Discovery

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 30 June 2023

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This icon refers to more information in this AGM Notice.

The below listed reports for the year ended 30 June 2023 have been referred to in this Notice and will be available for access on our website from Wednesday, 18 October 2023 through the links below:

ANNUAL FINANCIAL STATEMENTS:
https://www.discovery.co.za/info/2023financials

GOVERNANCE REPORT:
https://www.discovery.co.za/info/2023governance

INTEGRATED ANNUAL REPORT:
https://www.discovery.co.za/info/2023annualreport

REMUNERATION REPORT:
https://www.discovery.co.za/info/2023remuneration

DEAR SHAREHOLDER

The detailed Notice of the Discovery Limited Annual General Meeting ("Notice") and supporting documentation for the year ended 30 June 2023 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.

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 Annual General Meeting, in the event that they wish to attend the Annual General Meeting.

Yours sincerely

A CEBA (FCG) (F.INST.D)
Group Company Secretary

NOTICE OF THE ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 30 JUNE 2023

Discovery Limited

(Incorporated in the Republic of South Africa)
(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 fourth 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, 16 November 2023 at 13h00 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 13 October 2023 and only shareholders of the Company who are registered in the securities register of the Company on Friday, 10 November 2023 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 to be able to attend, participate in and vote at the AGM is Tuesday, 7 November 2023. The Notice of AGM will be distributed to shareholders on Wednesday, 18 October 2023 and the results of the AGM will be released on the Stock Exchange News Service on or about Friday, 17 November 2023.

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 shall they be entitled to vote, in person or by proxy, at any such meeting.

The **Integrated Annual Report** for the year ended 30 June 2023 can be accessed on the Company website www.discovery.co.za/corporate/investor-relations from Wednesday, 18 October 2023.

The audited **Annual Financial Statements** for the year ended 30 June 2023 can be accessed on the Company website www.discovery.co.za/corporate/investor-relations.

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 13h00 on Tuesday, 14 November 2023 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; and;
- will be required, in terms of section 61(3) of the Companies Act, to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Acceptable forms of identification include a valid green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport; and
- should note that 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 shareholders' attention is directed to the additional notes and instructions on the back of the form of proxy.

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.

Ordinary business

PRESENTATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORTS

Discovery Group's annual financial statements of the company incorporating, among other things, the Directors' Report, Auditors' Report and Report of the Audit Committee, for the financial year ended 30 June 2023, as approved by the Board of Directors of the Company, are available on the Company website **www.discovery.co.za/corporate/investor-relations** and will be presented to the shareholders as required in terms of the Companies Act. Discovery Group's 2023 Integrated Annual Report can also be found at **www.discovery.co.za/info/2023annualreport.**

The summary consolidated Annual Financial Statements are set out within Annexure 1 from pages 10 – 39.

Ordinary resolutions

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

Appointment of joint external independent auditor(s) of the Company

By way of separate ordinary resolutions:

1.1 Resolved that KPMG Inc. ("KPMG") is re-appointed, as the joint independent registered external auditor of the Company, as nominated by the Company's Audit Committee, until conclusion of the next AGM.

1.2 Resolved that Deloitte & Touche ("Deloitte") is re-appointed, as the joint independent registered external auditor of the Company as nominated by the Company's Audit Committee, until conclusion of the next AGM.

Explanatory notes in respect of Ordinary Resolution Number 1

During FY2022 Discovery early adopted the anticipated requirement of the Prudential Authority of the South African Reserve Bank for significant insurance groups to have joint auditors. During the current year the Board, guided by the Audit Committee, initiated Discovery's planned audit rotation. Under the planned audit rotation as announced at last year's AGM, PricewaterhouseCoopers Inc. completed its audit tenure with finalisation of the audit for the year ended 30 June 2023.

In compliance with section 90 read with section 92(3) of the Companies Act, KPMG and Deloitte are recommended by the Audit Committee to be re-appointed as the joint external independent auditors for the financial year ending 30 June 2024 and until the next AGM of the Company.

