT

In terms of the South African King IV report on Corporate Governance ("King IV"), shareholders of a company are provided with an opportunity to pass non-binding advisory votes on the remuneration policy and the implementation report. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof, but will not be binding on the Company.

Furthermore, King IV recommends the remuneration policy should record the measures that the board of a company commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% (twenty five percent) or more of the voting rights exercised by shareholders.

SPECIAL RESOLUTIONS

1. SPECIAL RESOLUTION NUMBER 1

Approval of non-executive directors' remuneration – 2021/2022

"Resolved that there will be an inflationary increase and where applicable, market related increase in fees and that payment of the following fees be approved as the basis for calculating the remuneration of the non-executive directors for the services as directors of the Company for the financial year ending 30 June 2022:

	2020/2021 Excl VAT (if applicable) Retainer only	Proposed 2021/2022 Excl VAT (if applicable) Retainer only
Board		
Chairperson	GBP 300 000	GBP 304 500
Member – SA based	R 480 000	R 499 200
Member – UK based	GBP 66 000	GBP 66 990
Member – Australia based	AUD 120 000	AUD 121 970
Member – USA and other non-SA based	USD 82 000	USD 84 500
Audit, Risk and Compliance, and Actuarial committees		
Chairperson, Audit committee – SA based	R 455 000	R 540 800
Chairperson, Risk and Compliance and Actuarial committees – SA based	R 455 000	R 473 200
Member – SA based	R 260 000	R 270 400
Chairperson – UK based	GBP 48 000	GBP 48 720
Member – UK based	GBP 16 300	GBP 16 450
Chairperson – Australia based	AUD 54 600	AUD 55 490
Member – Australia based	AUD 31 200	AUD 31 710
Chairperson – USA and other non-SA based	USD 37 600	USD 38 730
Member – USA and other non-SA based	USD 21 500	USD 22 140
Remuneration, Social and Ethics, Nominations and any other committees		
Chairperson – SA based	R 364 000	R 378 560
Member – SA based	R 208 000	R 216 320
Chairperson – UK based	GBP 24 200	GBP 24 560
Member – UK based	GBP 13 800	GBP 14 000
Chairperson – Australia based	AUD 43 600	AUD 44 310
Member – Australia based	AUD 25 000	AUD 25 410
Chairperson – USA and other non-SA based	USD 30 100	USD 31 000
Member – USA and other non-SA based	USD 17 200	USD 17 720
Non-resident director travel allowance	USD 2 795 per return leg	USD 2 879 per return leg

EXPLANATORY NOTE IN RESPECT OF SPECIAL RESOLUTION NUMBER 1

In terms of section 66(8) and (9) of the Companies Act, remuneration may only be paid to directors for their services as directors, in accordance with a special resolution approved by the shareholders within the previous 2 (two) years and if not prohibited in terms of the MOI. Therefore, Special Resolution Number 1 is proposed to approve the payment of and the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period ending 30 June 2022 in terms of sections 66(8) and (9) of the Companies Act. The fees payable to the non-executive directors are detailed above and include inflationary related increases with the exception of the fees for the Chairperson of the Audit Committee which is based on a revised market benchmark. Further details on the basis of calculation of the remuneration are included in the Remuneration report on page 107 of the Integrated Annual Report.

2. SPECIAL RESOLUTION NUMBER 2

General authority to repurchase shares

"Resolved that the Board is hereby authorised by a way of a renewable general authority, in terms of the provisions of the JSE Listings Requirements, section 48 of the Companies Act and as permitted in the MOI, to approve the repurchase of its own ordinary shares by the Company, and the repurchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the JSE Listings Requirements, when applicable, and provided that:

- 2.1 the general repurchase by the Company and/or any subsidiary of the Company of ordinary shares in the aggregate in any one financial year do not exceed 10% (ten percent) of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% (ten percent) of the number of issued shares in the Company are held by or for the benefit of all the subsidiaries of the Company taken together;
- 2.2 any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
- 2.3 any repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- 2.4 this authority shall only be valid until the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date of passing of this resolution, whichever occurs first;
- 2.5 the Company will only appoint one agent to effect any repurchase(s) on its behalf;
- 2.6 general repurchases by the Company and/or any subsidiary of the Company in terms of this authority, may not be made at a price greater than 10% (ten percent) above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of the repurchase of such ordinary shares by the Company and/or any subsidiary of the Company;

- 2.7 any such general repurchases are subject to exchange control regulations and approvals at that point in time, where relevant;
- 2.8 a resolution has been passed by the Board and/or any subsidiary of the Company confirming that the Board has authorised the repurchase, that the Company satisfied the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group;
- 2.9 the Company and/or any subsidiary of the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and not subject to any variation and has been submitted to the JSE in writing prior to the commencement of the prohibited period;
- 2.10 an announcement will be published giving such details as may be required in terms of the JSE Listings Requirements as soon as the Company and/or any subsidiary has cumulatively repurchased 3% (three percent) of the number of shares in issue at the date of the passing of this resolution, and for each 3% (three percent) in aggregate of the initial number of shares acquired thereafter; and
- 2.11 the Board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future, in particular the repurchase of shares by a subsidiary of the Company for purposes of employee share schemes. The Board undertakes that it will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that, for a period of 12 (twelve) months after the date of the repurchase:
 - 2.11.1 the Company and the Group will be able in the ordinary course of business to pay its debts;
 - 2.11.2 the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group;
 - 2.11.3 the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
 - 2.11.4 the working capital of the Company and the Group will be adequate for ordinary business purposes."

EXPLANATORY NOTE IN RESPECT OF SPECIAL RESOLUTION NUMBER 2

Special Resolution Number 2 is to grant the Board a general authority in terms of the JSE Listings Requirements, up to and including the date of the following AGM of the Company (provided that it shall not extend beyond 15 (fifteen) months from the date the resolution is passed), to approve the Company's repurchase of shares in itself, or to permit a subsidiary of the Company to repurchase shares in the Company and to authorise the Company or any of its subsidiaries to acquire shares issued by the Company in terms of the aforesaid approval. Please refer to the paragraph entitled *additional disclosure of information* contained on page 08 of this Notice of AGM, which disclosure is required in terms of the JSE Listings Requirements.

Other than the facts and developments reported on in the Annual Financial Statements and the Integrated Annual Report, there have been no material changes in the financial position of the Company since the date of the audit report and the date of this Notice.



3. SPECIAL RESOLUTION NUMBER 3

Financial assistance in terms of section 44 and 45 of the Companies Act

"Resolved that, to the extent required by the Companies Act, the Board may, subject to compliance with the requirements of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to –

- 3.1 any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act;
- 3.2 any of its present or future directors or Prescribed Officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Group's share or other employee incentive schemes (without limitation to the Long-term Incentive Plan (LTIP)), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act;
- 3.3 the trustees of the LTIP as a capital contribution in order to enable the trustees of the LTIP to subscribe for shares in the Company in respect of which beneficiaries of the LTIP will acquire vested rights.

Such authority to endure until the forthcoming AGM of the Company."

EXPLANATORY NOTE IN RESPECT OF SPECIAL RESOLUTION NUMBER 3

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or inter-related companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or related or inter-related company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the Board must be satisfied that – (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Therefore, Special Resolution Number 3 is proposed to obtain approval from the shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act to ensure that the Company has the necessary authority to authorise and provide the financial assistance as and when required.

The Board undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:-

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

4. SPECIAL RESOLUTION NUMBER 4

Shareholders right to call a shareholders meeting in terms of section 61(3)(b) of the Companies Act

"Resolved that, the existing MOI is amended by the inclusion of a new clause, namely clause 31.4:-

- 31.4 The Board (or any other person specified in the MOI) must call a shareholders meeting if one or more written and signed demands for such a meeting are delivered to the Company by shareholders holding in aggregate of at least 10% (ten percent) of the voting rights of the Company entitled to be exercised.

EXPLANATORY NOTE IN RESPECT OF SPECIAL RESOLUTION NUMBER 4

The current MOI does not contain the enabling provision as contained in section 61(3)(b) of the Companies Act, in terms of which the shareholders may demand a meeting for a specific purpose. This is an update to the MOI.

5. SPECIAL RESOLUTION NUMBER 5

Approval to issue the Company's ordinary shares to persons falling within the ambit of section 41(1) of the Companies Act 71 of 2008

"Resolved that, to the extent that the Company is to allot and issue ordinary shares in the share capital of the Company pursuant to, and for the specific purpose of, raising capital to fund the Company's (or the Group's) proportionate share of the capital contribution required by Ping An Health Insurance Company of China Limited ("PAH") (as referred to in the financial results announcement released on SENS on 2 September 2021) to any person falling within the ambit of section 41(1) of the Companies Act, being a director, future director, prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a director or prescribed officer of the Company (or a nominee of any of the foregoing persons), such allotment and issue is hereby approved in terms of section 41(1) of the Companies Act, provided that such allotment and issue is limited to the proportionate percentage shareholding of such persons in the Company immediately prior to the equity issuance and implemented in accordance with the JSE Listings Requirements."

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 5

Shareholders are referred to the financial results announcement released on SENS on 2 September 2021, in terms of which shareholders were advised that the Company became aware that due to the combined effect of future growth prospects of PAH and its expanding product mix, with the evolving prudential regulatory requirements in China, PAH requires additional capital of RMB2.6 billion (approximately R6 billion). Discovery's proportionate contribution amounts to approximately R1.5 billion. Such equity issuance will take place by way of a vendor consideration placement in terms of the JSE Listings Requirements. Certain directors of the Company, including Mr Adrian Gore and Mr Barry Swartzberg, ("Participating Directors") may wish to participate in the equity issuance, however they are only permitted to do so subject to the Company obtaining approval from shareholders in terms of section 41(1) of the Companies Act. The reason for and effect of this special resolution is to authorise the allotment and issue of ordinary shares in the share capital of the Company to the Participating Directors in terms of section 41(1) of the Companies Act.

ADDITIONAL DISCLOSURE OF INFORMATION

For the purposes of considering Special Resolution Number 2 and in compliance with the JSE Listings Requirements, the information listed below has been included as follows:

MAJOR SHAREHOLDERS OF THE COMPANY



REFER PAGE 196 OF THE ANNUAL FINANCIAL STATEMENTS.

SHARE CAPITAL OF THE COMPANY



REFER TO GROUP NOTE 17 ON PAGE 116 OF THE ANNUAL FINANCIAL STATEMENTS.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company, whose names appear on page 18 of the Integrated Annual Report, have no specific intention to effect the provisions of Special Resolution Number 2 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution Number 2.

The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 2 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that Special Resolution Number 2 contains all information required by law and the JSE Listings Requirements.

