

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 30 June 2022





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The below listed reports for the year ended 30 June 2022 have been referred to in this Notice and will be available for access on our website from 28 October 2022 via the links below:

W Annual Financial Statements
www.discovery.co.za/info/2022financials

GR Governance Report
www.discovery.co.za/info/2022governance

AR Integrated Annual Report
www.discovery.co.za/info/2022annualreport

RR Remuneration Report
www.discovery.co.za/info/2022remreport



DEAR SHAREHOLDER

The detailed Notice of the Discovery Limited Annual General Meeting ("Notice") and supporting documentation for the year ended 30 June 2022 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 Company_Secretarial2@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 2022

DISCOVERY LIMITED

(Registration number: 1999/007789/06)

ISIN: ZAE000022331

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 third 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 Thursday, 1 December 2022 at 12h00 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, 21 October 2022 and only shareholders of the Company who are registered in the securities register of the Company on Friday, 25 November 2022 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, 22 November 2022. The Notice of AGM will be distributed to shareholders on Friday, 28 October 2022 and the results of the AGM will be released on the Stock Exchange News Service on or about Thursday, 1 December 2022.

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 2022, can be accessed on the Company website <https://www.discovery.co.za/corporate/investor-relations> from 28 October 2022.



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 **Company_Secretarial2@discovery.co.za**) or the Transfer Secretaries (by email at the address **proxy@computershare.co.za**) by no later than 12h00 on 29 November 2022 in order to obtain access details to the AGM or alternatively they can register online using the online registration portal at **<https://meetnow.global/za>** prior to commencement of the AGM;
- 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 2022 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 2022, are available on the Company website, www.discovery.co.za/info/2022financials. The summarised consolidated Annual Financial Statements are set out from pages 11 to 37.

ORDINARY RESOLUTIONS

1. Ordinary Resolution Number 1 (comprising Ordinary Resolutions Number 1.1. to 1.3 (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 financial year ending 30 June 2023."
- 1.2 "Resolved that KPMG Inc. ("KPMG") is re-appointed, as the joint independent external auditor of the Company, as nominated by the Company's Audit Committee, until conclusion of the next AGM."
- 1.3 "Resolved that Deloitte Touche Tohmatsu Limited ("Deloitte") is appointed, as the joint independent external auditor of the Company as nominated by the Company's Audit Committee, with effect from 1 July 2023, until conclusion of the next AGM."

Explanatory notes in respect of Ordinary Resolution Number 1

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 require appointment of joint auditors for an Insurance Group. Accordingly, PwC and KPMG are proposed to be re-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 financial year ending 30 June 2023. Mr Andrew Taylor is the individual registered auditor of PwC and Mr Mark Danckwerts is the individual registered auditor of KPMG who will undertake the joint audit for the financial year ending 30 June 2023.

Deloitte is proposed to be appointed as the joint external auditors of the Company as nominated by the Company's Audit Committee with effect from 1 July 2023 and will take over from PwC as joint auditors with KPMG as PwC steps down following the conclusion of the financial year ending 30 June 2023. Deloitte's appointment will be until the conclusion of the Company's next AGM. Mr Darren Shipp is the individual registered auditor who is proposed to undertake the audit for the financial year ending 30 June 2024, subject to final approval by the Prudential Authority.

2. Ordinary Resolution Number 2 ELECTION AND RE-ELECTION OF DIRECTORS

Ordinary Resolution Number 2 (comprising Ordinary Resolutions Number 2.1. to 2.4 (inclusive))

Shareholders are requested to consider and, if deemed fit, to re-elect Ms Faith Khanyile and Mr Richard Farber, as directors of the Company and, further, to ratify the appointments of Ms Bridget van Kralingen and Mr Tito Mboweni as directors of the Company, by way of passing separate resolutions. Ms Bridget van Kralingen and Mr Tito Mboweni were appointed as additional directors during the year.

Mr Herman Bosman retires in terms of clause 41.3 of the MOI and is eligible for re-election, however, has chosen not to offer himself for re-election as a director. The Company notes his resignation with effect from the conclusion of this AGM.

- 2.1 "Resolved that Ms Faith Khanyile, who retires in terms of clause 41.3 of the MOI and who, being eligible, offers herself for re-election, is re-elected as an independent non-executive director of the Company."
- 2.2 "Resolved that Mr Richard Farber who retires in terms of clause 41.3 of the MOI and who, being eligible, offers himself for re-election, is re-elected as a non-executive director of the Company."
- 2.3 "Resolved that Ms Bridget van Kralingen is elected as an independent non-executive director of the Company."
- 2.4 "Resolved that Mr Tito Mboweni is elected as an independent non-executive director of the Company."

Explanatory notes in respect of Ordinary Resolutions Number 2.1 to 2.4

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 and 2.2 is proposed to re-elect Ms Faith Khanyile and Mr Richard Farber, in accordance with the provisions of the MOI.

Ms Bridget van Kralingen and Mr Tito Mboweni were appointed, as independent non-executive directors (on 7 April 2022 and 5 May 2022 respectively), in terms of clause 41.10 of the MOI. In accordance with the provisions of clause 41.3.3 of the MOI, Ms Bridget van Kralingen and Mr Tito Mboweni 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 in *Annexure 4* on *pages 40 to 43*.



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 2023.
- 3.2 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 2023.
- 3.3 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 2023.”

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 40 to 43. 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."
- 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 Remuneration 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 – 2022/2023

"Resolved that there will be a broad inflationary increase and where applicable, market related increase in fees and that a payment of the following fees be approved as the basis for calculating remuneration of the non-executive directors for their services as directors of the Company for the financial year ending 30 June 2023:

| | FY2022 (Excl VAT, if applicable) Retainer only | Proposed FY2023 (Excl VAT, if applicable) Retainer only |
|--|--|---|
| Board | | |
| Chairperson | £304 500 | £314 549 |
| Member – SA based | R499 200 | R526 656 |
| Member – UK based | £66 990 | £69 201 |
| Member – Australia based | A\$121 970 | A\$127 459 |
| Member – USA and other non-SA based | US\$84 500 | US\$88 303 |
| Audit, Risk and Compliance, and Actuarial committees | | |
| Chairperson, Audit committee – SA based | R540 800 | R621 920 |
| Chairperson, Risk and Compliance and Actuarial committees – SA based | R473 200 | R499 226 |
| Member – SA based | R270 400 | R285 272 |
| Chairperson – UK based | £48 720 | £50 328 |
| Member – UK based | £16 450 | £16 993 |
| Chairperson – Australia based | A\$55 490 | A\$57 987 |
| Member – Australia based | A\$31 710 | A\$33 137 |
| Chairperson – USA and other non-SA based | US\$38 730 | US\$40 473 |
| Member – USA and other non-SA based | US\$22 140 | US\$23 136 |
| Remuneration, Social and Ethics, Nominations and any other committees | | |
| Chairperson – SA based | R378 560 | R399 381 |
| Member – SA based | R216 320 | R228 218 |
| Chairperson – UK based | £24 560 | £25 370 |
| Member – UK based | £14 000 | £14 462 |
| Chairperson – Australia based | A\$44 310 | A\$46 304 |
| Member – Australia based | A\$25 410 | A\$26 553 |
| Chairperson – USA and other non-SA based | US\$31 000 | US\$32 395 |
| Member – USA and other non-SA based | US\$17 720 | US\$18 517 |
| Non-resident director travel allowance | US\$2 879 per return leg | US\$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 2023 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 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.

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 and full details of the programme (as required by the Listings Requirements) have been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, 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 titled Additional Disclosure of Information contained on page 8 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 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. Such authority to endure until the forthcoming AGM of the Company."



Explanatory note in respect of Special Resolution Number 3

The intention with requiring this authority is mainly to allow the Company to provide financial assistance to its subsidiaries by way of intercompany loans or guarantees, as and when required. 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.

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 203 of the *Annual Financial Statements*.

Share capital of the Company

Refer to *Group note 17* on page 112 of the *Annual Financial Statements*.

Directors' responsibility statement

The directors of the Company, whose names appear on page 21 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 3, 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 3 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 2022 can be found on page 35 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, 25 November 2022.

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 Tuesday, 29 November 2022 at 12h00 (South African time), being not less than 48 hours before the AGM to be held at 12h00 on Thursday, 1 December 2022 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