Mr Mark Danckwerts who is the individual registered auditor of KPMG will undertake the joint audit for the financial year ending 30 June 2024.

Mr Stephen Munro who is the individual registered auditor of Deloitte will undertake the joint audit for the financial year ending 30 June 2024, subject to Prudential Authority approval.

2. ORDINARY RESOLUTION NUMBER 2

Election of Directors

Ordinary Resolution Number 2 (comprising Ordinary Resolutions Number 2.1. to 2.2)

Resolved that the following Directors who were appointed post the last AGM shall retire from office at the AGM and, being eligible and having offered themselves for election, by way of separate resolutions, be elected as Directors of the Company, in accordance with the Company's MOI, with immediate effect:

2.1 Ms Lisa Chiume

2.2 Ms Christine Ramon

Explanatory notes in respect of Ordinary Resolutions Number 2.1 to 2.2

Mses Lisa Chiume and Christine Ramon were appointed as independent Non-Executive Directors in terms of clause 41.10 of the MOI on 18 September 2023. In accordance with the provisions of clause 41.3.3 of the MOI, Mses Lisa Chiume and Christine Ramon must retire and be elected at the AGM (following their appointments) by the shareholders of the Company.

The profiles of each of the Directors standing for election are set out in Annexure 2 on pages 40 – 42.

Re-election of Directors

Ordinary Resolution Number 2 (comprising Ordinary Resolutions Number 2.3 to 2.4)

Resolved that the following Directors shall retire from office at the AGM and, being eligible and having offered themselves for re-election, by way of separate resolutions, be re-elected as Directors of the Company, in accordance with the Company's MOI, with immediate effect:

2.3 Mr Mark Tucker

2.4 Mr David Macready

Mr Vincent Maphai and Ms Sindi Zilwa retire in terms of clause 41.3 of the MOI and are both eligible for re-election. However, they have chosen not to offer themselves for re-election as Directors. The Company notes their respective resignation with effect from the conclusion of this AGM.

Explanatory notes in respect of Ordinary Resolutions Number 2.3 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. The re-election will be conducted by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy. Therefore, Ordinary Resolutions Number 2.3 and 2.4 are proposed to re-elect Messrs Mark Tucker and David Macready, in accordance with the provisions of the MOI.

The profiles of the Directors standing for re-election are set out in Annexure 2 on pages 40 – 42.

3. ORDINARY RESOLUTION NUMBER 3 (COMPRISING ORDINARY RESOLUTIONS NUMBER 3.1. TO 3.5 (INCLUSIVE))

Election of members of the Audit Committee

Resolved that the following independent Non-Executive Directors, each by way of separate resolution, be and are hereby elected as Members of the Company's Audit Committee from the conclusion of the AGM until the next AGM of the Company:

3.1 Mr David Macready (Chairperson)

3.2 Ms Marquerithe Schreuder

3.3 Ms Monhla Hlahla

3.4 Ms Lisa Chiume

3.5 Ms Christine Ramon

Mr David Macready will be appointed subject to his re-election as a director pursuant to Ordinary Resolution 2.4.

Ms Lisa Chiume will be appointed subject to her election as a director pursuant to Ordinary Resolution 2.1.

Ms Christine Ramon will be appointed subject to her election as a director pursuant to Ordinary Resolution 2.2.

The profiles of the Directors standing for election to the Audit Committee are set out in Annexure 2 on pages 40 – 42.

Explanatory notes in respect of Ordinary Resolution Number 3.1 to 3.5

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 resume of each of the independent Non-Executive Directors mentioned above appear on pages 40 – 42 of Annexure 2. 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 and 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 to 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 Limited ("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 provisions of 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

The shareholders hereby endorse, each by way of a separate non-binding advisory vote, the following:

1.1 The Company's Remuneration Policy as set out in the Remuneration Report.

1.2 The Company's Remuneration Implementation Report (excluding the remuneration of the Non-executive Directors for their services as directors and members of board 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 by the Company, as well as 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 should 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. Furthermore, in the case that the Company receives 25% or more votes against either the Remuneration Policy or Implementation Report, shareholder engagements will be arranged.