NO MATERIAL CHANGES

Other than the facts and developments reported on in the Integrated Annual Report and Annual Financial Statements, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this Notice.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions Number 1 to 5, contained in this Notice of AGM require the approval by more than 50% (fifty percent) of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

Special Resolutions Number 1 to 5 contained in this Notice of AGM require the approval by at least 75% (seventy five percent) of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

The report of the members of the Social and Ethics Committee for the year ended 30 June 2021 can be found on page 33 of the Governance Report (available on the Company's website at www.discovery.co.za/corporate/investor-relations). The Chairperson of the Social and Ethics Committee will be present at this AGM and if there are any questions regarding the activities of the Committee then they can be addressed.

TO TRANSACT ANY OTHER BUSINESS THAT MAY BE TRANSACTED AT AN AGM

Attendance and voting by shareholders or proxies

The record date on which shareholders of the Company must be registered as such in the Company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the AGM is Friday, 19 November 2021.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. The person or persons so appointed as a proxy or proxies need not be a shareholder or shareholders of the Company.

Forms of proxy must be lodged with or posted to the Company at 1 Discovery Place, corner Rivonia and Katherine streets, Sandton, 2196 or posted to the Company at PO Box 786722, Sandton, 2146, South Africa or lodged with the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa or posted to the Company's transfer secretaries at Private Bag X9000, Saxonwold, 2132, South Africa so as to be received by them, for administrative purposes, by not later than Monday, 22 November 2021 at 15h00 (South African time), being not less than 48 hours before the AGM to be held at 15h00 on Wednesday, 24 November 2021 in accordance with clause 27.3.2 of the MOI. Any forms of proxy not received by this time must be handed to the Chairperson of the AGM immediately prior to the commencement of the AGM before your proxy may exercise any of your rights as a shareholder at the AGM.

Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.



Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their Central Securities Depository Participant or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary authority to attend the AGM, in the event that they wish to attend the AGM.

On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder. Voting on the resolution to be proposed at the AGM will be on a poll.

Shares held by a share trust or scheme will not have their votes at the AGM taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements. Shares held as treasury shares may also not vote.

PROOF OF IDENTIFICATION REQUIRED

Section 63(1) of the Companies Act requires that any person who wishes to attend or participate in a shareholders meeting, must present reasonably satisfactory identification at the AGM. Any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the AGM for such shareholder or proxy to attend and participate at the AGM. A valid green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport will be accepted as sufficient identification.

VENUE

Please take note that the AGM will be held in the Auditorium, Ground Floor, 1 Discovery Place, Sandton, on Wednesday, 24 November 2021 at 15h00. If members wish to join virtually they can join through electronic participation. Shareholders will be able to view a webcast of the meeting, vote and ask text questions on the interactive electronic platform utilised for this purpose. Details of which will be shared once attendance has been confirmed.

By order of the Board

NN Mbongo
Company Secretary

Notice of the Annual General Meeting continued

TABLE OF DOCUMENTS

The following reports for the year ended 30 June 2021 have been referred to in this Notice and will be available for access on our website from 26 October 2021 via the respective links:



Annual Financial Statements
www.discovery.co.za/info/2021financials



Governance Report
www.discovery.co.za/info/2021governance



Integrated Annual Report
www.discovery.co.za/info/2021annualreport



Remuneration Report
www.discovery.co.za/info/2021annualreport





ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2021

R million	Group 2021	Group 2020
Assets		
Goodwill	4 879	5 070
Intangible assets	6 371	6 381
Property and equipment	4 188	4 643
Assets arising from insurance contracts	50 483	48 042
Deferred acquisition costs	585	632
Assets arising from contracts with customers	1 248	954
Investment in equity-accounted investees	3 459	2 713
Deferred income tax asset	3 948	3 511
Financial assets		
– Loans and advances to customers at amortised cost	3 361	1 848
– Investments at amortised cost	5 604	2 523
– Investments at fair value through profit or loss	130 937	102 714
– Derivative financial instruments at fair value through profit or loss	249	1 370
Insurance receivables, contract receivables and other receivables	10 533	11 436
Current income tax asset	391	182
Reinsurance contracts	445	400
Cash and cash equivalents	20 013	17 909
TOTAL ASSETS	246 694	210 328
Equity		
Capital and reserves		
Ordinary share capital and share premium	10 151	10 148
Perpetual preference share capital	779	779
Other reserves	1 935	3 269
Retained earnings	33 550	30 353
	46 415	44 549
Non-controlling interest	4	4
TOTAL EQUITY	46 419	44 553
Liabilities		
Liabilities arising from insurance contracts	100 977	82 411
Liabilities arising from reinsurance contracts	12 525	12 465
Deferred income tax liability	8 814	8 514
Contract liabilities to customers	776	808
Financial liabilities		
– Borrowings at amortised cost	19 493	19 836
– Other payables at amortised cost	14 904	14 233
– Deposits from customers	8 985	2 427
– Investment contracts at fair value through profit or loss	32 291	23 012
– Derivative financial instruments at fair value through profit or loss	826	992
Employee benefits	315	284
Current income tax liability	369	793
TOTAL LIABILITIES	200 275	165 775
TOTAL EQUITY AND LIABILITIES	246 694	210 328



GROUP INCOME STATEMENT

for the year ended 30 June 2021

R million	Group June 2021	Group June 2020
Insurance premium revenue	55 935	49 775
Reinsurance premiums	(7 729)	(6 308)
Accelerated reinsurance premiums	(823)	-
Net insurance premium revenue	47 383	43 467
Fee income from administration businesses	11 700	11 337
Net banking fee and commission income	480	150
Banking fee and commission income	633	182
Banking fee and commission expense	(153)	(32)
Vitality income	3 340	3 875
Other income	1 372	1 100
Receipts arising from reinsurance contracts	500	-
Investment income using the effective interest rate method	280	379
Net bank interest and similar income	241	71
Bank interest and similar income using the effective interest rate	627	162
Bank interest and similar expense using the effective interest rate	(386)	(91)
Net fair value gains on financial assets at fair value through profit or loss	11 891	4 093
Net income	77 187	64 472
Net claims and policyholders' benefits	(28 178)	(23 246)
Claims and policyholders' benefits	(33 972)	(26 856)
Insurance claims recovered from reinsurers	5 794	3 610
Acquisition costs	(5 033)	(6 547)
Marketing and administration expenses	(22 679)	(22 118)
Amortisation of intangibles from business combinations	(66)	(76)
Expected credit losses	(271)	(181)
Recovery of expenses from reinsurers	2 773	2 876
Net transfer to/from assets and liabilities under insurance contracts	(14 795)	(13 497)
- change in assets arising from insurance contracts	545	2 038
- change in assets arising from reinsurance contracts	56	53
- change in liabilities arising from insurance contracts	(17 941)	(9 418)
- change in liabilities arising from reinsurance contracts	1 755	(462)
- economic assumption adjustments net of discretionary margins	790	(5 708)
Fair value adjustment to liabilities under investment contracts	(3 634)	(151)
Profit from operations	5 304	1 532
Finance costs	(1 648)	(1 568)
Foreign exchange (losses)/gains	(389)	578
Impairment of goodwill	-	(9)
Gain on dilution and disposal of equity-accounted investments	554	3
Impairment of equity-accounted investments	(149)	-
Share of net profits from equity-accounted investments	523	264
Profit before tax	4 195	800
Income tax expense	(975)	(624)
Profit for the year	3 220	176
Profit/(loss) attributable to:		
- ordinary shareholders	3 157	97
- preference shareholders	63	81
- non-controlling interest	*	(2)
	3 220	176
Earnings per share for profit attributable to ordinary shareholders of the company during the year (cents):		
- basic	480.7	14.8
- diluted	475.4	14.7

* Amount is less than R500 000.

Annexure 1 continued

GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2021

R million	Group June 2021	Group June 2020
Profit for the year	3 220	176
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	(1 576)	2 800
Cash flow hedges	260	(430)
- unrealised losses	360	(762)
- tax on unrealised gains/losses	(25)	59
- (gains)/losses recycled to profit or loss	(90)	319
- tax on recycled gains/losses	15	(46)
Share of other comprehensive income from equity-accounted investments	(312)	293
- change in fair value of debt instruments at fair value through other comprehensive income	15	3
- currency translation differences	(327)	290
Other comprehensive (losses)/income for the year, net of tax	(1 628)	2 663
Total comprehensive income for the year	1 592	2 839
Attributable to:		
- ordinary shareholders	1 529	2 760
- preference shareholders	63	81
- non-controlling interest	*	(2)
Total comprehensive income for the year	1 592	2 839

* Amount is less than R500 000.



GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

R million	Group June 2021	Group June 2020
Cash flow from operating activities	10 407	8 065
Cash generated by operations	26 457	19 000
Purchase of investments held to back policyholder liabilities	(54 661)	(37 316)
Proceeds from disposal of investments held to back policyholder liabilities	38 709	26 218
	10 505	7 902
Dividends received	303	342
Interest received	2 513	2 516
Interest paid	(1 197)	(1 406)
Taxation paid	(1 717)	(1 289)
Cash flow from investing activities	(6 740)	(3 030)
Purchase of financial assets	(32 569)	(26 497)
Proceeds from disposal of financial assets	27 828	25 532
Purchase of property and equipment	(277)	(290)
Proceeds from disposal of property and equipment	21	4
Purchase of software and other intangible assets	(1 587)	(1 726)
Acquisition of business net of cash	(25)	16
Additional investment in equity-accounted investments	(240)	(69)
Dividends from equity-accounted investments	109	-
Cash flow from financing activities	(590)	2 202
Purchase of treasury shares	-	(4)
Dividends paid to ordinary shareholders	-	(1 413)
Dividends paid to preference shareholders	(63)	(81)
Proceeds from borrowings	1 839	10 339
Repayment of borrowings	(2 366)	(6 639)
Net increase in cash and cash equivalents	3 077	7 237
Cash and cash equivalents at beginning of the year	17 909	9 403
Exchange (losses)/gains on cash and cash equivalents	(973)	1 269
Cash and cash equivalents at end of the year	20 013	17 909

Annexure 1 continued

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

R million	Attributable to equity holders of the Company			
	Share capital and share premium	Preference share capital	Share-based payment reserve	Investment reserve ¹
Year ended 30 June 2020				
At beginning of the year	10 142	779	41	-
Total comprehensive income for the year	-	81	-	3
Profit for the year	-	81	-	-
Other comprehensive income	-	-	-	3
Transactions with owners	6	(81)	154	-
Delivery of treasury shares	10	-	(10)	-
Increase in treasury shares	(4)	-	-	-
Acquisition of subsidiaries with non-controlling interest	-	-	-	-
Employee share option schemes:				
- Value of employee services	-	-	164	-
Dividends paid to preference shareholders	-	(81)	-	-
Dividends paid to ordinary shareholders	-	-	-	-
At end of the year	10 148	779	195	3
Year ended 30 June 2021				
At beginning of the year	10 148	779	195	3
Total comprehensive income for the year	-	63	-	15
Profit for the year	-	63	-	-
Other comprehensive (loss)/income	-	-	-	15
Transactions with owners	3	(63)	294	-
Issue of shares	907	-	-	-
Delivery of treasury shares	3	-	(36)	-
Increase in treasury shares	(907)	-	-	-
Employee share option schemes:				
- Value of employee services	-	-	330	-
Dividends paid to preference shareholders	-	(63)	-	-
At end of the year	10 151	779	489	18

¹ This relates to fair value adjustments on those equity instruments designated at fair value through other comprehensive income and those debt instruments measured at fair value through other comprehensive income.