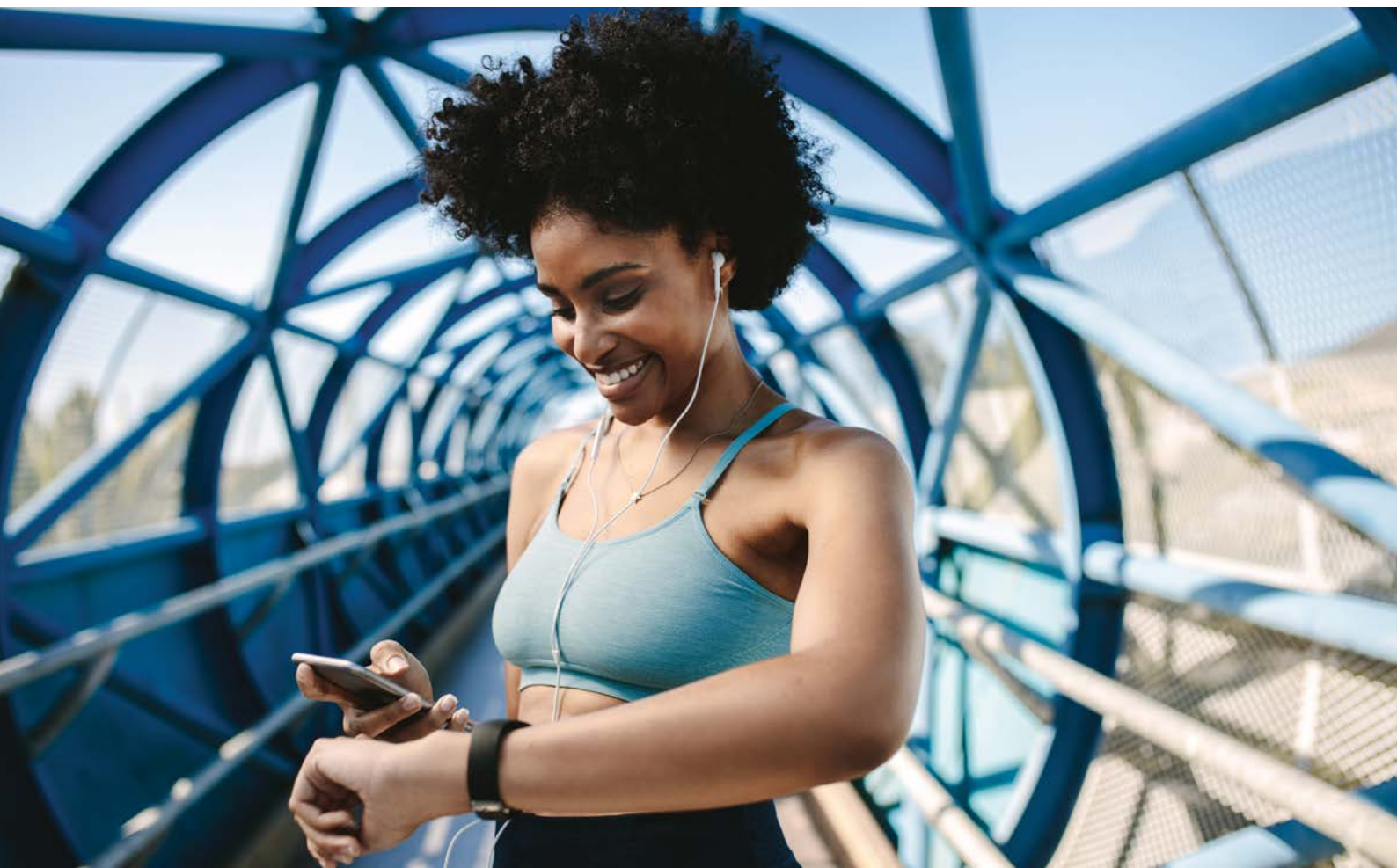
Section 63(1) of the Companies Act requires that any person who wishes to attend or participate in a shareholders meeting, must present reasonably satisfactory identification at the AGM. Any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory 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. If members wish to join virtually they can join through electronic participation on Thursday, 1 December 2022 at 12h00. 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





ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2022

| R million | Group June 2022 | Group June 2021 |
|---|-----------------------|-----------------------|
| Assets | | |
| Goodwill | 4 912 | 4 879 |
| Intangible assets | 6 539 | 6 371 |
| Property and equipment | 3 811 | 4 188 |
| Assets arising from insurance contracts | 56 645 | 50 483 |
| Deferred acquisition costs | 640 | 585 |
| Assets arising from contracts with customers | 1 549 | 1 248 |
| Investment in equity-accounted investees | 6 008 | 3 459 |
| Deferred tax asset | 4 455 | 3 948 |
| Financial assets | | |
| - Loans and advances to customers at amortised cost | 3 944 | 3 361 |
| - Investments at amortised cost | 7 161 | 5 604 |
| - Investments at fair value through profit or loss | 141 494 | 130 937 |
| - Derivative financial instruments at fair value through profit or loss | 276 | 249 |
| Insurance receivables, contract receivables and other receivables | 13 113 | 10 533 |
| Non-current assets held for sale | 171 | - |
| Current tax asset | 220 | 391 |
| Reinsurance contracts | 511 | 445 |
| Cash and cash equivalents | 19 775 | 20 013 |
| TOTAL ASSETS | 271 224 | 246 694 |
| Equity | | |
| Capital and reserves | | |
| Ordinary share capital and share premium | 10 178 | 10 151 |
| Perpetual preference share capital | 779 | 779 |
| Other reserves | 3 621 | 1 935 |
| Retained earnings | 38 972 | 33 550 |
| Equity | 53 550 | 46 415 |
| Non-controlling interest | 5 | 4 |
| TOTAL EQUITY | 53 555 | 46 419 |
| Liabilities | | |
| Liabilities arising from insurance contracts | 109 200 | 100 977 |
| Liabilities arising from reinsurance contracts | 13 192 | 12 525 |
| Deferred tax liability | 9 335 | 8 814 |
| Contract liabilities to customers | 944 | 776 |
| Financial liabilities | | |
| - Borrowings at amortised cost | 20 584 | 19 493 |
| - Other payables | 15 123 | 14 904 |
| - Deposits from customers | 10 881 | 8 985 |
| - Investment contracts at fair value through profit or loss | 37 361 | 32 291 |
| - Derivative financial instruments at fair value through profit or loss | 202 | 826 |
| Employee benefits | 320 | 315 |
| Current tax liability | 527 | 369 |
| TOTAL LIABILITIES | 217 669 | 200 275 |
| TOTAL EQUITY AND LIABILITIES | 271 224 | 246 694 |



GROUP INCOME STATEMENT

for the year ended 30 June 2022

| R million | Group June 2022 | Group June 2021 |
|--|-----------------------|-----------------------|
| Insurance premium revenue | 58 782 | 55 935 |
| Reinsurance premiums | (8 262) | (7 729) |
| Accelerated reinsurance premiums | - | (823) |
| Net insurance premium revenue | 50 520 | 47 383 |
| Fee income from administration businesses | 12 752 | 11 700 |
| Vitality income | 3 495 | 3 340 |
| Net banking fee and commission income | 645 | 480 |
| Banking fee and commission income | 853 | 633 |
| Banking fee and commission expense | (208) | (153) |
| Net bank interest and similar income | 318 | 241 |
| Bank interest and similar income using the effective interest rate | 811 | 627 |
| Bank interest and similar expense using the effective interest rate | (493) | (386) |
| Investment income using the effective interest rate method | 296 | 280 |
| Net fair value (losses)/gains on financial assets at fair value through profit or loss | (1 825) | 11 891 |
| Other income | 1 341 | 1 372 |
| Receipts arising from reinsurance contracts | - | 500 |
| Net income | 67 542 | 77 187 |
| Net claims and policyholders' benefits | (30 900) | (28 178) |
| Claims and policyholders' benefits | (38 207) | (33 972) |
| Insurance claims recovered from reinsurers | 7 218 | 5 794 |
| Recapture of reinsurance | 89 | - |
| Acquisition costs | (4 774) | (5 033) |
| Marketing and administration expenses | (25 209) | (22 679) |
| Amortisation of intangibles from business combinations | (59) | (66) |
| Expected credit losses | (67) | (271) |
| Recovery of expenses from reinsurers | 2 859 | 2 773 |
| Net transfer to/from assets and liabilities under insurance contracts | (1 494) | (14 795) |
| - change in assets arising from insurance contracts | 5 786 | 545 |
| - change in assets arising from reinsurance contracts | 63 | 56 |
| - change in liabilities arising from insurance contracts | (6 935) | (17 941) |
| - change in liabilities arising from reinsurance contracts | (577) | 1 755 |
| - economic assumption adjustments net of discretionary margins | 169 | 790 |
| Fair value adjustment to liabilities under investment contracts | (40) | (3 634) |
| Profit from operations | 7 858 | 5 304 |
| Finance costs | (1 658) | (1 648) |
| Foreign exchange gains/(losses) | 155 | (389) |
| Gain on dilution and disposal of equity-accounted investments | 33 | 554 |
| Reversal of impairment/(Impairment) of equity-accounted investments | 134 | (149) |
| Share of net profits from equity-accounted investments | 422 | 523 |
| Profit before tax | 6 944 | 4 195 |
| Income tax expense | (1 465) | (975) |
| Profit for the year | 5 479 | 3 220 |
| Profit attributable to: | | |
| - ordinary shareholders | 5 422 | 3 157 |
| - preference shareholders | 56 | 63 |
| - non-controlling interest | 1 | * |
| | 5 479 | 3 220 |
| Earnings per share for profit attributable to ordinary shareholders of the company during the year (cents): | | |
| - basic | 825.5 | 480.7 |
| - diluted | 817.8 | 475.4 |

* Amount is less than R500 000.

GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

| R million | Group June 2022 | Group June 2021 |
|---|-----------------------|-----------------------|
| Profit for the year | 5 479 | 3 220 |
| Items that are or may be reclassified subsequently to profit or loss: | | |
| Currency translation differences | 467 | (1 576) |
| Cash flow hedges | 309 | 260 |
| - unrealised gains | 322 | 360 |
| - tax on unrealised gains | (2) | (25) |
| - gains recycled to profit or loss | (10) | (90) |
| - tax on recycled gains | (1) | 15 |
| Share of other comprehensive income from equity-accounted investments | 601 | (312) |
| - change in fair value of debt instruments at fair value through other comprehensive income | 17 | 15 |
| - currency translation differences | 584 | (327) |
| Other comprehensive income/(losses) for the year, net of tax | 1 377 | (1 628) |
| Total comprehensive income for the year | 6 856 | 1 592 |
| Attributable to: | | |
| - ordinary shareholders | 6 799 | 1 529 |
| - preference shareholders | 56 | 63 |
| - non-controlling interest | 1 | * |
| Total comprehensive income for the year | 6 856 | 1 592 |

* Amount is less than R500 000.



GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

| 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 2022 | | | | |
| At beginning of the year | 10 151 | 779 | 489 | 18 |
| Total comprehensive income for the year | - | 56 | - | 17 |
| Profit for the year | - | 56 | - | - |
| Other comprehensive income | - | - | - | 17 |
| Transactions with owners | 27 | (56) | 309 | - |
| Share issue | 443 | - | - | - |
| Increase in treasury shares | (443) | - | - | - |
| Delivery of treasury shares | 27 | - | (17) | - |
| Employee share option schemes: | | | | |
| - Value of employee services | - | - | 326 | - |
| Dividends paid to preference shareholders | - | (56) | - | - |
| At end of the year | 10 178 | 779 | 798 | 35 |
| 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 income/(loss) | - | - | - | 15 |
| Transactions with owners | 3 | (63) | 294 | - |
| Share issue | 907 | - | - | - |
| Increase in treasury shares | (907) | - | - | - |
| Delivery of treasury shares | 3 | - | (36) | - |
| 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 (FVOCI) and those debt instruments measured at FVOCI, in terms of IFRS 9 Financial Instruments.