* Amount is less than R500 000.



Attributable to equity holders of the Company

Foreign currency translation reserve	Hedging reserve	Retained earnings	Total	Non- controlling interest	Total
585	(174)	31 669	43 042	*	43 042
3 090	(430)	97	2 841	(2)	2 839
-	-	97	178	(2)	176
3 090	(430)	-	2 663	-	2 663
-	-	(1 413)	(1 334)	6	(1 328)
-	-	-	-	-	-
-	-	-	(4)	-	(4)
-	-	-	-	6	6
-	-	-	164	-	164
-	-	-	(81)	-	(81)
-	-	(1 413)	(1 413)	-	(1 413)
3 675	(604)	30 353	44 549	4	44 553
3 675	(604)	30 353	44 549	4	44 553
(1 903)	260	3 157	1 592	*	1 592
-	-	3 157	3 220	*	3 220
(1 903)	260	-	(1 628)	-	(1 628)
-	-	40	274	-	274
-	-	-	907	-	907
-	-	40	7	-	7
-	-	-	(907)	-	(907)
-	-	-	330	-	330
-	-	-	(63)	-	(63)
1 772	(344)	33 550	46 415	4	46 419

Annexure 1 continued

ADDITIONAL DISCLOSURE

at 30 June 2021

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's financial instruments measured at fair value have been disclosed using a fair value hierarchy. The hierarchy has three levels that reflect the significance of the inputs used in measuring fair value. These are as follows:

Level 1 includes financial instruments that are measured using unadjusted, quoted prices in an active market for identical financial instruments. Quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 includes financial instruments that are valued using techniques based significantly on observable market data. Instruments in this category are valued using:

- (a) quoted prices for similar instruments or identical instruments in markets which are not considered to be active or
- (b) valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 includes financial instruments that are valued using valuation techniques that incorporate information other than observable market data and where at least one input (which could have a significant effect on instruments' valuation) cannot be based on observable market data.

R million	30 June 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:				
- Equity portfolios	40 530	2 832	-	43 362
- Debt portfolios	34 845	1 640	-	36 485
- Money market portfolios	6 451	10 802	-	17 253
- Multi-asset portfolio	33 837	-	-	33 837
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	28	-	28
- not designated as hedging instruments	-	221	-	221
Total financial assets	115 663	15 523	-	131 186
Financial liabilities				
Investment contracts at fair value through profit and loss	-	32 291	-	32 291
Derivative financial instruments at fair value				
- used as cash flow hedges	-	461	-	461
- not designated as hedging instruments	-	365	-	365
Total financial liabilities	-	33 117	-	33 117

There were no transfers between level 1 and 2 during the current financial period.

During the current financial period Discovery has simplified the financial risk analysis by revising the unit of account or level at which the financial risk has been analysed. Historically Discovery performed the analysis at a very granular level using the look-through principle to investments in mutual funds. The updated disclosure provides information that is reliable and more relevant to users of the financial statements and the comparative numbers have been restated accordingly.

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *continued*

SPECIFIC VALUATION TECHNIQUES USED TO VALUE FINANCIAL INSTRUMENTS IN LEVEL 2

- Discovery has invested in equity linked notes offered by international banks in order to back certain unit-linked contract liabilities. The calculation of the daily value of the equity linked investments is made by the provider of the note. Discovery has procedures in place to ensure that these prices are correct. Aside from the daily reasonableness checks versus similar funds and movement since the prior day's price, the fund values are calculated with reference to a specific formula or index, disclosed to the policyholders, which is recalculated by Discovery in order to check if the price provided by the provider is correct.
- If a quoted market price is not available on a recognised stock exchange or from a broker for non-exchange traded financial instruments, the fair value of the instrument is estimated by the asset managers, using valuation techniques including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.
- The fair value of derivatives used for hedging purposes are calculated as follows:
 - (a) The fair value of call options is calculated on a Black-Scholes model.
 - (b) The fair value of the return swaps is calculated by discounting the future cash flows of the instruments.
 - (c) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

R million Restated	30 June 2020			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:				
- Equity portfolios	31 185	1 563	-	32 748
- Debt portfolios	28 724	1 856	-	30 580
- Money market portfolios	3 835	9 765	-	13 600
- Multi-asset portfolios	25 786	-	-	25 786
Derivative financial instruments at fair value:				
- used as cashflow hedges	-	14	-	14
- not designated as hedging instruments	-	1 356	-	1 356
Total financial assets	89 530	14 554	-	104 084
Financial liabilities				
Investment contracts at fair value through profit and loss				
- used as cash flow hedges	-	23 012	-	23 012
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	854	-	854
- not designated as hedging instruments	-	138	-	138
Total financial liabilities	-	24 004	-	24 004

EXCHANGE RATES USED IN THE PREPARATION OF THESE RESULTS

	USD	GBP	RMB
30 June 2021			
- Average	15.42	20.74	2.32
- Closing	14.28	19.74	2.21
30 June 2020			
- Average	15.70	19.75	2.21
- Closing	17.41	21.44	2.46

Annexure 1 continued

SEGMENT INFORMATION

for the year ended 30 June 2021

R million	SA Health	SA Life	SA Invest
30 June 2021			
Income statement			
Insurance premium revenue	294	13 711	14 824
Reinsurance premiums	1	(3 262)	-
Accelerated reinsurance premiums	-	-	-
Net insurance premium revenue	295	10 449	14 824
Fee income from administration businesses	7 540	-	2 401
Net banking fee and commission income	-	-	-
Banking fee and commission income ³	-	-	-
Banking fee and commission expense	-	-	-
Vitality income	-	-	-
Other income	968	3	-
Receipts arising from reinsurance contracts	-	500	-
Investment income earned on assets backing policyholder liabilities	-	10	-
Net bank interest and similar income	-	-	-
Bank interest and similar income using the effective interest rate	-	-	-
Bank interest and similar expense using the effective interest rate	-	-	-
Finance charge on negative reserve funding	-	-	-
Inter-segment funding ¹	-	(714)	714
Net fair value gains on financial assets at fair value through profit or loss	6	637	9 172
Net income	8 809	10 885	27 111
Net claims and policyholders' benefits	(129)	(8 113)	(12 252)
Claims and policyholders' benefits	(129)	(11 949)	(12 252)
Insurance claims recovered from reinsurers	-	3 836	-
Acquisition costs	(40)	(1 540)	(1 056)
Expected credit losses	-	-	-
Marketing and administration expenses			
- depreciation and amortisation	(118)	(7)	(11)
- derecognition of intangible assets and property and equipment	(26)	-	-
- impairment of intangible assets and property and equipment	(15)	-	-
- other expenses	(5 058)	(2 027)	(1 031)
Recovery of expenses from reinsurers	-	-	-
Net transfer to/from assets and liabilities under insurance contracts			
- change in assets arising from insurance contracts	-	3 433	-
- change in assets arising from reinsurance contracts	-	33	-
- change in liabilities arising from insurance contracts	-	(206)	(11 054)
- change in liabilities arising from reinsurance contracts	-	(1 115)	-
Fair value adjustment to liabilities under investment contracts	-	(2)	(623)
Share of net profits from equity-accounted investments	-	-	-
Impairment of equity-accounted investment	-	-	-
Normalised profit/(loss) from operations	3 423	1 341	1 084
Economic assumption adjustments net of discretionary margins and interest rate derivative	-	(411)	-
Economic assumption adjustments net of discretionary margins	-	(411)	-
Fair value losses on VitalityLife interest rate derivative	-	-	-
Investment income earned on shareholder investments and cash	39	14	40
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	138	(28)
Restructuring costs	-	-	-
Gain on dilution of equity-accounted investments	-	-	-
Expenses related to Prudential Book transfer	-	-	-
Transaction costs related to VitalityLife interest rate derivatives	-	-	-
Covid-19 vaccination programme	-	-	-
Amortisation of intangibles from business combinations	-	-	-
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-
Finance costs	(1)	(26)	-
Intercompany finance costs	(268)	-	-
Foreign exchange (losses)/gains	(6)	3	(25)
Profit before tax	3 187	1 059	1 071
Income tax expense	(894)	(364)	(331)
Profit for the year	2 293	695	740

1 The inter-segment funding of R714 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.

2 This segment relates to SA Insure – Personal lines.

3 The segment information is presented on the same basis as reported to the Chief Executive Officers of the reportable segments. The segment total is then adjusted for accounting reclassifications and entries required to produce IFRS compliant results. These adjustments include the following:

- The VitalityLife results, for business written on the Prudential Assurance Company license, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4.
- Unit trusts which the Group controls, in terms of IFRS 10 are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.
- The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.
- The effects of reclassifying items to align to IFRS results.



SA Insure ²	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments	IFRS total
4 091	-	-	11 075	6 466	6 351	56 812	(877)	55 935
(66)	-	-	(1 839)	(3 354)	(86)	(8 606)	877	(7 729)
-	-	-	(823)	-	-	(823)	-	(823)
4 025	-	-	8 413	3 112	6 265	47 383	-	47 383
16	-	2	28	-	1 724	11 711	(11)	11 700
-	-	464	-	-	16	480	-	480
-	-	633	-	-	-	633	-	633
-	-	(169)	-	-	16	(153)	-	(153)
-	2 295	21	240	230	554	3 340	-	3 340
-	-	312	60	-	10	1 353	19	1 372
-	-	-	-	-	-	500	-	500
111	-	-	-	9	9	139	(139)	-
-	-	214	-	-	-	214	27	241
-	-	627	-	-	-	627	-	627
-	-	(413)	-	-	-	(413)	27	(386)
-	-	-	-	769	-	769	(769)	-
-	-	-	-	-	-	-	-	-
14	-	83	29	(792)	1 358	10 507	1 384	11 891
4 166	2 295	1 096	8 770	3 328	9 936	76 396	511	76 907
(2 270)	-	-	(3 894)	(837)	(683)	(28 178)	-	(28 178)
(2 269)	-	-	(5 219)	(1 962)	(761)	(34 541)	569	(33 972)
(1)	-	-	1 325	1 125	78	6 363	(569)	5 794
(599)	(61)	-	(942)	(1 719)	174	(5 783)	750	(5 033)
-	-	(271)	-	-	-	(271)	-	(271)
(70)	(13)	(246)	(447)	(57)	(669)	(1 638)	(210)	(1 848)
(6)	-	-	-	-	(18)	(50)	-	(50)
-	(1)	-	(5)	-	(40)	(61)	-	(61)
(937)	(2 177)	(1 673)	(3 297)	(1 831)	(2 598)	(20 629)	(91)	(20 720)
-	-	-	912	1 861	-	2 773	-	2 773
-	-	-	-	(6 143)	76	(2 634)	3 179	545
-	-	-	13	10	-	56	-	56
(47)	-	-	(155)	(17)	(6 436)	(17 915)	(26)	(17 941)
-	-	-	-	6 049	-	4 934	(3 179)	1 755
-	-	-	-	-	(255)	(880)	(2 754)	(3 634)
13	-	-	(2)	-	512	523	-	523
-	-	-	-	-	(149)	(149)	-	(149)
250	43	(1 094)	953	644	(150)	6 494	(1 820)	4 674
-	-	-	-	(108)	-	(519)	1 309	790
-	-	-	-	1 201	-	790	-	790
-	-	-	-	(1 309)	-	(1 309)	1 309	-
-	39	-	-	10	823	965	(685)	280
-	-	-	-	139	(471)	(222)	222	-
-	-	-	-	(33)	-	(33)	33	-
537	-	-	-	-	17	554	-	554
-	-	-	-	(187)	-	(187)	187	-
-	-	-	-	(4)	-	(4)	4	-
-	-	-	-	-	(42)	(42)	42	-
-	-	-	-	-	(66)	(66)	-	(66)
-	-	-	-	-	(228)	(228)	228	-
-	-	-	(7)	(65)	(1 192)	(1 291)	(357)	(1 648)
-	-	-	(6)	(236)	(315)	(825)	825	-
-	-	-	-	-	(361)	(389)	-	(389)
787	82	(1 094)	940	160	(1 985)	4 207	(12)	4 915
(207)	(24)	334	(149)	363	285	(987)	12	(975)
580	58	(760)	791	523	(1 700)	3 220	-	3 220

Annexure 1 continued

SEGMENT INFORMATION

for the year ended 30 June 2020

R million	SA Health	SA Life	SA Invest
30 June 2020			
Income statement			
Insurance premium revenue	252	12 984	15 602
Reinsurance premiums	(1)	(2 564)	-
Net insurance premium revenue	251	10 420	15 602
Fee income from administration businesses	7 238	-	2 246
Net banking fee and commission income	-	-	-
Banking fee and commission income ³	-	-	-
Banking fee and commission expense	-	-	-
Vitality income	-	-	-
Other income	883	39	-
Investment income earned on assets backing policyholder liabilities	-	13	-
Net bank interest and similar income	-	-	-
Bank interest and similar income using the effective interest rate	-	-	-
Bank interest and similar expense using the effective interest rate	-	-	-
Finance charge on negative reserve funding	-	-	-
Inter-segment funding ¹	-	(762)	762
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(20)	867	834
Net income	8 352	10 577	19 444
Net claims and policyholders' benefits	(100)	(6 079)	(10 542)
Claims and policyholders' benefits	(100)	(7 926)	(10 542)
Insurance claims recovered from reinsurers	-	1 847	-
Acquisition costs	(30)	(1 566)	(1 080)
Expected credit losses	-	-	-
Marketing and administration expenses			
- depreciation and amortisation	(176)	(7)	(9)
- derecognition of intangible assets and property and equipment	(29)	-	-
- impairment of intangible assets	-	-	-
- other expenses	(4 844)	(1 976)	(984)
Recovery of expenses from reinsurers	-	-	-
Net transfer to/from assets and liabilities under insurance contracts			
- change in assets arising from insurance contracts	-	1 557	-
- change in assets arising from reinsurance contracts	-	27	-
- change in liabilities arising from insurance contracts	-	(238)	(5 809)
- change in liabilities arising from reinsurance contracts	-	678	-
Fair value adjustment to liabilities under investment contracts	-	(2)	(190)
Share of net profits from equity-accounted investments	17	-	-
Normalised profit/(loss) from operations	3 190	2 971	830
Investment income earned on shareholder investments and cash	65	21	45
Economic assumption adjustments net of discretionary margins and interest rate derivative	-	(3 635)	-
Economic assumption adjustments net of discretionary margins	-	(3 635)	-
Fair value gains on VitalityLife interest rate derivative	-	-	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	128	4
Restructuring costs	-	-	-
Gain on dilution of equity-accounted investments	-	-	-
Impairment of goodwill	-	-	-
Initial expenses related to Prudential Book transfer	-	-	-
Transaction costs related to VitalityLife interest rate derivatives	-	-	-
Amortisation of intangibles from business combinations	-	-	-
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-
Finance costs	(11)	-	-
Intercompany finance costs	(275)	-	-
Foreign exchange gains	15	-	36
Profit before tax	2 984	(515)	915
Income tax expense	(826)	147	(256)
Profit for the year	2 158	(368)	659

1 The inter-segment funding of R762 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.

2 This segment relates to SA Insure - Personal lines.

3 The segment information is presented on the same basis as reported to the Chief Executive Officers of the reportable segments. The segment total is then adjusted for accounting reclassifications and entries required to produce IFRS compliant results. These adjustments include the following:

- The VitalityLife results, for business written on the Prudential Assurance Company license, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4.
- Unit trusts which the Group controls, in terms of IFRS 10 are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.
- The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.
- The effects of reclassifying items to align to IFRS results.



SA Insure ²	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments	IFRS total
3 544	-	-	9 100	5 705	3 330	50 517	(742)	49 775
(66)	-	-	(1 589)	(2 789)	(41)	(7 050)	742	(6 308)
3 478	-	-	7 511	2 916	3 289	43 467	-	43 467
12	-	137	30	-	1 687	11 350	(13)	11 337
-	-	150	-	-	-	150	-	150
-	-	182	-	-	-	182	-	182
-	-	(32)	-	-	-	(32)	-	(32)
-	2 401	121	452	212	689	3 875	-	3 875
-	-	120	69	-	18	1 129	(29)	1 100
119	-	1	9	37	1	180	(180)	-
-	-	63	-	-	-	63	8	71
-	-	162	-	-	-	162	-	162
-	-	(99)	-	-	-	(99)	8	(91)
-	-	-	-	(838)	-	(838)	838	-
-	-	-	-	-	-	-	-	-
32	(2)	92	29	768	59	2 659	1 434	4 093
3 641	2 399	684	8 100	3 095	5 743	62 035	2 058	64 093
(1 915)	-	-	(3 623)	(798)	(189)	(23 246)	-	(23 246)
(1 939)	-	-	(4 796)	(1 964)	(229)	(27 496)	640	(26 856)
24	-	-	1 173	1 166	40	4 250	(640)	3 610
(479)	(66)	-	(797)	(1 814)	123	(5 709)	(838)	(6 547)
-	-	(181)	-	-	-	(181)	-	(181)
(84)	(15)	(236)	(359)	(46)	(612)	(1 544)	(210)	(1 754)
(74)	(9)	-	-	-	(84)	(196)	-	(196)
-	-	-	-	-	(63)	(63)	-	(63)
(824)	(2 302)	(1 438)	(3 297)	(2 063)	(2 625)	(20 353)	260	(20 093)
-	-	-	826	2 050	-	2 876	-	2 876
-	-	-	-	(2 788)	29	(1 202)	3 240	2 038
7	-	-	8	11	-	53	-	53
(39)	-	-	(28)	(18)	(3 110)	(9 242)	(176)	(9 418)
-	-	-	-	2 099	-	2 777	(3 239)	(462)
-	-	-	-	-	4	(188)	37	(151)
13	-	-	-	-	222	252	-	252
246	7	(1 171)	830	(272)	(562)	6 069	1 132	7 201
10	27	-	1	12	746	927	(548)	379
-	-	-	-	(1 195)	-	(4 830)	(878)	(5 708)
-	-	-	-	(2 073)	-	(5 708)	-	(5 708)
-	-	-	-	878	-	878	(878)	-
-	-	-	-	(120)	263	275	(275)	-
-	-	-	-	(100)	-	(100)	100	-
3	-	-	-	-	-	3	-	3
-	-	-	-	-	(9)	(9)	-	(9)
-	-	-	-	(71)	-	(71)	71	-
-	-	-	-	(45)	-	(45)	45	-
-	-	-	-	-	(76)	(76)	-	(76)
-	-	-	-	-	(259)	(259)	259	-
-	-	-	(7)	(257)	(1 389)	(1 939)	371	(1 568)
-	-	-	-	(236)	(209)	(720)	720	-
-	-	-	-	-	527	578	-	578
259	34	(1 171)	824	(2 048)	(759)	523	277	800
(64)	(10)	270	(129)	239	282	(347)	(277)	(624)
195	24	(901)	695	(1 809)	(477)	176	-	176

Annexure 1 continued

REVIEW OF GROUP RESULTS

for the year ended 30 June 2021

ADDITIONAL INFORMATION

NORMALISED PROFIT FROM OPERATIONS

The following table shows the main components of the normalised profit from operations for the year ended 30 June 2021:

R million	June 2021	June 2020	% change
Discovery Health	3 423	3 190	7
Discovery Life	1 341	2 971	(55)
Discovery Invest	1 084	830	31
Discovery Vitality	43	7	514
VitalityHealth	953	830	15
VitalityLife	644	(272)	337
Normalised profit from established businesses	7 488	7 556	(1)
Emerging businesses	1 078	736	46
- Discovery Insure (Personal lines)	250	246	2
- Vitality Group including Ping An Health	828	490	69
Development and other segments	(2 072)	(2 223)	7
- Discovery Bank	(1 094)	(1 171)	7
- Other new initiatives	(978)	(1 052)	7
Normalised profit from operations¹	6 494	6 069	7

¹ This amount can be further analysed by referring to the Normalised profit/(loss) from operations as per the Segment Total in the Segmental information.

Emerging businesses are those businesses that have achieved sufficient scale to be profitable or profitable in the near future, although not yet significant in cash generation for the Group and likely to require funds to support new business growth.

Development and other segments include costs of start-up businesses and expenses incurred to investigate, research and develop new products and markets. Start-up costs include costs in relation to, amongst others, Discovery Bank, the UK investment business VitalityInvest, a commercial offering in Discovery Insure, an Umbrella Fund offering in Discovery Invest and the Vitality1 platform being a leading behavioural change platform enabling shared-value insurance and financial services products across the Discovery Group. Certain unallocated head office costs are also included in this segment.

**ADDITIONAL INFORMATION** *continued***NORMALISED HEADLINE EARNINGS**

Discovery's policy on the calculation of Normalised headline earnings is set out in Accounting Policies at the end of this results announcement.