* 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 |
|---|--------------------|----------------------|---------------|---------------------------------|---------------|
| 1 772 | (344) | 33 550 | 46 415 | 4 | 46 419 |
| 1 051 | 309 | 5 422 | 6 855 | 1 | 6 856 |
| - | - | 5 422 | 5 478 | 1 | 5 479 |
| 1 051 | 309 | - | 1 377 | - | 1 377 |
| - | - | - | 280 | - | 280 |
| - | - | - | 443 | - | 443 |
| - | - | - | (443) | - | (443) |
| - | - | - | 10 | - | 10 |
| - | - | - | 326 | - | 326 |
| - | - | - | (56) | - | (56) |
| 2 823 | (35) | 38 972 | 53 550 | 5 | 53 555 |
| 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 |
| - | - | - | (907) | - | (907) |
| - | - | 40 | 7 | - | 7 |
| - | - | - | 330 | - | 330 |
| - | - | - | (63) | - | (63) |
| 1 772 | (344) | 33 550 | 46 415 | 4 | 46 419 |



GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

| R million | Group June 2022 | Group June 2021 |
|--|-----------------------|-----------------------|
| Cash flow from operating activities | 3 597 | 10 407 |
| Cash generated by operations | 18 475 | 19 485 |
| Purchase of investments held to back policyholder liabilities | (56 588) | (54 661) |
| Proceeds from disposal of investments held to back policyholder liabilities | 38 411 | 38 709 |
| Working capital changes | 2 468 | 6 972 |
| | 2 766 | 10 505 |
| Dividends received | 600 | 303 |
| Interest received | 2 824 | 2 513 |
| Interest paid | (1 412) | (1 197) |
| Taxation paid | (1 181) | (1 717) |
| Cash flow from investing activities | (4 704) | (6 740) |
| Purchase of financial assets | (32 878) | (32 569) |
| Proceeds from disposal of financial assets | 31 482 | 27 828 |
| Purchase of property and equipment | (275) | (277) |
| Proceeds from disposal of property and equipment | 25 | 21 |
| Purchase of software and other intangible assets | (1 567) | (1 587) |
| Proceeds from disposal of software and other intangible assets | 2 | - |
| Acquisition of business net of cash | - | (25) |
| Additional investment in equity-accounted investments | (1 593) | (240) |
| Dividends from equity-accounted investments | 100 | 109 |
| Cash flow from financing activities | 518 | (590) |
| Dividends paid to preference shareholders | (56) | (63) |
| Proceeds from borrowings | 3 261 | 1 839 |
| Repayment of borrowings | (2 687) | (2 366) |
| Net (decrease)/ increase in cash and cash equivalents | (589) | 3 077 |
| Cash and cash equivalents at beginning of the year | 20 013 | 17 909 |
| Exchange gains/(losses) on cash and cash equivalents | 195 | (973) |
| Cash and cash equivalents including bank overdraft at end of the year | 19 619 | 20 013 |
| Reconciliation to Statement of Financial Position | | |
| Cash and cash equivalents | 19 775 | 20 013 |
| Bank overdraft included in borrowings at amortised cost | (156) | - |
| Cash and cash equivalents at end of the year | 19 619 | 20 013 |

ADDITIONAL DISCLOSURE

at 30 June 2022

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 2022 | | | |
|---|----------------|---------------|------------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Financial instruments mandatorily at fair value through profit or loss: | | | | |
| – Equity portfolios | 54 271 | 3 677 | – | 57 948 |
| – Debt portfolios | 46 672 | 920 | – | 47 592 |
| – Money market portfolios ¹ | – | 14 680 | – | 14 680 |
| – Multi-asset portfolios ¹ | – | 21 274 | – | 21 274 |
| Derivative financial instruments at fair value: | | | | |
| – used as cash flow hedges | – | 17 | – | 17 |
| – not designated as hedging instruments | – | 259 | – | 259 |
| Total financial assets | 100 943 | 40 827 | – | 141 770 |
| Non-Financial Assets | | | | |
| Non-current assets held of sale | – | – | 171 | 171 |
| Total non-financial assets | – | – | 171 | 171 |
| Financial liabilities | | | | |
| Investment contracts at fair value through profit or loss | – | 37 361 | – | 37 361 |
| Derivative financial instruments at fair value: | | | | |
| – used as cash flow hedges | – | 56 | – | 56 |
| – not designated as hedging instruments | – | 146 | – | 146 |
| Total financial liabilities | – | 37 563 | – | 37 563 |

¹ During the year under review, management had reassessed the observability of significant inputs into fair value determination of money markets and, multi-asset portfolios. Management determined these are classified at level 2. The prior period was restated accordingly.

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



ADDITIONAL DISCLOSURE *continued* at 30 June 2022

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *continued*

| R million Restated | 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 | - | 17 253 | - | 17 253 |
| - Multi-asset portfolios | - | 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 | 75 375 | 55 811 | - | 131 186 |
| Financial liabilities - not designated as hedging instruments | | | | |
| 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 |

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 performed 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 verify that 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 the hedged derivatives is 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.

EXCHANGE RATES USED IN THE PREPARATION OF THESE RESULTS

| | USD | GBP | RMB |
|---------------------|--------------|--------------|-------------|
| 30 June 2022 | | | |
| - Average | 15.22 | 20.25 | 2.35 |
| - Closing | 16.47 | 20.00 | 2.46 |
| 30 June 2021 | | | |
| - Average | 15.42 | 20.74 | 2.32 |
| - Closing | 14.28 | 19.74 | 2.21 |



SEGMENTAL INFORMATION

for the year ended 30 June 2022

| R million | SA Health | SA Life | SA Invest |
|--|--------------|---------------|---------------|
| Income statement | | | |
| Insurance premium revenue | 189 | 15 041 | 14 499 |
| Reinsurance premiums | - | (3 523) | - |
| Net insurance premium revenue | 189 | 11 518 | 14 499 |
| Fee income from administration businesses | 7 910 | - | 2 834 |
| Vitality income | - | - | - |
| Net banking fee and commission income | - | - | - |
| Banking fee and commission income ⁴ | - | - | - |
| Banking fee and commission expense | - | - | - |
| 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 | - | - | - |
| Investment income earned on assets backing policyholder liabilities | - | 3 | - |
| Net fair value gains/(losses) on financial assets at fair value through profit or loss | 10 | 485 | 913 |
| Other income | 1 241 | 12 | - |
| Finance charge on negative reserve funding | - | - | - |
| Inter-segment funding ¹ | - | (628) | 628 |
| Net income | 9 350 | 11 390 | 18 874 |
| Net claims and policyholders' benefits | (49) | (9 222) | (12 260) |
| Claims and policyholders' benefits | (49) | (14 013) | (12 260) |
| Insurance claims recovered from reinsurers | - | 4 791 | - |
| Recapture of reinsurance | - | - | - |
| Acquisition costs | (27) | (1 605) | (1 144) |
| Expected credit losses | - | - | - |
| Marketing and administration expenses | (106) | (7) | (11) |
| - depreciation and amortisation | - | - | - |
| - derecognition of intangible assets and property and equipment | - | - | - |
| - other expenses | (5 568) | (2 147) | (1 156) |
| Recovery of expenses from reinsurers | - | - | - |
| Transfer from assets/liabilities under insurance contracts | - | - | - |
| - change in assets arising from insurance contracts | - | 5 299 | - |
| - change in assets arising from reinsurance contracts | - | 11 | - |
| - change in liabilities arising from insurance contracts | - | 662 | (3 247) |
| - change in liabilities arising from reinsurance contracts | - | (351) | - |
| Fair value adjustment to liabilities under investment contracts | - | (2) | 148 |
| Share of net profits from equity-accounted investments | - | - | - |
| Reversal of impairment of equity accounted investment | - | - | - |
| Normalised profit/(loss) from operations | 3 600 | 4 028 | 1 204 |
| Economic assumptions adjustments net of discretionary margins and interest rate derivative | - | (651) | - |
| Economic assumptions adjustments net of discretionary margins | - | (651) | - |
| Fair value losses on VitalityLife interest rate derivative | - | - | - |
| Investment income earned on shareholder investments and cash | 37 | 11 | 38 |
| Intercompany investment income | - | - | - |
| Net fair value gains/(losses) on financial assets at fair value through profit or loss | - | 51 | 27 |
| Gains from dilution of equity accounted investments | - | - | - |
| Initial expenses related to Prudential Book transfer | - | - | - |
| 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 ⁵ | (1) | 25 | - |
| Intercompany finance costs | (297) | - | - |
| Foreign exchange gains | 4 | 25 | 37 |
| Profit before tax | 3 343 | 3 489 | 1 306 |
| Income tax expense | (951) | (718) | (438) |
| Profit for the year | 2 392 | 2 771 | 868 |

1 The inter-segment funding of R628 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.

| SA Insure ² | SA Vitality | SA Bank | UK Health | UK WLife | All other segments | Segment total | IFRS reporting adjustments ³ | IFRS total |
|------------------------|-------------|---------|-----------|----------|--------------------|---------------|---|------------|
| 4 657 | - | - | 11 299 | 6 750 | 7 035 | 59 470 | (688) | 58 782 |
| (103) | - | - | (1 556) | (3 600) | (168) | (8 950) | 688 | (8 262) |
| 4 554 | - | - | 9 743 | 3 150 | 6 867 | 50 520 | - | 50 520 |
| 15 | - | - | 30 | - | 1 975 | 12 764 | (12) | 12 752 |
| - | 2 338 | - | 392 | 227 | 538 | 3 495 | - | 3 495 |
| - | - | 633 | - | - | 12 | 645 | - | 645 |
| - | - | 853 | - | - | - | 853 | - | 853 |
| - | - | (220) | - | - | 12 | (208) | - | (208) |
| - | - | 318 | - | - | - | 318 | - | 318 |
| - | - | 811 | - | - | - | 811 | - | 811 |
| - | - | (493) | - | - | - | (493) | - | (493) |
| 118 | - | - | 9 | 27 | 7 | 164 | (164) | - |
| 1 | 1 | - | (52) | (1 390) | (1 195) | (1 227) | (598) | (1 825) |
| - | - | - | 32 | - | 56 | 1 341 | - | 1 341 |
| - | - | - | - | 1 368 | - | 1 368 | (1 368) | - |
| - | - | - | - | - | - | - | - | - |
| 4 688 | 2 339 | 951 | 10 154 | 3 382 | 8 260 | 69 388 | (2 142) | 67 246 |
| (3 029) | - | - | (4 331) | (877) | (1 132) | (30 900) | - | (30 900) |
| (3 151) | - | - | (5 652) | (2 231) | (1 346) | (38 702) | 495 | (38 207) |
| 122 | - | - | 1 321 | 1 265 | 214 | 7 713 | (495) | 7 218 |
| - | - | - | - | 89 | - | 89 | - | 89 |
| (702) | (111) | - | (963) | (1 884) | 294 | (6 142) | 1 368 | (4 774) |
| - | - | (67) | - | - | - | (67) | - | (67) |
| (60) | (12) | (277) | (458) | (63) | (739) | (1 733) | (169) | (1 902) |
| (18) | - | - | (1) | (14) | (17) | (50) | - | (50) |
| (988) | (2 207) | (1 597) | (4 091) | (2 047) | (3 032) | (22 833) | (424) | (23 257) |
| - | - | - | 1 041 | 1 818 | - | 2 859 | - | 2 859 |
| - | - | - | - | 3 606 | (101) | 8 804 | (3 018) | 5 786 |
| 1 | - | - | 40 | 11 | 1 | 64 | (1) | 63 |
| (41) | - | - | (65) | (17) | (4 488) | (7 196) | 261 | (6 935) |
| - | - | - | - | (3 244) | - | (3 595) | 3 018 | (577) |
| - | - | - | - | - | 42 | 188 | (228) | (40) |
| (13) | - | - | 2 | - | 474 | 463 | (41) | 422 |
| - | - | - | - | - | 134 | 134 | - | 134 |
| (162) | 9 | (990) | 1 328 | 671 | (304) | 9 384 | (1 376) | 8 008 |
| - | - | - | - | 567 | - | (84) | 253 | 169 |
| - | - | - | - | 820 | - | 169 | - | 169 |
| - | - | - | - | (253) | - | (253) | 253 | - |
| - | 28 | - | - | 8 | 18 | 140 | 156 | 296 |
| - | - | - | - | 5 | 913 | 918 | (918) | - |
| - | - | - | - | (454) | (1) | (377) | 377 | - |
| 19 | - | - | - | - | 14 | 33 | - | 33 |
| - | - | - | - | (182) | - | (182) | 182 | - |
| - | - | - | - | - | (157) | (157) | 157 | - |
| (41) | - | - | - | - | (59) | (100) | 41 | (59) |
| - | - | - | - | - | (158) | (158) | 158 | - |
| - | - | - | (6) | (104) | (1 290) | (1 376) | (282) | (1 658) |
| - | - | - | (4) | (230) | (396) | (927) | 927 | - |
| - | - | - | - | - | 89 | 155 | - | 155 |
| (184) | 37 | (990) | 1 318 | 281 | (1 331) | 7 269 | (325) | 6 944 |
| 43 | (30) | 218 | (285) | 224 | 147 | (1 790) | 325 | (1 465) |
| (141) | 7 | (772) | 1 033 | 505 | (1 184) | 5 479 | - | 5 479 |

4 The banking fee and commission income consists of R389 million revenue which passes over time and interchange revenue of R464 million is recognised at a point in time.

5 Finance costs in Discovery Life includes a reversal of interest payable to the South African Revenue Services provided for in the prior year.



SEGMENTAL INFORMATION *continued*

for the year ended 30 June 2021

| R million | SA Health | SA Life | SA Invest |
|--|--------------|---------------|---------------|
| Income statement | | | |
| Insurance premium revenue | 294 | 13 711 | 14 824 |
| Reinsurance premiums | 1 | (3 262) | - |
| Accelerated reinsurance repayment | - | - | - |
| Net insurance premium revenue | 295 | 10 449 | 14 824 |
| Fee income from administration businesses | 7 540 | - | 2 401 |
| Vitality income | - | - | - |
| Net banking fee and commission income | - | - | - |
| Banking fee and commission income ⁴ | - | - | - |
| Banking fee and commission expense | - | - | - |
| 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 | - | - | - |
| Investment income earned on assets backing policyholder liabilities | - | 10 | - |
| Net fair value gains/(losses) on financial assets at fair value through profit or loss | 6 | 637 | 9 172 |
| Other income | 968 | 3 | - |
| Finance charge on negative reserve funding | - | - | - |
| Inter-segment funding ¹ | - | (714) | 714 |
| Receipts arising from reinsurance contracts | - | 500 | - |
| 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 | (15) | - | - |
| - other expenses | (5 058) | (2 027) | (1 031) |
| Recovery of expenses from reinsurers | - | - | - |
| Transfer from assets/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 assumptions adjustments net of discretionary margins and interest rate derivative | - | (411) | - |
| Economic assumptions 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 |
| Intercompany investment income | - | - | - |
| Net fair value gains/(losses) on financial assets at fair value through profit or loss | - | 138 | (28) |
| Restructuring costs | - | - | - |
| Gains from dilution of equity accounted investments | - | - | - |
| Initial 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 ⁵ | (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.

| SA Insure ² | SA Vitality | SA Bank | UK Health | UK Life | All other segments | Segment total | IFRS reporting adjustments ³ | 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 |
| - | 2 295 | 21 | 240 | 230 | 554 | 3 340 | - | 3 340 |
| - | - | 464 | - | - | 16 | 480 | - | 480 |
| - | - | 633 | - | - | - | 633 | - | 633 |
| - | - | (169) | - | - | 16 | (153) | - | (153) |
| - | - | 214 | - | - | - | 214 | 27 | 241 |
| - | - | 627 | - | - | - | 627 | - | 627 |
| - | - | (413) | - | - | - | (413) | 27 | (386) |
| 111 | - | - | - | 9 | 9 | 139 | (139) | - |
| 14 | - | 83 | 29 | (792) | 1 358 | 10 507 | 1 384 | 11 891 |
| - | - | 312 | 60 | - | 10 | 1 353 | 19 | 1 372 |
| - | - | - | - | 769 | - | 769 | (769) | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 500 | - | 500 |
| 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 | - | - | 3 | 14 | 149 | 131 | 280 |
| - | - | - | - | 7 | 809 | 816 | (816) | - |
| - | - | - | - | 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) | 4 195 |
| (207) | (24) | 334 | (149) | 363 | 285 | (987) | 12 | (975) |
| 580 | 58 | (760) | 791 | 523 | (1 700) | 3 220 | - | 3 220 |

⁴ The banking fee and commission income consists of R272 million of revenue which passes over time while the interchange revenue of R361 million is recognised at a point in time.



REVIEW OF GROUP RESULTS

for the year ended 30 June 2022

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 2022

| R million | South Africa | | | United Kingdom | | |
|--|--------------|--------------|-----------|----------------|--------------|----------|
| | June 2022 | June 2021 | % Change | June 2022 | June 2021 | % Change |
| Discovery Health | 3 600 | 3 423 | 5 | - | - | - |
| Discovery Life | 4 028 | 1 341 | 200 | - | - | - |
| Discovery Invest | 1 204 | 1 084 | 11 | - | - | - |
| Discovery Vitality | 9 | 43 | (79) | - | - | - |
| VitalityHealth | - | - | - | 1 328 | 953 | 39 |
| VitalityLife | - | - | - | 671 | 644 | 4 |
| Normalised profit from established businesses | 8 841 | 5 891 | 50 | 1 999 | 1 597 | 25 |
| Discovery Insure (Personal lines) | (162) | 250 | (165) | - | - | - |
| Vitality Group Insurance ¹ | - | - | - | - | - | - |
| Ping An Health ¹ | - | - | - | - | - | - |
| Normalised profit/(loss) from emerging businesses ² | (162) | 250 | (165) | - | - | - |
| Discovery Bank | (990) | (1 094) | 10 | - | - | - |
| Other new initiatives ^{1,3} | (232) | (288) | 19 | (518) | (233) | (122) |
| Normalised loss from new initiatives | (1 222) | (1 382) | 12 | (518) | (233) | (122) |
| Normalised profit from operations⁴ | 7 457 | 4 759 | 57 | 1 481 | 1 364 | 9 |

¹ Included in 'All other segments' in the Segmental information.

² 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.

³ Other new initiatives 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 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 heads costs are also included in this segment. The segment also includes VitalityInvest.

⁴ This amount can be further analysed by referring to the Normalised profit from operations as per the Segment Total in the Segmental information.

| Vitality Global | | | Total | | |
|-----------------|-----------|----------|----------------|-----------|----------|
| June 2022 | June 2021 | % Change | June 2022 | June 2021 | % Change |
| - | - | - | 3 600 | 3 423 | 5 |
| - | - | - | 4 028 | 1 341 | 200 |
| - | - | - | 1 204 | 1 084 | 11 |
| - | - | - | 9 | 43 | (79) |
| - | - | - | 1 328 | 953 | 39 |
| - | - | - | 671 | 644 | 4 |
| - | - | - | 10 840 | 7 488 | 45 |
| - | - | - | (162) | 250 | (165) |
| 473 | 417 | 13 | 473 | 417 | 13 |
| 338 | 411 | (18) | 338 | 411 | (18) |
| 811 | 828 | (2) | 649 | 1 078 | (40) |
| - | - | - | (990) | (1 094) | 10 |
| (365) | (457) | 20 | (1 115) | (978) | (14) |
| (365) | (457) | 20 | (2 105) | (2 072) | (2) |
| 446 | 371 | 20 | 9 384 | 6 494 | 45 |



REVIEW OF GROUP RESULTS *continued* for the year ended 30 June 2022

ADDITIONAL INFORMATION *continued*

Earnings, Headline earnings and Normalised Headline Earnings

| R million | Group Year ended June 2022 | Group Year ended June 2021 | % Change |
|--|-------------------------------------|-------------------------------------|-------------|
| Earnings per share (cents): | | | |
| - basic | 825.5 | 480.7 | 72 |
| - diluted | 817.8 | 475.4 | 72 |
| Headline earnings per share (cents): | | | |
| - basic | 792.4 | 454.7 | 74 |
| - diluted | 785.0 | 449.7 | 75 |
| Normalised headline earnings per share (cents): | | | |
| - basic | 885.5 | 518.7 | 71 |
| - diluted | 877.3 | 512.9 | 71 |
| Number of shares used in calculation | | | |
| Weighted number of shares in issue ('000) | 656 901 | 656 710 | |
| Diluted weighted number of shares ('000) | 663 082 | 664 073 | |

For the year ended 30 June 2022, the headline earnings and normalised headline earnings reconciliations have been amended to enhance the presentation thereof. The presentation of the prior period has been restated accordingly to enable comparability.