R million	Group June 2021	Group June 2020	% change
Earnings per share (cents):			
- basic	480.7	14.8	3 148
- diluted	475.4	14.7	3 134
Headline earnings per share (cents):			
- basic	454.7	45.0	910
- diluted	449.7	44.7	906
Normalised headline earnings per share (cents):			
- basic	518.7	570.7	(9)
- diluted	512.9	566.7	(9)
The reconciliation between earnings and headline earnings is shown below:			
Net profit attributable to ordinary shareholders	3 157	97	3 155
Adjusted for:			
- derecognition of intangible assets and property and equipment, net of tax	40	149	
- gain on dilution and disposal of equity-accounted investments, net of tax	(414)	(3)	
- gain on disposal of property and equipment net of capital gains tax	(2)	(2)	
- impairment of equity-accounted investment, net of tax	149	-	
- impairment of goodwill	-	9	
- impairment of intangible assets net of tax	56	44	
- Discovery Limited's share of headline earnings adjustments made by equity-accounted investees:			
- derecognition of intangible assets and property and equipment net of tax	-	2	
Headline earnings	2 986	296	909
Adjusted for:			
- economic assumption adjustments net of discretionary margins and interest rate derivative, net of tax	383	3 584	
- economic assumption adjustments net of discretionary margin, net of tax	(677)	4 295	
- fair value losses/(gains) on VitalityLife interest rate derivative, net of tax	1 060	(711)	
- other:	37	(133)	
- amortisation of intangibles from business combinations, net of tax	53	60	
- deferred tax asset raised on assessed losses	(152)	(275)	
- fair value losses/(gains) on foreign exchange contracts not designated as hedges, net of tax	219	(189)	
- fair value (gains)/losses on swaption contract in VitalityLife, net of tax	(113)	97	
- initial expenses related to Prudential Book transfer, net of tax	-	57	
- restructuring costs, net of tax	27	80	
- transaction costs related to VitalityLife interest rate derivative, net of tax	3	37	
Normalised headline earnings	3 406	3 747	(9)
Weighted number of shares in issue (000's)	656 710	656 648	
Diluted weighted number of shares (000's)	664 073	661 242	

Annexure 1 continued

REVIEW OF GROUP RESULTS continued

for the year ended 30 June 2021

SIGNIFICANT TRANSACTIONS AFFECTING THE CURRENT RESULTS

PROVISION AND RESERVES FOR EXPECTED COVID-19 IMPACT

At 30 June 2020, Discovery had reserved R3.4 billion (R2.3 billion net of discretionary margin offset), for both future claims and lapses as a result of the COVID-19 pandemic. This estimation reflected management's best estimate of the impact as at 30 June 2020 and comprised of provisions in Discovery Life and VitalityLife and unearned premium reserves in VitalityHealth. Due to the utilisation of the available discretionary margin, some of these provisions are accounted for against the discretionary margins in accordance with IFRS and Discovery's accounting policy.

Although the allowance for the COVID-19 impact is an abnormal provision for future impacts, it is not excluded in the presentation of normalised headline earnings because it is seen as part of the core operations and will impact future cashflows.

The movement in the COVID-19 provision and reserves for the year ended 30 June 2021 is as follows:

R million	June 2021
At beginning of the period	3 442
- Provisions	2 729
- Unearned premium reserve	713
Movements:	
- Unwinding, utilisation and release of provisions	(1 886)
- Provisions made during the period, including in respect of new business	2 177
- Net movement in unearned premium reserve	(433)
- Other	(220)
At end of the period	3 080
- Provisions	2 800
- Unearned premium reserve	280

ACCELERATED REINSURANCE PREMIUMS – VITALITYHEALTH

VitalityHealth uses quota share reinsurance treaties as one of the mechanisms to manage the initial acquisition cost strain and underwriting experience risk. During the current financial year, repayments on these existing reinsurance contracts were accelerated, reducing net premiums received for the year under review and consequently reducing repayment obligations in future years. The strategic rationale for this is set out below.

The COVID-19 pandemic resulted in a temporary reduction in claims ratios for VitalityHealth for the year ended 30 June 2021 compared to pre-pandemic levels, as various medical treatments could not be accessed or were delayed by policyholders. It is anticipated that these delayed treatments will result in claims ratios being substantially higher than pre-pandemic levels during the next two financial years. This is expected as a result of a catch up of delayed treatments, combined with increased severity of conditions due to those delays.

VitalityHealth has recognised reserves as permitted by IFRS. However, VitalityHealth as a short-term insurer, is constrained in its ability to set aside reserves for those claims that are expected to arise in future renewal periods beyond the contract boundary.

To protect itself against the expected increased claims ratio over the next two financial years, VitalityHealth has modified certain of its existing quota share reinsurance treaties to adjust the repayment profile. The modification resulted in VitalityHealth making additional repayments of GBP 39.7 million (R823 million) in the current financial year, with GBP19.8 million of reduced repayments in the financial year ending 30 June 2022 and 2023 respectively. The net impact in profit or loss over the three-year period to 30 June 2023 is nil.

SIGNIFICANT TRANSACTIONS AFFECTING THE CURRENT RESULTS *continued*

VITALITYHEALTH – ACCELERATED REINSURANCE REPAYMENTS *continued*

The additional repayments in the current financial year have been recognised as additional reinsurance premiums. The impact of accelerated reinsurance repayments premiums can be summarised as follows:

R million	VitalityHealth June 2021	VitalityHealth June 2020
Insurance premium revenue	11 075	9 100
Reinsurance premium	(1 839)	(1 589)
Accelerated reinsurance repayments	(823)	-
Net insurance premium revenue	8 413	7 511
Claims and policyholders' benefits	(5 219)	(4 796)
Insurance claims recovered from reinsurers	1 325	1 173
Net claims and policyholders' benefits	(3 894)	(3 623)
Net underwriting results	4 519	3 888
Change in liabilities arising from insurance contracts	(155)	(28)
Ratios		
Gross claims ratio – claims and policyholders' benefits adjusted for change in liabilities arising from insurance contracts as a percentage of insurance premium revenue	48.52%	53.01%
Claims ratio – net claims and policyholders' benefits adjusted for change in liabilities arising from insurance contracts as a percentage of net insurance premium revenue	48.13%	48.61%
Claims ratio (excluding accelerated reinsurance premiums) – net claims and policyholders' benefits adjusted for change in liabilities arising from insurance contracts as a percentage of net insurance premium revenue excluding accelerated reinsurance premiums	43.84%	-

DERIVATIVE INSTRUMENTS – VITALITYLIFE BUSINESS

Interest rates in the United Kingdom (UK) continued to display significant volatility and have generally been on a downward trend in prior years, which was followed by an increase in the year ended 30 June 2021. As a long-term insurance provider in the UK, VitalityLife has significant exposure to long-term interest rate risk. The impact of changes in economic assumptions for the year ended 30 June 2021 in VitalityLife was a gain of R1 201 million (2020: loss of R2 073 million).

Since October 2019, VitalityLife has implemented an interest rate risk mitigation strategy to ensure that the VitalityLife business operates well within its pre-determined risk appetite. The mitigation strategy is a combination of interest swaps referenced to the 25-year UK swap rate and put swap options (payer options).

Due to the nature of the underlying exposures, the hedge accounting requirements of IFRS were not met. Therefore, these derivative instruments were classified at fair value with changes recognised in profit or loss throughout the term which may result in volatility in the reported IFRS earnings of VitalityLife. At 30 June, the following mark-to-market positions were recorded:

Line item in financial statements		GBP/Rand million			
		June 2021		June 2020	
		GBP	R	GBP	R
Statement of Financial Position					
Interest rate swap valuation	(Financial liabilities)/Financial assets: Derivative – financial instruments at fair value through profit or loss	(11.8)	(233)	44.3	950
Swaption valuation	Financial assets: Derivative – financial instruments at fair value through profit or loss	6.8	135	0.1	2
Income Statement					
Fair value remeasurement	Net fair value (losses)/gains on financial assets at fair value through profit or loss	(56.4)	(1 170)	(38.4)	(758)
Transaction costs	Marketing and administration expenses	(0.2)	(4)	(2.3)	(45)

Annexure 1 continued

REVIEW OF GROUP RESULTS continued

for the year ended 30 June 2021

SIGNIFICANT TRANSACTIONS AFFECTING THE CURRENT RESULTS *continued*

VOLATILITY IN FOREIGN EXCHANGE RATES

	USD	GBP
30 June 2021		
- Average	15.42	20.74
- Closing	14.28	19.74
30 June 2020		
- Average	15.70	19.75
- Closing	17.41	21.44

The ZAR has shown significant volatility over the last two annual reporting periods against currencies such as USD and GBP. Discovery is exposed to foreign exchange gains or losses primarily as result of the translation of intergroup funding provided for international businesses.

During the financial year ended 30 June 2020, there was a significant weakening of the ZAR, primarily in the second half of the financial year. As a result of this weakening in the ZAR, Discovery had recognised R424 million foreign exchange gains, net of tax during the financial year then ended.

For the financial year ended 30 June 2021, there was a recovery of the ZAR relative to USD and GBP. This has resulted in a foreign exchange loss, net of tax, of R305 million for the financial year. In addition, the impact of the strengthening of ZAR against the USD has resulted in a strain on specified Discovery Life products which is included within the economic assumptions of Discovery Life.

The significant volatility has also resulted in large foreign currency translation differences during the same observed periods on the translation of Discovery's foreign operations into the Group's presentation currency of ZAR. These translation differences are recognised in other comprehensive income as part of equity and shown as "Foreign currency translation reserve". For the year ended 30 June 2021, Discovery recognised currency translation losses of R 1 903 million (30 June 2020: currency translations gains of R3 090 million).

CAMBRIDGE MOBILE TELEMATICS TRANSACTION

Cambridge Mobile Telematics ("CMT"), an associate investment of Discovery and strategic partner to Discovery Insure since 2014, finalised the acquisition of Truemotion Inc. on 16 June 2021 for USD 650 million (R10 billion). The transaction subsequently received the required approval from the U.S. regulators. Upon the completion of the transaction, Discovery's effective shareholding in CMT reduced from 9.58% to 7.89% on a fully diluted basis. Discovery's profit from the transaction was USD 38.7 million (R537 million). The profit has been included in the 'Gain on dilution and disposal of equity-accounted investments' in the Group Income statement. Discovery Insure's director representation and strategic partnership with CMT remains in place following the transaction and accordingly the investment continues to be an associate which, is equity-accounted.

SIGNIFICANT TRANSACTIONS AFFECTING THE CURRENT RESULTS *continued*

BORROWINGS AT AMORTISED COST

R million	Reference	June 2021	June 2020
Borrowings from Banks and listed debt		15 230	15 456
– United Kingdom borrowings	i	3 764	3 498
– South African borrowings	ii	11 466	11 958
Lease liabilities		4 263	4 380
– 1 Discovery Place		3 388	3 370
– Other lease liabilities		875	1 010
Total borrowings at amortised cost		19 493	19 836

i. United Kingdom borrowings

Facility amount GBP million	Variable rate	Capital repayment and maturity date	June 2021		June 2020	
			GBP	R	GBP	R
80	3-month Libor + 265bps ¹	Instalments – 31 July 2023	73	1 435	80	1 719
34	3-month Libor + 100bps ¹	At maturity – 18 April 2022	26	512	28	602
100	3-month Libor + 229bps ¹	At maturity – 31 July 2023	89	1 817	55	1 177
			188	3 764	163	3 498

¹ Interest payable quarterly in arrears.