Headline earnings reconciliation

Headline earnings per share is disclosed per the JSE Listings Requirements and is calculated in accordance with the circular titled Headline Earnings issued by SAICA, as amended from time to time. Headline earnings per share is based on the net profit after tax attributable to ordinary shareholders adjusted for items of a capital nature and the weighted average number of ordinary shares in issue.

| R million | Group year ended 30 June 2022 | | | Group year ended 30 June 2021 | | | % Change |
|--|----------------------------------|-----|-------|----------------------------------|-----|-------|-------------|
| | Gross | Tax | Net | Gross | Tax | Net | |
| Profit attributable to the ordinary shareholders | | | 5 422 | | | 3 157 | 72 |
| Adjusted for: | | | | | | | |
| - gain on disposal of intangible assets | (131) | 29 | (102) | - | - | - | |
| - loss on derecognition of intangible assets | 37 | (5) | 32 | 39 | (8) | 31 | |
| - loss on derecognition of property and equipment | 13 | (1) | 12 | 11 | (2) | 9 | |
| - loss/(gain) on disposal of property and equipment | 3 | - | 3 | (3) | 1 | (2) | |
| - impairment of intangible assets | - | - | - | 44 | (3) | 41 | |
| - impairment of property and equipment | - | - | - | 17 | (2) | 15 | |
| - adjustments attributable to equity-accounted investments: | | | | | | | |
| - gain on dilution and disposal of equity-accounted investments | (33) | 4 | (29) | (554) | 140 | (414) | |
| - (reversal of impairment)/impairment of equity-accounted investments ¹ | (134) | - | (134) | 149 | - | 149 | |
| Headline earnings | | | 5 204 | | | 2 986 | 74 |

¹ impairment reversal was supported by a firm offer to purchase the equity-accounted investment and a change in intention resulting in reclassification of the investments as held for sale.

ADDITIONAL INFORMATION *continued*

Earnings, Headline earnings and Normalised Headline Earnings *continued*

NORMALISED HEADLINE EARNINGS RECONCILIATION

Normalised headline earnings is calculated per Discovery's policy as set out in the Accounting Policies at the end of the results announcement.

| R million | Group year ended 30 June 2022 | | | Group year ended 30 June 2021 | | | % Change |
|---|----------------------------------|-------------|--------------|----------------------------------|-------|-------|-------------|
| | Gross | Tax | Net | Gross | Tax | Net | |
| Headline earnings | | | 5 204 | | | 2 986 | 74 |
| Adjusted for: | | | | | | | |
| Economic assumption adjustments net of discretionary margins and interest rate derivatives | 84 | (74) | 10 | 519 | (136) | 383 | |
| - gain on economic assumption adjustments net of discretionary margins | (169) | (26) | (195) | (790) | 112 | (678) | |
| - loss on fair value changes on VitalityLife interest rate derivative, excl time value of swaption | 253 | (48) | 205 | 1 309 | (248) | 1 061 | |
| Loss/(gain) on fair value changes in the time value of swaption contract in VitalityLife | 454 | (87) | 367 | (139) | 26 | (113) | |
| Other | 233 | 2 | 235 | 407 | (257) | 150 | |
| - amortisation of intangible assets arising from business combinations | 59 | (13) | 46 | 66 | (13) | 53 | |
| - gain on disposal of intangible asset ¹ | 131 | (29) | 102 | - | - | - | |
| - recognition of deferred tax assets on assessed losses not recognised in previous periods | - | (14) | (14) | - | (152) | (152) | |
| - loss/(gain) on fair value changes on foreign exchange contracts not designated as hedges | 2 | (1) | 1 | 304 | (85) | 219 | |
| - restructuring costs | - | - | - | 33 | (6) | 27 | |
| - transaction costs related to the VitalityLife interest rate derivative | - | - | - | 4 | (1) | 3 | |
| - increase or decrease in deferred tax balances resulting from use of different tax rates on items that were excluded from normalised headline earnings | - | 59 | 59 | - | - | - | |
| - adjustment attributable to equity-accounted investments: amortisation of intangible assets arising from business combinations | 41 | - | 41 | - | - | - | |
| Normalised headline earnings | | | 5 816 | | | 3 406 | 71 |

¹ Gain realised from the delivery of intellectual property to Amplify Health. (Refer to 'Other significant items in these results' for more details.)



REVIEW OF GROUP RESULTS *continued* for the year ended 30 June 2022

OTHER SIGNIFICANT ITEMS IN THESE RESULTS

Provision and reserves for expected COVID-19 impact

At 30 June 2021, Discovery had reserved R3.1 billion, 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 2021 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 were accounted for against the discretionary margins in accordance with IFRS and Discovery's accounting policy, while the remainder was recognised in profit or loss in prior years.

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

COVID-19 is expected to transition into an endemic phase considering high immunity of the population in the Discovery client base. Given this transition, the impact on financial metrics is expected to be less material compared to the early waves of the COVID-19 pandemic. Allowance for the remaining short-term and long-term impacts has been incorporated into business as usual reserving for insurance contracts.

The movement in the COVID-19 provision and reserves for the year ended 30 June 2022 is as follows:

| R million | June 2022 | June 2021 |
|---|----------------|-----------|
| At beginning of the period | 3 080 | 3 442 |
| - Provisions | 2 800 | 2 729 |
| - Unearned premium reserve | 280 | 713 |
| Movements: | | |
| - Unwinding, utilisation and release of provisions | (2 798) | (1 886) |
| - Provisions made during the period, including in respect of new business | - | 2 177 |
| - Net movement in unearned premium reserve | (280) | (433) |
| - Other | (2) | (220) |
| At end of the period | - | 3 080 |
| - Provisions | - | 2 800 |
| - Unearned premium reserve | - | 280 |

Amplify Health

On 15 February 2022, it was announced that Discovery and AIA Group Limited ("AIA") have reached agreement to establish a new health InsurTech business, named "Amplify Health" in which Discovery owns a 25% equity interest. The partnership will operate as a joint venture ("JV") in certain defined parts of Asia.

Amplify Health's vision is to be Asia's leading digital health technology and integrated solutions business, transforming how individuals, corporates, payors and providers experience and manage health insurance and healthcare delivery, improving the health and wellness outcomes of patients and communities across Asia. The JV combines Discovery and AIA's distinctive and complementary strengths, bringing together Discovery's market-proven health insurance technology systems and assets and its Vitality technology platform and assets with AIA's market-leading businesses, brand, distribution platform and decades of well-established execution capabilities across Asia.

Subsequent to the announcement and prior to the financial year-end, the transaction agreements were finalised and Amplify Health commenced initial activities. The impact on the results of the Group for the year under review consists of recognition of income on delivery of an initial component of certain intellectual property by Vitality Global into the Amplify Health arrangement amounting to R131 million, expensing of initial legal and related set-up costs of R109 million as well as immaterial equity-accounted losses and revenue for services.

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

Ping An Health capital contribution

As announced in the 30 June 2021 and 31 December 2021 results announcements, the Group contributed R1.5 billion additional capital to Ping An Health during the year under review. This capital contribution represents the Group's proportionate contribution in respect of its 24.99% shareholding and the combined additional capital should be sufficient to support the business growth and regulatory requirements for the foreseeable future.

VitalityInvest

As explained in the commentary to these results, a strategic review of new initiatives led to a decision to change the strategy with regard to VitalityInvest in the UK and to effectively exit the business. This resulted in accelerated write-off of various capitalised systems and intangible assets as well as assets arising from insurance contracts related to that business, with a pre-tax impact of approximately R280 million.

Derivative instruments - VitalityLife business

As previously disclosed in the financial year ended 30 June 2020, VitalityLife, as a long-term insurer in the UK, has significant exposure to long term interest rate risk and in particular exposure to lower long term interest rates and yields. In that year, VitalityLife implemented interest rate risk mitigation strategies to protect itself against further declines in long term interest rates by entering into derivative contracts. This strategy continues to ensure, that the VitalityLife business operated well within its pre-determined risk appetite.

As explained at the time, the derivative instruments comprise of an interest rate swap which swaps exposure to variable interest rates in return for fixed interest rates originally referenced to 25 year UK swap curve. During the year under review, this has been restructured to be referenced to the 50 year swap curve to better match the exposure. In addition, the structure also included put swap options (payer swaptions) which were acquired to provide Discovery participation in the benefit should interest rates increase above a certain level. These swaptions have a given exercise date and therefore are required to be replaced from time to time as has been done in the past. During the year under review the existing swaption contract was realised and replaced with a new extended swaption at premium of GBP14 million maturing in 2024.

Reference to UK Life Segmental information, set out on page 21, for the year under review, the net gain recognised in the profit or loss amounts to R567 million, consisting of economic assumption adjustments amounting to R820 million, less net fair value losses on interest rate derivatives of R253 million (including fair value losses on the swap contracts and intrinsic value gains of the swaption contract). Against this net gain of R567 million within the UK Life Segmental should be seen the net fair value write-off of the time value of the swaption contract of R454 million (largely representing the opening time value of the sold swaption contract as at the beginning of the financial year). On this basis, the effective net gain recognised in profit or loss resulting from economic assumptions, including all hedge impacts amounts to R113 million (2021: R31 million).

The impacts of the mark-to-market revaluation of these derivative positions at reporting date are included in profit or loss for the reporting period. When presenting "Normalised" measures, these impacts, as well as any impact recognised through profit or loss resulting from economic assumption changes net of discretionary margins, are excluded from "normalised" results as explained in our policy on the presentation of normalised measures.

Claims experience from civil unrest July 2021

In compliance with JSE Listings requirements, it is confirmed that the claims arising from the July 2021 unrest in both personal lines and business lines of Discovery Insure were fully settled from the SASRIA fund, with no loss to Discovery.

April 2022 floods in KwaZulu-Natal

In compliance with the JSE Listings requirements, we report that Discovery Insure received gross claims from policyholders in excess of R150 million in respect of personal line clients and R47 million in respect of business insurance as a result of the KwaZulu-Natal floods in April 2022. The net impact on profit or loss after allowing for reinsurance recoveries and reinstatement premiums was R78 million.



REVIEW OF GROUP RESULTS *continued* for the year ended 30 June 2022

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

Borrowings at amortised cost

| R million | Reference | June 2022 | June 2021 |
|--|-----------|---------------|-----------|
| Borrowing from banks and listed debt | | 16 308 | 15 230 |
| - United Kingdom borrowings | I. | 3 122 | 3 764 |
| - South African borrowings | II. | 13 186 | 11 466 |
| Bank overdraft in underlying liabilities of consolidated Unit Trusts | | 156 | - |
| Lease liabilities | | 4 120 | 4 263 |
| - 1 Discovery Place | | 3 373 | 3 388 |
| - Other lease liabilities | | 747 | 875 |
| Total borrowings at amortised cost | | 20 584 | 19 493 |

I. UNITED KINGDOM BORROWINGS

| Facility amount GBP million | Variable rate ¹ | Capital repayment and maturity date | Carrying value GBP (Rand) million | | | |
|--------------------------------|------------------------------|-------------------------------------|--------------------------------------|--------------|-----------|-------|
| | | | June 2022 | | June 2021 | |
| | | | GBP | R | GBP | R |
| 80 | SONIA + 2.73% ² | Instalments – 31 July 2023 | 42 | 847 | 73 | 1 435 |
| 34 | SONIA + 1.31% ^{2,3} | At maturity – 19 October 2022 | 14 | 276 | 26 | 512 |
| 100 | SONIA + 2.38% ² | At maturity – 31 July 2023 | 100 | 1 999 | 89 | 1 817 |
| 214 | | | 156 | 3 122 | 188 | 3 764 |

¹ SONIA – Daily Sterling Overnight Index Average, which has replaced Libor as part of Interest Rate reform in the United Kingdom.

² Interest payable quarterly in arrears.

³ This is a revolving credit facility.

Total finance cost in respect of the UK borrowings for the year ended 30 June 2022 was GBP 2.9 million (R59 million) (2021: GBP 4.6 million (R95 million)).

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued***Borrowings at amortised cost *continued*****II. SOUTH AFRICAN BORROWINGS****CREDIT RATING**

In April 2022 Moody's Investors Service ("Moody's") reaffirmed Discovery Limited's Global scale long-term issuer rating of Ba3 and the national scale long-term issuer rating at A1.za. The outlook changed to stable from negative, aligned to the outlook of the country.

DISCOVERY LIMITED

| Facility amount R million | Variable rate | Interest rate per annum | Capital repayment and maturity date | Carrying value R million | |
|------------------------------|-------------------------------------|----------------------------|--|-----------------------------|--------------|
| | | | | June 2022 | June 2021 |
| Listed DMTN ⁴ | | | | | |
| 500 | 3-month Jibar + 161 bps | 9.71% ^{1,3} | At maturity – 21 November 2022 | 503 | 503 |
| 500 | 3-month Jibar + 205 bps | 6.30% ^{1,3} | At maturity – 21 August 2023 | 503 | 503 |
| 200 | – | 10.46% ² | At maturity – 21 November 2024 | 202 | 202 |
| 800 | 3-month Jibar + 191 bps | 10.31% ^{1,3} | At maturity – 21 November 2024 | 805 | 804 |
| 1 200 | 3-month Jibar + 191 bps | 9.21% ^{1,3} | At maturity – 21 November 2024 | 1 217 | 1 220 |
| 700 | 3-month Jibar + 180 bps | 10.29% ^{1,3} | At maturity – 21 August 2026 | 704 | 703 |
| 300 | 3-month Jibar + 180 bps | 9.40% ^{1,3} | At maturity – 21 November 2026 | 303 | 302 |
| 792 | 3-month Jibar + 173 bps | – | At maturity – 21 May 2027 | 792 | – |
| 226 | 3-month Jibar + 180 bps | – | At maturity – 21 May 2029 | 226 | – |
| Unlisted DMTN ^{4,5} | | | | | |
| 1 100 | – | 8.92% ³ | At maturity – 10 March 2023 | 1 104 | 1 103 |
| 2 500 | – | 9.62% ³ | At maturity – 22 February 2025 | 2 520 | 2 519 |
| Other | | | | | |
| 1 000 | 3-month Jibar + 245 bps | 10.28% ^{1,3} | At maturity – 2 March 2023 | 1 003 | 999 |
| 500 | 3-month Jibar + 86 bps | 5.85% | At maturity – 30 June 2022 | – | 659 |
| 1 400 | 3-month Jibar + 125bps ³ | – | At maturity – 12 October 2022 | 702 | – |
| 11 718 | | | | 10 584 | 9 517 |

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.



REVIEW OF GROUP RESULTS *continued* for the year ended 30 June 2022

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued* Borrowings at amortised cost *continued*

II. SOUTH AFRICAN BORROWINGS *continued*

DISCOVERY CENTRAL SERVICES

| Facility amount R million | Interest rate per annum | Capital repayment and maturity date | Carrying value R million | |
|------------------------------|----------------------------|-------------------------------------|-----------------------------|--------------|
| | | | June 2022 | June 2021 |
| 1 400 | 10.60% ¹ | At maturity – 20 December 2023 | 1 417 | 1 423 |
| 650 | 11.56% ² | Various – final 29 October 2027 | 494 | 526 |
| 691 | 3-month Jibar + 1.9% | At maturity – 30 June 2027 | 691 | – |
| 1 500 | 3-month Jibar + 1.45% | At maturity – 8 June 2024 | – | – |
| 4 241 | | | 2 602 | 1 949 |

¹ Interest payable quarterly in arrears.

² Instalments of interest and capital is monthly.

Total finance costs in respect of South African borrowings and related hedges for the year ended 30 June 2022 was R932 million (2021: R872 million).

Capital management, financial leverage ratio and covenants

The Group's capitals is defined as capital and reserves attributable to shareholders as presented on the consolidated statement of financial position. The Group's objectives when managing capital are:

- To comply with the statutory capital requirements required by the regulators of the insurance markets where the Group operates (refer to Capital section of the directors' report for the statutory capital requirements).
- To maintain a capital buffer in excess of the statutory capital requirements in order to reduce the risk of breaching the statutory requirement in the event of deviations from the main assumptions affecting the Group's insurance businesses.
- To ensure that sufficient capital is available to fund the Group's working capital and strategic capital requirements.
- To achieve an optimal and efficient capital funding profile; and
- To consider capital management needs both in the short-term and over a five-year planning horizon.

Discovery has a Finance and Capital Committee that ensures alignment in strategic financial management between the centre and subsidiaries within South Africa, UK and US. The committee is the governance body for all capital allocation activities across the Group.

A range of capital raising options are available to manage the capital structure of the Group, which includes the issue of new shares, debt, reinsurance arrangements and other hybrid instruments.

FINANCIAL LEVERAGE RATIO

As part of the capital management process, the Group monitors its capital structure utilising the Financial Leverage Ratio ("FLR"). This ratio is calculated as total debt¹ divided by total debt plus total equity. The Group's strategy is to maintain a prudent FLR of 28% per the Group Risk Appetite statement. However, the 28% is merely a risk appetite indicator, and does not necessarily indicate any form of a breach in terms of regulatory or covenant restrictions. The table below summarises the FLR as at 30 June.

| R million | June 2022 | June 2021 |
|-----------------------------------|---------------|--------------|
| – Borrowings at amortised cost | 16 464 | 15 230 |
| – Guaranteed deposit facilities | 300 | 800 |
| Total debt and guarantees | 16 764 | 16 030 |
| Total equity | 53 555 | 46 419 |
| Financial leverage ratio % | 23.8% | 25.7% |

¹ Excluding all IFRS 16 lease liabilities of R4 120 million (June 2021: R4 263 million).

The FLR at 30 June 2022 is in line with Discovery's risk appetite.

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

Capital management, financial leverage ratio and covenants *continued*

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.

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.

| | June 2022 | | June 2021 | |
|------------------|---|------------------|---------------------------------------|-----------|
| | Statutory capital requirements | Cover | Statutory capital requirements | Cover |
| Discovery Life | R20 322 million | 1.7 times | R17 647 million | 1.8 times |
| Discovery Insure | R1 138 million | 1.2 times | R 1 079 million | 1.8 times |
| Vitality Health | GBP 117.2 million (R2 344 million) | 1.5 times | GBP 105.6 million (R2 084 million) | 1.6 times |
| Vitality Life | GBP 297.1 million (R5 943 million) | 2.1 times | GBP 225.5 million (R4 451 million) | 2.4 times |

Ping An Health (PAH) capital

As described above, Discovery made a capital contribution of R1.5 billion to PAH in proportion to Discovery's 24.99% shareholding. While this has been funded in the interim by way of a bridge facility and internal resources, it had been indicated that in terms of the capital management principles applied, such capital requirements by associates and subsidiaries are typically funded by way of capital issuance at Discovery Limited level. Given that the final regulatory approval by the Chinese Banking and Insurance Regulatory Commission was prolonged, the capital continues to be funded as set out above. However, it remains the intention to replace the funding with a capital issuance of only this amount if and when markets are conducive.