Total finance cost for the UK borrowings for the year ended 30 June 2021 was GBP 4.6 million (R95 million) (30 June 2020: GBP 0.35 million (R7 million)).

ii. South African borrowings

CREDIT RATING

The national scale long term issuer rating of Discovery was reaffirmed at A1.za. However, following the downgrade of the South African Government's issuer rating to Ba2 from Ba1 on 20 November 2020, Moody's Investors Service ("Moody's") downgraded Discovery Limited's Global scale long term issuer rating to Ba3 from Ba2 on 25 November 2020. The rating was reaffirmed on 8 March 2021. Similar to the country's outlook, the credit outlook assigned by Moody's remains negative.

DISCOVERY LIMITED

Facility amount R million	Variable rate	Interest rate per annum (fixed)	Capital repayment and maturity date	Carrying value R million	
				June 2021	June 2020
Listed DMTN⁴					
500	3-month Jibar + 161bps	9.71% ^{1,3}	At maturity – 21 November 2022	503	503
500	3-month Jibar + 205bps	6.30% ^{1,3}	At maturity – 21 August 2023	503	–
200	–	10.46% ²	At maturity – 21 November 2024	202	202
800	3-month Jibar + 191bps	10.31% ^{1,3}	At maturity – 21 November 2024	804	805
1 200	3-month Jibar + 191bps	9.21% ^{1,3}	At maturity – 21 November 2024	1 220	1 225
700	3-month Jibar + 180bps	10.29% ^{1,3}	At maturity – 21 August 2026	703	704
300	3-month Jibar + 180bps	9.40% ^{1,3}	At maturity – 21 August 2026	302	303
Unlisted DMTN^{4,5}					
1 100	–	8.92% ³	At maturity – 10 March 2023	1 103	1 101
2 500	–	9.62% ³	At maturity – 22 February 2025	2 519	2 516
Other					
1 000	3-month Jibar + 245bps	10.28% ^{1,3}	At maturity – 02 March 2023	999	997
500	3-month Jibar + 86bps	–	At maturity – 30 June 2022	659	630
				9 517	8 986

¹ The interest rate has been fixed through interest rate swaps.

² Interest is payable semi-annually in arrears.

³ Interest payable quarterly in arrears.

⁴ DMTN refers to the R10 billion Discovery Domestic Medium Term Note (DMTN) program registered in 2017.

⁵ During the financial year ended 30 June 2020, Discovery Limited refinanced R3.6 billion bank syndicated loans through the issue of unlisted DMTN notes. The notes, although underwritten by a bank until maturity, are structured to enable short-term issuances into the commercial paper market on an ongoing basis.

Annexure 1 continued

REVIEW OF GROUP RESULTS continued

for the year ended 30 June 2021

SIGNIFICANT TRANSACTIONS AFFECTING THE CURRENT RESULTS *continued*

DISCOVERY CENTRAL SERVICES

Facility amount R million	Interest rate per annum	Capital repayment and maturity date	Carrying value R million	
			June 2021	June 2020
1 400	10.60% ¹	At maturity – 20 December 2023	1 423	1 430
650	11.56% ²	Instalments – 29 October 2027	526	542
			1 949	1 972

1 Interest payable quarterly in arrears.

2 Instalments of interest and capital are done monthly.

DISCOVERY BANK

Facility amount R million	Variable rate	Capital repayment and maturity date	Carrying value R million	
			June 2021	June 2020
500	Jibar + 125bps ¹	At maturity – 19 July 2021 ²	-	500
500	Jibar + 135bps ¹	At maturity – 19 July 2021 ²	-	500
			-	1 000

1 Interest payable quarterly in arrears.

2 These loan facilities had a maturity date of 19 July 2021 with the ability to early settle without any penalties being incurred. The loans were settled early on 15 February 2021.

Total finance cost for in respect of South African borrowings and related hedges for the year ended 30 June 2021 was R872 million (2020: R976 million).

ANALYSIS OF CASH AND CASH EQUIVALENTS

R million	June 2021	June 2020
Unit-linked investment and insurance contracts ¹	4 071	2 502
Shareholder cash	15 942	15 407
Closing balance	20 013	17 909

1 Includes cash held within specific portfolios to match specific insurance liabilities.

The shareholder Cash and cash equivalents position at 30 June 2021, increased by R0.5 billion when compared to 30 June 2020 (2020: R8.8 billion compared to 30 June 2019). The increase can mainly be attributed to the following:

R billion	Increase in shareholder cash position at 30 June 2021	Increase in shareholder cash position at 30 June 2020
Translation differences	(1.0)	1.3
Discovery Bank	0.2	2.0
VitalityLife	0.6	4.7
Other	0.7	0.8
Total	0.5	8.8

The shareholder cash balances include collateral of R2 million (2020: R1.1 billion) held in respect of derivative contracts and R6.2 billion (2020: R6.2 billion) in respect of the deposit back related to the level premium reinsurance treaty for business written on Prudential Assurance Company's license. The cash held in the insurance entities in the Group is used for the funding of new business and to match claims and other policyholder related liabilities. This cash, together with the cash balances held by Discovery Bank, although unencumbered, is held for specific purposes and therefore not freely available for distribution. Cash available to support Group liquidity requirements is R1.2 billion (2020: R1.1 billion).



SIGNIFICANT TRANSACTIONS AFFECTING THE CURRENT RESULTS

continued

CONSOLIDATION OF DISCOVERY UNIT TRUSTS

The Discovery Unit Trusts are consolidated into Discovery's results for accounting purposes, which results in the recognition of the underlying assets and liabilities of each of the funds.

Assets and liabilities of the Discovery Unit Trusts increased by R4 696 million respectively, compared to the prior financial year, with movements in the following line items on the Group's Statement of Financial Position:

Changes in assets

- Investments at fair value through profit or loss increased by R4 812 million.
- Cash and cash equivalents increased by R459 million.
- Insurance receivables, contract receivables and other non-financial receivables decreased by R581 million.
- Other assets increased by R6 million.

Changes in liabilities

- Investment contracts at fair value through profit or loss increased by R4 636 million.
- Other liabilities increased by R60 million.

As these policies are linked, the consolidation of the Discovery Unit Trusts has no impact on the net asset value for shareholders.

There are significant trade volumes in the underlying funds of Discovery Unit Trusts. The cash flow impact of the movement in policyholder investments for the period is included in the following line items on the Group's Statement of cash flows:

- Purchase of investments held to back policyholder liabilities includes cash outflows of R21 762 billion.
- Proceeds from the disposal of investments held to back policyholder liabilities includes cash inflows of R19 142 billion.

DISCOVERY HEALTH MEDICAL SCHEME (DHMS)

Discovery Health administers DHMS and provides managed care services for which it charges an administration fee and a managed healthcare fee respectively. These fees are determined on an annual basis and approved by the trustees of DHMS. The fees totalled R6 403 million for the year ended 30 June 2021 (2020: R6 190 million). Discovery offers the members of DHMS access to the Vitality programme.

MATERIAL TRANSACTIONS WITH RELATED PARTIES

Discovery Long Term Incentive Plan Trust

At the annual general meeting held on 28 November 2019, the shareholders approved the establishment of the Discovery Long-Term Incentive Plan Trust ("Trust") with the purpose, inter-alia, to subscribe, purchase and/or otherwise acquire and hold Discovery ordinary shares from time to time for the benefit of the share-based payment plan for employees, in accordance with the requirements of the Trust. During December 2020, 7 477 865 new shares were issued by Discovery Limited to the Trust (representing the allocation over the past two years) at a value of R907 million, with a par value of 0.01 cents per share. While held in the Trust, these shares are treated as treasury shares and not treated as issued, for accounting purposes.

Annexure 1 continued

REVIEW OF GROUP RESULTS continued

for the year ended 30 June 2021

SHAREHOLDER INFORMATION

DIRECTORATE

Changes to the Board of Discovery Limited from 1 July 2020 to the date of this announcement are as follows:

- Mr HP Mayers, formally retired as a non-executive director effective 26 November 2020.
- Ms M Schreuder has been appointed as an independent non-executive director with effect from 19 February 2021. Ms Schreuder has been appointed as a member of the Audit Committee, Actuarial Committee as well as the Risk and Compliance Committee, which Ms Schreuder has taken over as Chairperson with effect from 1 April 2021. Ms Schreuder's appointment strengthens the independence and actuarial skills on the board and respective committees.
- Ms M Hlahla has been appointed as an independent non-executive director with effect from 15 August 2021. Ms M Hlahla will be a member of the Audit Committee as well as the Social and Ethics Committee. Ms Hlahla's appointment strengthens the independence and business skills on the board and the committees.

Changes in executive director responsibilities from 1 July 2020 to the date of this announcement are as follows:

- Mr HD Kallner, CEO of Discovery's South African operations, has been appointed as the new CEO of Discovery Bank and Discovery Bank Holdings effective 1 January 2021. Mr Kallner replaces Mr BJS Hore. Mr Kallner continues to chair the SA Executive Committee, as the core governance forum of the SA composite.

Changes in company secretary

- Mr MJ Botha formally retired as company secretary of Discovery with effect from 30 November 2020. Mr Botha held the position since 2001 and will be retained in an advisory capacity for a period of handover.
- As a result of the formal retirement of Mr MJ Botha, the Board announced the appointment of Ms NN Mbongo as company secretary of Discovery with effect from 1 December 2020.

Appointment of debt officer

- In accordance with paragraph 7.3(g) of the JSE Debt Listings Requirements, Mr DM Viljoen has been appointed as the Debt officer with effect from 2 November 2020.

DIVIDEND AND CAPITAL

Interim dividends paid in respect of the 2021 financial year

The following interim dividends were paid during the current period:

- B preference share dividend of 354.52055 cents per share (283.61644 cents net of dividend withholding tax), paid on 15 March 2021.
- No ordinary share dividends were declared.

Final dividend declaration in respect of the 2021 financial year

B PREFERENCE SHARE CASH DIVIDEND DECLARATION:

On 26 August 2021, the directors declared a final gross cash dividend of 347.12329 cents (277.69863 cents net of dividend withholding tax) per B preference share for the period 1 January 2021 to 30 June 2021, payable from the income reserves of the Company. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued preference share capital at the declaration date is 8 million B preference shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend
Monday, 20 September 2021

Shares commence trading "ex" dividend
Tuesday, 21 September 2021

Record date
Thursday, 23 September 2021

Payment date
Monday, 27 September 2021

B Preference share certificates may not be dematerialised or rematerialised between Tuesday, 21 September 2021 and Thursday, 23 September 2021, both days inclusive.

ORDINARY SHARE CASH DIVIDEND DECLARATION:

Due to the uncertain and potentially volatile economic environment caused by the COVID-19 pandemic, Discovery will not be recommending the payment of final ordinary dividends. The reintroduction of dividends will be considered when appropriate.

CAPITAL

For Group subsidiaries that operate in the insurance and financial services sectors, the relevant regulator specifies the minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the period.

With effect from 1 July 2018, the Insurance Act 18 of 2017 (Insurance Act), and the related Prudential Standards were implemented in South Africa. Discovery Life and Discovery Insure are regulated under the Insurance Act, while Vitality Health and Vitality Life are regulated under the European Solvency II regulatory regime, which was implemented from 1 January 2016.

SHAREHOLDER INFORMATION *continued*

DIVIDEND AND CAPITAL *continued*

The table below summarises the capital requirements on the statutory basis, across the Group subsidiaries, and the actual solvency capital held in relation to this requirement.

	Statutory capital requirements	June 2021 Cover	Statutory capital requirements	June 2020 Cover
Discovery Life	R17 647 million	1.8 times	R14 835 million	1.8 times
Discovery Insure	R1 079 million	1.8 times	R885 million	1.8 times
Vitality Health	GBP 105.6 million (R2 084 million)	1.6 times	GBP 102.3 million (R2 194 million)	1.7 times
VitalityLife Limited	GBP 225.5 million (R4 451 million)	2.4 times	GBP 228.3 million (R4 896 million)	2.0 times

A disciplined long-term capital plan remains a key focus as Discovery continues to follow a highly structured approach to navigating the impacts of COVID-19 whilst ensuring that the Group remains resilient and able to continue to fund its growth initiatives. Each of the Group's businesses are strongly capitalised with capital metrics above set targets, with an excess of liquid assets above minimum regulatory capital requirements of R13.4 billion across the Group and excess liquidity held at the centre of R2 billion in SA. The Group's Financial Leverage Ratio stabilised at 25.7% and is well within the internally set guidance level of 28% and expected to trend down over time.

During the period under review, the Group became aware that due to the combined effect of the future growth prospects of PAH and its expanding product mix with the evolving Chinese prudential regulatory requirements, PAH requires additional capital of RMB2.6 billion (approximately R6 billion), of which Discovery's share is approximately R1.5 billion. Refer to the Commentary section 'Capital Strength and liquidity'.

THE ANNUAL FINANCIAL RESULTS PRESENTATION AND BOOKLET ARE AVAILABLE ON
WWW.DISCOVERY.CO.ZA/ASSETS/DISCOVERYCOZA/CORPORATE/INVESTOR-RELATIONS/2021/FY-RESULTS-FINAL-2021.PDF

Annexure 1 continued

REVIEW OF GROUP RESULTS continued

for the year ended 30 June 2021

ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

Interest Rate Benchmark Reforms

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments which has been or will be replaced or reformed as part of these market-wide initiatives, such as Libor and Jibar. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in, such as South Africa. The United Kingdom has seen a change from the GBP Libor to the Reformed Sterling Overnight Index Average (SONIA).

The International Accounting Standards Board (IASB) has undertaken a two-phase project to consider potential reliefs from the effect of IBOR reforms. The project was concluded, and the amendments and relief are mandatorily effective from 1 July 2021 for Discovery. However, Discovery has elected to early adopt the amendments to cater for changes in specified UK transactions in which the contractual rate has already been changed.

- For change in contractual cash flows (i.e., GBP Libor to SONIA), the reliefs have the effect that the changes that are necessary as a direct consequence of IBOR reform and are economically equivalent, will not result in an immediate gain or loss in profit or loss.
- The hedge accounting reliefs will allow most hedge relationships that are directly affected by IBOR reform to continue, with additional consideration for ineffectiveness.

The Group anticipates that IBOR reform will impact some of its Jibar risk management and hedge accounting relationships in the longer term. The South African Reserve Bank is still in the early stages of the replacement project. The Group does not have Libor hedge accounting relationships.

NORMALISED HEADLINE EARNINGS

Discovery assesses its performance using Normalised Headline Earnings, an alternative non-IFRS profit measure, alongside its IFRS based reported profit. Management considers that Normalised Headline Earnings Per Share (NHEPS) is an appropriate alternative performance measure to enhance the comparability and understanding of the financial performance of the Group.

Non-IFRS measures are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Discovery calculates headline earnings in accordance with the latest SAICA Circular 'Headline Earnings'. NHEPS is calculated by starting with headline earnings and adjusted to exclude material items that are not considered to be part of Discovery's normal operations as follows:

- Once-off transactions, for example restructuring costs, initial costs related to the Prudential book transfer, transaction costs related to interest rate derivatives and initial deferred tax assets raised on previously unrecognised assessed losses;

- Unusual items – Discovery considers items to be unusual when they have limited predictive value and it is reasonable that items of similar nature would not necessarily arise for several future annual reporting periods. These adjustments include those gains or losses impacting profit or loss associated with changes in economic assumptions recognised in profit or loss, net of any gains or losses on derivatives to offset such changes in economic assumptions; or
- Income or expenses not considered to be part of Discovery's normal operations, for example amortisation of intangibles from business combinations and fair value gains or losses on certain foreign exchange contracts not designated as hedges.

Management is responsible for the calculation of NHEPS and determining the inclusions and exclusions in accordance with the policy. The Discovery Limited Audit Committee reviews the normalised headline earnings for transparency and consistency.

BASIS OF PREPARATION

The Group's summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings and Debt Listings Requirements, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the new accounting standards as set out earlier in this report.

AUDIT

The summary consolidated financial statements are extracted from audited information, but are not audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon.

The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The directors of Discovery take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

ANNUAL FINANCIAL RESULTS

The Annual Financial Statements have been prepared under the supervision of Mr DM Viljoen CA(SA) the Group Chief Financial Officer.



ANNEXURE 2

NEW BUSINESS ANNUALISED PREMIUM INCOME

The new business annualised premium income (API) set out below provides a view of the scale of new business across all operations of the Group and does not necessarily reflect the new business attributable to the legal entities within the Group. For instance, Discovery Health Medical Scheme's (DHMS) new business is attributable to the medical scheme but is under the administration and marketing of Discovery Health which earns a fee in respect of such services.

Core new business API increased by 9% for the year ended 30 June 2021 when compared to the same period in the prior year.

R million	June 2021	June 2020	% change
Discovery Health ¹	6 079	6 101	-
Discovery Life	2 264	2 286	(1)
Discovery Invest	2 737	2 667	3
Discovery Insure	1 287	1 089	18
Discovery Vitality	24	135	(82)
VitalityHealth	1 367	1 238	10
VitalityLife	1 141	1 257	(9)
Ping An Health (25% interest)	3 938	3 575	10
Other new businesses ²	2 114	825	156
Core new business API of Group	20 951	19 173	9
New Closed Schemes ¹	374	-	100
New business API of Group including new Closed Schemes	21 325	19 173	11
Gross revenue Vitality Group ³	1 270	1 134	12
Total new business API and other new business	22 595	20 307	11

1 New business API for Discovery Health includes new business API for all businesses administered by Discovery Health, including DHMS, Closed Schemes and offerings such as GAP cover and Primary Care cover. The new business API for New Closed Schemes includes contracted new business API and business in the first twelve months of on-boarding. Closed Schemes refer to those restricted to certain employers and industries.

2 Other new businesses include the Umbrella Fund, Discovery Insure commercial and VitalityInvest.

3 Vitality Group new business includes gross recurring and lump sum revenues earned by Vitality Group and specifically excludes revenue related to cost recoveries and rewards.

CALCULATION OF NEW BUSINESS API

New business API is calculated at 12 times the monthly premium for new recurring premium policies and 10% of the value of new single premium policies. It also includes both automatic premium increases and servicing increases on existing long-term insurance policies. The amounts exclude indirect taxes.

The new business API in the table above differs from the new business API disclosed in the embedded value largely as a result of:

- *The timing of inclusion of policyholders in the calculation of new business API* – In the embedded value, new business is included from the earlier of the date that the first premium has been received or when the policy is on risk, whereas in the table above, new business is included when the policy has been contractually committed.
- *Inclusion of automatic premium increases and servicing increases on existing life policies* – These are included in the table above but excluded in the embedded value API values disclosed.

Refer to the Embedded value statement for the year ended 30 June 2021 in the footnotes to 'Table 7: Embedded value of new business' for a more detailed description of the differences in new business disclosures between the embedded value and the table above.

ANNEXURE 3

GROSS INFLOWS UNDER MANAGEMENT

Gross inflows under management measures the total funds collected by Discovery. Gross inflows under management increased by 5% for the year ended 30 June 2021 when compared to the same period in the prior year.

R million	June 2021	June 2020	% change
Discovery Health	90 651	89 682	1
Discovery Life	13 714	13 023	5
Discovery Invest	24 203	24 501	(1)
Discovery Insure	4 107	3 556	15
Discovery Vitality	2 295	2 401	(4)
VitalityHealth	11 403	9 651	18
VitalityLife	6 696	5 917	13
All other businesses	8 974	6 102	47
Gross inflows under management	162 043	154 833	5
Less: collected on behalf of third parties	(88 827)	(87 962)	1
Discovery Health	(81 849)	(81 309)	1
Discovery Invest	(6 978)	(6 653)	5
Gross income of Group per the segmental information	73 216	66 871	9
Gross income is made up as follows:			
- Insurance premium revenue	56 812	50 517	12
- Fee income from administration businesses	11 711	11 350	3
- Vitality income	3 340	3 875	(14)
- Other income	1 353	1 129	20
Gross income of Group per the segmental information	73 216	66 871	9

ANNEXURE 4

BRIEF CVs OF DIRECTORS STANDING FOR ELECTION/RE-ELECTION AS DIRECTORS OR AUDIT COMMITTEE MEMBERS



Monhla Hlahla (58)

Independent Non-executive Director

Appointed: 15 August 2021

Qualifications: BA (Hons) (Economics), MA (Urban Planning), Advanced Management Programme (INSEAD)

Nationality

South African

Committee memberships

- Audit Committee
- Social and Ethics Committee

EXPERIENCE

Monhla is a highly experienced executive and business leader with over 35 years' experience in infrastructure development and management. Monhla has a depth of experiences in corporate governance, based on a demonstrated history of non-executive directorships in a variety of industries. Her experiences are a combination of strong operational experiences and extensive exposure to private and public sector governance and leadership, that places Monhla uniquely among the leading Executive Coaches from the African continent. She previously served as Managing Director of Airports Company South Africa (ACSA), and under her management, ACSA embarked on its biggest ever capital expenditure programme to cater for the increasing number of passengers going through South African airports. She also served as the Chairperson of the Johannesburg Water Utility, the Trans-Caledon Water Authority and the Industrial Development Corporation. In 2014, Monhla was honoured by the President of France with the Chevalier de la Legion d'Honneur and, in 2005, both the Black Business Quarterly and the Businesswomen's Association named her Businesswoman of The Year.