Part VII transfer deferral

Subsequent to the disclosure in the interim results and prior to the financial year-end, Discovery and the Prudential Assurance Company ("PAC") have finalised the agreement to a long-term deferral of the transfer of the initial Vitality Life back-book of business originally written on the PAC license that was to be transferred to the Vitality Life Limited license ("the Part VII transfer"). The agreement is such that the Part VII transfer is now deferred for the long-term with options to extend further and for all intents and purposes should be viewed as an indefinite deferral. This extension is capital efficient and has a positive effect on the Group's long-term funding plan, is at reduced cost beyond March 2023 (the previously intended date of transfer) and resulted in a positive impact to the Group's embedded value.



REVIEW OF GROUP RESULTS *continued* for the year ended 30 June 2022

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued* Capital management, financial leverage ratio and covenants *continued*

DEBT COVENANTS

The following are the key debt covenant ratios and their proximity to minimum requirements as per the contractual financial covenants.

| Debt covenant and explanation | Minimum requirement | June 2022 | June 2021 |
|---|--|---|---|
| Group Debt to EBITDA Ratio: – Group debt is contractually defined and means the aggregate consolidated financial indebtedness of the Group and excludes items such as the 1 Discovery Place (1 DP) lease and includes guarantees issued to third parties. – EBITDA is contractually defined and specifically includes items such as dividends from associates, rental paid on 1DP and excludes items deemed extraordinary, such as economic assumption adjustments, and specified FinRe arrangements. | Less than 2.5 times | 1.83 | 2.31 |
| Group financial indebtedness to embedded value – Group financial indebtedness is as per Group Debt in the calculation | Less than 30% of Group Embedded value | 20.3% | 22.6% |
| Discovery Life Statutory Capital Requirement (SCR) | SCR cover must be more than 1.1 | 1.74 times | 1.83 times |
| Group embedded value | Greater than R30 billion | ZAR 86 258 million | ZAR 74 645 million |
| New business embedded value must not be negative. | Positive value of new business for 3 consecutive 6-month periods | June 2022: R1 124 million Dec 2021: R937 million June 2021: R946 million | June 2021: R946 million Dec 2020: R945 million June 2020: R726 million |

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

Consolidation of Discovery Unit Trusts

Unit trusts which the Group controls in terms of IFRS 10 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 these unit trusts increased by R1 883 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 R1 687 million.
- Cash and cash equivalents decreased by R304 million.
- Insurance receivables, contract receivables and other non-financial receivables increased by R435 million.
- Other assets increased by R15 million.

Changes in liabilities

- Investment contracts at fair value through profit or loss increased by R1 933 million.
- Other liabilities decreased by R100 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 year 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 R30 009 million.
- Proceeds from the disposal of investments held to back policyholder liabilities includes cash inflows of R29 661 million.

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 2021, 3 194 870 (December 2020: 7 477 865) new shares were issued by Discovery Limited to the Trust (December 2020: representing the allocation over the prior two years) at a value of R443 million (December 2020: 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.

Major customers and other Discovery entities not part of Discovery Group

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 804 million for the year ended 30 June 2022 (2021: R6 403 million). Discovery offers the members of DHMS access to the Vitality programme.



REVIEW OF GROUP RESULTS *continued* for the year ended 30 June 2022

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

Shareholder information

DIRECTORATE

Changes to the Board of Discovery Limited from 1 July 2021 to the date of this announcement are as follows:

- Ms M Hlahla has been appointed as an independent non-executive director with effect from 15 August 2021. Ms M Hlahla is a member of the Audit Committee, Remuneration Committee as well as the Social and Ethics Committee. Ms Hlahla's appointment strengthens the independence and business skills of the Board and Committees.
- Ms SE De Bruyn, an independent non-executive director, retired, effective 24 November 2021. This is in line with the Company's board's rotation and succession planning. Ms De Bruyn has served as an independent non-executive director of the Company since 2005 and has served as the chairperson of the Remuneration Committee and as a member of the Audit Committee. Ms De Bruyn has also retired as a non-executive director of Discovery Life Limited, Discovery Health (Pty) Ltd and Discovery Vitality (Pty) Ltd.
- Dr BA Brink, an independent non-executive director, retired, effective 24 November 2021. This is in line with the Company's board's rotation and succession planning. Dr Brink has served as an independent non-executive director of the Company since 2004 and has served as a member of the Treating Customers Fairly Sub-committee, Social and Ethics Committee as well as the Risk and Compliance Committee. Dr Brink has also retired as a non-executive director of Discovery Health (Pty) Ltd and Discovery Vitality (Pty) Ltd.
- Ms B van Kralingen has been appointed as an independent non-executive director with effect from 7 April 2022. Ms B van Kralingen's appointment strengthens the experience of the Board's global business experience, technology and artificial intelligence expertise.
- Ms F Khanyile, an independent non-executive director, has been appointed as Chairperson of the Remuneration Committee following the retirement of Ms SE De Bruyn.
- Mr T Mboweni has been appointed as an independent non-executive director with effect from 5 May 2022. Mr Mboweni is a member of the Risk and Compliance Committee and the Remuneration Committee as well as a non-executive director of Discovery Life Limited. Mr Mboweni's appointment brings a wealth of experience in finance, economics, and business advisory within emerging markets.

DIVIDEND AND CAPITAL

INTERIM DIVIDENDS PAID IN RESPECT OF THE 2022 FINANCIAL YEAR

The following interim dividends were paid during the current period:

- B preference share dividend of 355.75342 cents per share (284.60274 cents net of dividend withholding tax), paid on 14 March 2022.
- No ordinary share dividends were declared.

FINAL DIVIDEND DECLARATION IN RESPECT OF THE 2022 FINANCIAL YEAR

B PREFERENCE SHARE CASH DIVIDEND DECLARATION:

On 1 September 2022, the directors declared a final gross cash preference share dividend of 382.26027 cents (305.80822 cents net of dividend withholding tax) per B preference share for the period 1 January 2022 to 30 June 2022, 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 | Tuesday, 20 September 2022 |
| Shares commence trading "ex" dividend | Wednesday, 21 September 2022 |
| Record date | Friday, 23 September 2022 |
| Payment date | Monday, 26 September 2022 |

B Preference share certificates may not be dematerialised or rematerialised between Wednesday, 21 September 2022 and Friday, 23 September 2022, both days inclusive.

ORDINARY SHARE CASH DIVIDEND DECLARATION:

Despite the Group's robust capital position, due to the uncertainty initially caused by COVID-19 on the demographic and economic environment in SA combined with the volatile global macro-economic environment, the Discovery Board has decided to retain its prior stated position during the pandemic and has decided not to declare an ordinary final dividend for the year ended 30 June 2022. The reintroduction of an ordinary dividend will be considered on an ongoing basis.

OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

Accounting policies

NORMALISED HEADLINE EARNINGS

Discovery assesses its performance using Normalised Headline Earnings, an alternative non-IFRS profit measure, alongside its IFRS 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:

- Specified 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 a 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 foreign exchange contracts not designated as hedges.

In addition, specified items may be included in NHEPS that may otherwise have been excluded if the income is considered part of Discovery's normal operations. For example 'gains on disposal of intellectual property', if the sale arises from the monetisation of intellectual property rights where such monetisation is considered to be a core part of the business's operations or strategy towards value creation.

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

STATEMENT OF COMPLIANCE

Discovery Limited is a company incorporated in South Africa.

The summary consolidated financial statements for the year ended 30 June 2022 consolidate the results of Discovery and its subsidiaries (together the Group) and equity account the Group's interest in associates and joint ventures.

The annual results comprise the condensed consolidated statement of financial position at 30 June 2022, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended 30 June 2022 and selected explanatory notes.

The summary consolidated financial results are prepared in accordance with the JSE Limited Listings and Debt Listings Requirements, International Financial Reporting Standards (IFRS) including IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council as well as the requirements of the South African Companies Act 71 of 2008. The accounting policies adopted are consistent with the accounting policies applied in the prior annual financial statements.

Amendments to standards effective from 1 July 2021 do not have a material effect on the Group's annual results. These annual results do not include all the notes typically included in the annual financial statements and should therefore be read in conjunction with the Group audited consolidated annual financial statements for the year ended 30 June 2022.

Audit

The summary consolidated financial statements are extracted from audited information, but are not audited. The consolidated annual financial statements for the year ended 30 June 2022 have been audited by the Group's independent auditors PricewaterhouseCoopers Inc. and KPMG 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

for the year ended 30 June 2022

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 6% for the year ended 30 June 2022 when compared to the same period in the prior year.

| R million | Group June 2022 Unaudited | Group June 2021 Unaudited | % Change |
|---|------------------------------------|------------------------------------|-------------|
| Discovery Health ¹ | 7 292 | 6 079 | 20 |
| Discovery Life | 2 543 | 2 264 | 12 |
| Discovery Invest | 2 920 | 2 737 | 7 |
| Discovery Insure | 1 246 | 1 287 | (3) |
| Discovery Vitality | 256 | 24 | 967 |
| VitalityHealth | 1 738 | 1 367 | 27 |
| VitalityLife | 1 256 | 1 141 | 10 |
| Ping An Health (24.99% interest) ² | 2 883 | 3 396 | (15) |
| Other new business ³ | 1 576 | 2 114 | (25) |
| Core new business API of group | 21 710 | 20 409 | 6 |
| New Closed Schemes | - | 374 | (100) |
| New business API of Group including New Closed Schemes | 21 710 | 20 783 | 4 |
| Gross revenue Vitality Group ⁴ | 1 398 | 1 270 | 10 |
| Combined total | 23 108 | 22 053 | 5 |

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 Given the restructuring of the co-operation with Ping An Life for business written in certain regions in China as part of the overall re-alignment of PAH to focus on growing high-quality own business, the core new business API measure reported for PAH sales for the year ended 30 June 2021 has been restated to R3 396 million from R3 938 million to reflect this re-alignment.