AREAS OF VALUE-ADDING EXPERTISE

Corporate governance, risk management, HR and leadership development, stakeholder value management, business acumen, systems and technical planning, and financial services.

OTHER DIRECTORSHIPS

Royal Bafokeng Holdings (Pty) Ltd (Chairperson), and Africa 50.



David Macready (62)

Independent Non-executive Director

Appointed: 3 February 2020

Qualifications: BCom (Hons), CTA, CA(SA), Harvard (SEP), INSEAD (IDP)

Nationality

South African and British

Committee memberships

- Audit Committee (Chairperson)
- Actuarial Committee
- Risk and Compliance Committee

EXPERIENCE

David was an audit partner at Deloitte in South Africa and, subsequently, in London for six years before entering financial services. He held positions as Managing Director of Syfrets Private Bank, Managing Director of Nedbank Wealth, CEO of Old Mutual Investment Group and CEO of Old Mutual South Africa. Over a period of 21 years, he served on the Group Executive of Nedcor Investment Bank, Nedbank Group Limited and Old Mutual Limited. David retired following the Old Mutual managed separation at the end of 2018.

AREAS OF VALUE-ADDING EXPERTISE

Asset management, banking, insurance and wealth management. Accounting, auditing and governance.

PROFESSIONAL BODY MEMBERSHIPS

South African Institute of Chartered Accountants (SAICA).

Annexure 4 continued



Dr Vincent Maphai (69)

Independent Non-executive Director

Appointed: 8 December 2005

Qualifications: DPhil, Advanced Management Programme (Harvard), and other senior management certificates and diplomas

Nationality

South African

Committee memberships

- Nominations Committee

EXPERIENCE

Vincent is the Non-executive Chairperson of Sibanye-Stillwater Limited and Stadio Holdings. Previously, he was Director of Corporate Affairs and Transformation at South African Breweries and the Southern African Chairperson of BHP Billiton. He has 20 years' experience as a professional academic and 15 years' experience as a senior executive in the private sector. Vincent served on the boards of various companies as Non-executive Chairperson. He also held a two-year academic position at Williams College in Massachusetts.

AREAS OF VALUE-ADDING EXPERTISE

Transformation, restructuring, and business social environment.

OTHER DIRECTORSHIPS

Sibanye-Stillwater Limited (Chairperson), Discovery Foundation (Chairperson), Stadio Holdings and Batiki Game.

PROFESSIONAL BODY MEMBERSHIPS

Academy of Science of South Africa and the IoDSA.



Marquerithe Schreuder (52)

Independent Non-executive Director

Appointed: 19 February 2021

Qualifications: BCom (Hons), FIA, FASSA

Nationality

South African

Committee memberships

- Risk and Compliance Committee (Chairperson)
- Audit Committee
- Actuarial Committee

EXPERIENCE

Marquerithe is a qualified actuary and has been a Fellow of the Institute of Actuaries and a Fellow of the Actuarial Society of South Africa since 2000. She was an Independent Director of Hannover Re Africa Group, where she acted as the Chairperson of the Actuarial and Risk and Remuneration committees. Marquerithe was also a Director at the Actuarial Insurance Solutions division of Deloitte. Further, she continues to serve on the Actuarial Society of South Africa's Life Assurance Tax Subcommittee.

AREAS OF VALUE-ADDING EXPERTISE

Insurance capital, risk and finance management, stakeholder guidance and oversight, business management, and regulatory and insurance tax requirements.

OTHER DIRECTORSHIPS

None

PROFESSIONAL BODY MEMBERSHIPS

Fellow of the Institute of Actuaries, Fellow of the Actuarial Society of South Africa.



FORM OF PROXY

Discovery Limited
 (Registration number: 1999/007789/06)
 ISIN: ZAE000022331
 Ordinary share code: DSY
 Preference share code: DSBP
 ISIN: ZAE000158564
 ("the Company")

This form of proxy is only for use by:

- Registered shareholders who have not yet dematerialised their shares in the Company.
- Registered shareholders who have already dematerialised their shares in the Company and are registered in their own names in the Company's sub-register.*

For use by registered shareholders of the Company at the twenty second Annual General Meeting ("AGM") of the Company to be held in the Auditorium, Ground Floor, 1 Discovery Place, and through electronic participation, on Wednesday, 24 November 2021 at 15h00.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies (who need not be a shareholder of the Company) to attend, participate in and speak and vote in place of that shareholder at the AGM, and at any adjournment thereof.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, must not complete this form of proxy but should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary letter of authority to attend the AGM, in the event that they wish to attend the AGM.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the AGM.
- The appointment of the proxy is revocable; and you may revoke the proxy appointment by - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and the Company.

Kindly note that, meeting participants (including a proxy or proxies) are required in terms of section 63(1) of the Companies Act No. 71 of 2008 as amended (Companies Act) to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

A proxy may not delegate his/her authority to act on behalf of a shareholder of the Company to another person.

I/We (please print) _____ (name)

of _____ (address)

_____ (contact number)

being the holder(s) of _____ ordinary shares in the Company, hereby appoint (see instruction 1 overleaf):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the AGM,

as my/our proxy to attend, participate in and speak and vote for me/us and on my/our behalf or to abstain from voting at the AGM which will be held for the purposes of considering and, if deemed fit, passing the resolutions to be passed thereat, with or without modification, and at any adjournment thereof, in accordance with the instructions as follows (see note 2 and instruction 2 overleaf):

Insert the number of votes exercisable (one vote per share)

	For	Against	Abstain
Ordinary Resolutions			
1. Appointment of joint external independent auditors			
1.1 Appointment of PwC as joint independent external auditors			
1.2 Appointment of KPMG as joint independent external auditors			
2. Re-election and election of directors			
2.1 Dr Vincent Maphai			
2.2 Ms Marquerithe Schreuder			
2.3 Ms Monhla Hlahla			
3. Election of members of the Audit Committee			
3.1 Mr David Macready and as Chairperson of Audit Committee			
3.2 Ms Marquerithe Schreuder			
3.3 Ms Monhla Hlahla			
4. General authority to issue preference shares			
4.1 General authority to directors to allot and issue A Preference Shares			
4.2 General authority to directors to allot and issue B Preference Shares			
4.3 General authority to directors to allot and issue C Preference Shares			
5. Authority to implement Special and Ordinary Resolutions			
Advisory votes			
1. Advisory endorsement of the remuneration policy and implementation report			
1.1 Non-binding advisory vote on the remuneration policy			
1.2 Non-binding advisory vote on the implementation of the remuneration policy			
Special Resolutions			
1. Approval of Non-executive Directors' remuneration - 2021/2022			
2. General authority to repurchase shares			
3. Authority to provide financial assistance in terms of sections 44 and 45 of the Companies Act			
4. Amendment to certain provisions of the Memorandum of Incorporation			
5. Approval to issue Company's ordinary shares to persons falling within the ambit of Section 41(1) of the Companies Act			

Note: Insert an "X" in the relevant spaces above or the number of votes exercisable (one vote per share) according to how you wish your votes to be cast. An "X" in the relevant spaces above indicates the maximum number of votes exercisable. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote (see instruction 3 overleaf).

Signed at _____ on _____ 2021.

Signature/s _____ Assisted by me (where applicable) _____

Please read the summary of the rights in respect of proxy appointments established by section 58 of the Companies Act, notes and instructions overleaf.

* See explanatory note 3 overleaf.

NOTES TO THE FORM OF PROXY

Summary of shareholders rights in respect of proxy appointments as contained in section 58 of the Companies Act

Please note that in terms of section 58 of the Companies Act:

- This form of proxy must be in writing, dated and signed by the shareholder appointing the proxy.
- You may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in, and speak and vote at, the AGM, on your behalf.
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy.
- This form of proxy must be delivered to the Company, or to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy exercises any of your voting rights as a shareholder at the AGM. Any form of proxy not received by the Company or the Company's transfer secretaries must be handed to the Chairperson of the AGM before your proxy may exercise any of your voting rights as a shareholder at the AGM.
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly in person in the exercise of any of your rights as a shareholder at the Annual General Meeting.
- The appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy.
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by – (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. Please note that the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the proxy and the Company as aforesaid.
- If this form of proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to you must be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing, and paid any reasonable fees charged by the Company for doing so.
- Your proxy is entitled to exercise, or abstain from exercising, any voting rights of yours without direction at the AGM, except to the extent that this form of proxy provides otherwise.
- The appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof, unless it is revoked by you before then on the basis set out above.

Explanatory notes

A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote in his/her stead at the AGM. A proxy need not be a shareholder of the Company. Satisfactory identification must be presented by any person wishing to attend the AGM, as set out in the notice of AGM (to which this form of proxy is included).

Every shareholder present in person or by proxy and entitled to vote at the AGM of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds, but in the event of a poll, each shareholder shall be entitled to one vote in respect of each ordinary share in the Company held by him/her.

Shareholders who have dematerialised their shares in the Company and are registered in their own names are shareholders who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic subregister of shareholders in their own names.

Instructions on signing and lodging the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the Chairperson of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the Chairperson of the AGM will exercise the proxy. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or the number of votes exercisable by that shareholder in the appropriate spaces provided overleaf. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the AGM, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. Forms of proxy must be lodged with the Company at 1 Discovery Place, Sandton, South Africa or posted to the Company at PO Box 786722, Sandton, 2146, South Africa or lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, Johannesburg, South Africa or posted to the transfer secretaries of the Company at Private Bag X9000, Saxonwold, 2132, South Africa or emailed to: proxy@computershare.co.za, to be received by them not later than Monday, 22 November 2021 at 15h00 (South African time), being at least 48 hours before the AGM to be held at 15h00 on Wednesday, 24 November 2021 in accordance with clause 27.3.2 of the MOI. Any forms of proxy not received by this time must be handed to the Chairperson of the AGM immediately prior to the commencement of the AGM.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the Chairperson of the AGM.
6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy or proxies appointed in terms hereof, should such shareholder wish to do so.
7. Where two or more persons are registered as the holders of any security they shall be deemed to hold that security jointly, and any one of the joint holders of any security conferring a right to vote on any matter may vote either personally or by proxy, at any meeting in respect of that security, as if he were solely entitled to exercise that vote, and if more than one of those joint holders is present at any such meeting, either personally or by proxy, the joint holder, who tenders a vote (including an abstention) and whose name stands in the securities register before the other joint holders whom are present, in person or by proxy, shall be the joint holder who is entitled to vote in respect of that security.
8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
9. The Chairperson of the AGM may reject or accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder of the Company, to another person.

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