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

4 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 the 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 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.

W Refer to the footnotes to **Table 7: Embedded Value of New Business** on page 212 of the **Annual Financial Statements** 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

for the year ended 30 June 2022

Gross inflows under management measures the total funds collected by Discovery. Gross inflows under management increased by 5% for the year ended 30 June 2022 when compared to the same period in the prior year.

| R million | Group June 2022 Unaudited | Group June 2021 Unaudited | % Change |
|--|------------------------------------|------------------------------------|-------------|
| Discovery Health | 97 190 | 90 651 | 7 |
| Discovery Life | 15 053 | 13 714 | 10 |
| Discovery Invest | 24 581 | 24 203 | 2 |
| Discovery Insure | 4 672 | 4 107 | 14 |
| Discovery Vitality | 2 338 | 2 295 | 2 |
| VitalityHealth | 11 753 | 11 403 | 3 |
| VitalityLife | 6 977 | 6 696 | 4 |
| All other business | 9 604 | 8 974 | 7 |
| Gross inflows under management | 172 168 | 162 043 | 6 |
| Less collected on behalf of third parties | (95 098) | (88 827) | 7 |
| Discovery Health | (87 850) | (81 849) | 7 |
| Discovery Invest | (7 248) | (6 978) | 4 |
| Gross income of Group per segmental information | 77 070 | 73 216 | 5 |
| Gross income is made up as follows: | | | |
| - Insurance premium revenue | 59 470 | 56 812 | 5 |
| - Fee income from administration business | 12 764 | 11 711 | 9 |
| - Vitality Income | 3 495 | 3 340 | 5 |
| - Other income | 1 341 | 1 353 | (1) |
| Gross income of Group per segmental information | 77 070 | 73 216 | 5 |



ANNEXURE 4

BRIEF CV'S OF DIRECTORS STANDING FOR ELECTION AND RE-ELECTION AS DIRECTORS OR AUDIT COMMITTEE MEMBERS



RICHARD FARBER (51)

Non-executive Director

Appointed: 1 April 2018

Qualifications: BCom (Hons), CA(SA), FCMA, CA ANZ, MAICD

EXPERIENCE

Richard joined Discovery as CFO in 2003 and was appointed Financial Director on 1 July 2009. Richard relinquished these roles on 30 April 2017 and has since remained a Discovery Board member. He was a partner at Fisher Hoffman Sithole (PKF) from 1998 until 2001, before joining Investec Bank as Group Accountant until 2003. Richard is a sessional teaching associate at Monash University (Melbourne).

Nationality:

South African

Committee memberships:

- Risk and Compliance Committee
- Actuarial Committee

AREAS OF VALUE-ADDING EXPERTISE

Strategy and policy development, and financial management.

OTHER DIRECTORSHIPS

AIA Health Insurance (Proprietary) Limited

PROFESSIONAL BODY MEMBERSHIPS

South African Institute of Chartered Accountants (SAICA), Chartered Accountants Australia and New Zealand, Australian Institute of Company Directors, and Fellow of the Chartered Institute of Management Accountants.



MONHLA HLAHLA (59)

Independent Non-executive Director

Appointed: 15 August 2021

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

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.

Nationality:

South African

Committee memberships:

- Audit Committee
- Remuneration Committee
- Social and Ethics Committee

AREAS OF VALUE-ADDING EXPERTISE

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

OTHER DIRECTORSHIPS

Royal Bafokeng Holdings (Proprietary) Limited (Chairperson), and Africa 50.



FAITH KHANYILE (55)

Independent Non-executive Director

Appointed: 1 October 2015

Qualifications: BA Econ, MBA (Finance), HDIP Tax, Executive Leadership Programme (Columbia University)

EXPERIENCE

Faith has over 24 years financial services sector experience. She held various senior and executive roles with Standard Bank Corporate and Investment Banking between 2001 and 2013. She was the Head of Corporate Banking, where she was responsible for strategy development and execution, people leadership, key client relationship management and business development. She also served on Standard Bank's CIB Executive and Credit committees. Before joining Standard Bank, Faith was with Brait Private Equity. Faith is a strong advocate for gender equity and inclusive growth and she is the founding member of WDB Investment Holdings, the leading women empowerment organisation in South Africa. In May 2016, Faith was accorded Doctor of Law by Wheaton College. She is also a recipient of the 2017 Business Woman of the Year Award (Corporate category) from the Businesswomen's Association of South Africa.

Nationality:

South African

Committee memberships:

-  Social and Ethics Committee
-  Nominations Committee
-  Remuneration Committee (Chairperson)

AREAS OF VALUE-ADDING EXPERTISE

Financial services, corporate and investment banking, governance, social investment and strategy development.

OTHER DIRECTORSHIPS

JSE Limited, Transcend Residential Property Fund, Primestars (Proprietary) Limited and Bidvest Group Limited.

PROFESSIONAL BODY MEMBERSHIPS

International Women's Forum South Africa.



DAVID MACREADY (63)

Independent Non-executive Director

Appointed: 3 February 2020

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



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.

Nationality:

South African and British

Committee memberships:

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

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*



TITO MBOWENI (63)

Independent Non-executive Director

Appointed: 5 May 2022

Qualifications: BA (Econ and Pol) (Lesotho), MA (Development Economics) (East Anglia), Diploma in International Business Diplomacy



EXPERIENCE

Tito is a highly experienced leader with a wealth of experience in the public and private sectors, complemented by experience in academia. Tito served as the Minister of Finance of South Africa from 2018 to 2021, and a member of Parliament from 2019 to 2022. He previously served as the South African Labour Minister and the Governor of the South African Reserve Bank. He has held leadership positions in various institutions including the New Development Bank, the African Union Peace Fund, the African Centre for Economic Transformation, the African Union Reforms Team, and the African National Congress. Within the private sector he is regional advisor to Goldman Sachs International and served on the boards of Nampak Ltd, SacOil Holdings Ltd and Anglo Gold Ashanti Ltd. He previously served on the Board of Discovery from 2013 to 2018. Tito has received Honorary Doctorates from the Universities of Natal, Johannesburg, Cape Town, Stellenbosch and East Anglia. Given Discovery's continued global expansion, he plays a key role in Discovery's expansion within Africa.

Nationality:

South African

Committee memberships:

-  Risk and Compliance Committee
-  Remuneration Committee

AREAS OF VALUE-ADDING EXPERTISE

Finance, economics, and emerging markets.

OTHER DIRECTORSHIPS

Accelerate Property Fund Limited (Chairperson)

PROFESSIONAL BODY MEMBERSHIPS

Chartered Director (SA) and Fellow of the Stellenbosch Institute for Advanced Study (STIAS) as well as the Bellagio Rockefeller Center, Italy.



MARQUERITHE SCHREUDER (53)

Independent Non-executive Director

Appointed: 19 February 2021

Qualifications: BCom (Hons), FIA, FASSA

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.

Nationality:

South African and Luxembourgish

Committee memberships:

-  Risk and Compliance Committee (Chairperson)
-  Audit Committee
-  Actuarial Committee
-  Treating Customers Fairly 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

Hangberg Pre-Primary School NPC

PROFESSIONAL BODY MEMBERSHIPS

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



BRIDGET VAN KRALINGEN (59)

Independent Non-executive Director

Appointed: 7 April 2022

Qualifications: BCom, BCom (Hons), MCom

EXPERIENCE

Bridget started her career as a senior researcher for the Council for Scientific and Industrial Research in South Africa, after which she became a managing partner for strategy and organization development at Deloitte South Africa. In 1997, she moved to New York City to serve as national managing partner for financial services at Deloitte. Bridget joined IBM Global services in 2004 and served in multiple roles. As Senior Vice President of IBM Global Business Services, she led IBM's Industry Platforms, establishing IBM as the leader in enterprise blockchain. In 2020, Bridget was named Senior Vice President of IBM Global Markets managing IBM sales teams, business partners, business development and industry capabilities globally. In this role, she was responsible for IBM's revenue, profit, and client satisfaction worldwide. Bridget brings a wealth of global business experience and technology and artificial intelligence expertise to the Board, which supports Discovery's global expansion.

Nationality:

British and American

AREAS OF VALUE-ADDING EXPERTISE

Technology, artificial intelligence and global business development.

OTHER DIRECTORSHIPS

Royal Bank of Canada, The Travelers Company Inc, The Partnership for New York City, New York Historical Society, Investors Exchange LLC.

FORM OF PROXY

For the year ended 30 June 2022

DISCOVERY LIMITED

(Registration number: 1999/007789/06)

ISIN: ZAE000022331

Ordinary share code: DSY

Preference share code: DSBP

ISIN: ZAE000158564

Legal Entity Identifier: 378900245A26169C8132

("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 third Annual General Meeting ("AGM") of the Company to be held in the Auditorium, Ground Floor, 1 Discovery Place and through electronic participation on Thursday, 1 December 2022 at 12h00.

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 Re-appointment of PwC as joint independent external auditors | | | |
| 1.2 Re-appointment of KPMG as joint independent external auditors | | | |
| 1.3 Appointment of Deloitte as joint independent external auditors | | | |
| 2. Election and re-election of directors | | | |
| 2.1 Ms Faith Khanyile | | | |
| 2.2 Mr Richard Farber | | | |
| 2.3 Ms Bridget van Kralingen | | | |
| 2.4 Mr Tito Mboweni | | | |
| 3. Election of members of the Audit Committee | | | |
| 3.1 Mr David Macready as member and as Chairperson of the 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. Directors' authority to take all such actions necessary to implement the aforesaid ordinary resolutions and the special resolutions mentioned below. | | | |
| 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 – 2022/23 | | | |
| 2. General authority to repurchase shares | | | |
| 3. Authority to provide financial assistance in terms of sections 44 and 45 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 _____ 2022

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 below.

* 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

1. 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).
2. 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.
3. 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 sub-register 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 Tuesday, 29 November 2022 at 12h00 (South African time), being at least 48 hours before the AGM to be held at 12h00 on Thursday, 1 December 2022 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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