SPECIAL RESOLUTIONS

1. SPECIAL RESOLUTION NUMBER 1

Approval of non-executive Directors' remuneration – 2023/2024

Resolved that there will be a 6% increase for domestic Directors, a broad inflationary increase for the different regions and where applicable, market related increase in fees. Accordingly, 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 2024:

	FY2023 (excluding VAT, if applicable) Retainer only	Proposed FY2024 (excluding VAT, if applicable) Retainer only
Board		
Chairperson (UK based)	£314 549	**£327 130**
Member (South Africa based)	R526 656	**R558 255**
Member (UK based)	£69 201	**£71 969**
Member (Australia based)	A$127 459	**A$135 106**
Member (USA and other non-South Africa based)	US$88 303	**US$91 835**
Audit, Risk and Compliance, and Actuarial committees		
Chairperson, Audit committee (South Africa based)	R621 920	**R715 000**
Chairperson, Risk and Compliance and Actuarial committees (South Africa based)	R499 226	**R529 180**
Member (South Africa based)	R285 272	**R302 388**
Chairperson (UK based)	£50 328	**£52 341**
Member (UK based)	£16 993	**£17 673**
Chairperson (Australia based)	A$57 987	**A$61 466**
Member (Australia based)	A$33 137	**A$35 125**
Chairperson (USA and other non-South Africa based)	US$40 473	**US$42 092**
Member (USA and other non-South Africa based)	US$23 136	**US$24 062**
Remuneration, Social and Ethics, Nominations and any other committees		
Chairperson (South Africa based)	R399 381	**R423 344**
Member (South Africa based)	R228 218	**R241 911**
Chairperson (UK based)	£25 370	**£26 385**
Member (UK based)	£14 462	**£15 040**
Chairperson (Australia based)	A$46 304	**A$49 082**
Member (Australia based)	A$26 553	**A$28 147**
Chairperson (USA and other non-South Africa based)	US$32 395	**US$33 691**
Member (USA and other non-South Africa based)	US$18 517	**US$19 258**
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 2024 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 except for the fees for Chairperson of the Audit Committee whose proposed fees are 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 does not exceed 5% (five 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 5% (five 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 5% (five 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 has 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 JSE 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

The purpose of 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.

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 200 of the **Annual Financial Statements**.

SHARE CAPITAL OF THE COMPANY

Refer to Group note 17 on page 97 of the **Annual Financial Statements**.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company, whose names appear on page 19 of the Integrated Annual Report, have no specific intention to effect the provisions of Special Resolution Number 2. However, there will be continuous review of the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution Number 2.

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

NO MATERIAL CHANGES

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

Approvals required for Resolutions

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

Special Resolutions Number 1 to 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 2023 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 to respond to any questions regarding the activities of the Committee.

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, 10 November 2023.

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.

Proxy Forms 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, 14 November 2023 at 13h00 (South African time), being not less than 48 hours before the AGM to be held at 13h00 on Thursday, 16 November 2023 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.

Proxy Forms 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, 16 November 2023 at 13h00. 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. Shareholders are referred further to the paragraph entitled Electronic participation in the AGM, above.

By order of the Board

A CEBA (FCG) (F.INST.D)
Group Company Secretary

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Group statement of financial position

at 30 June 2023

R million	Notes	Group 2023	Restated[1] Group 2022	Restated[1] Group 1 July 2021
Assets				
Goodwill		**5 406**	4 912	4 879
Intangible assets		**6 982**	6 539	6 371
Property and equipment		**3 910**	3 811	4 188
Assets arising from insurance contracts		**63 865**	56 645	50 483
Deferred tax asset		**4 404**	4 455	3 948
Deferred acquisition costs		**799**	640	585
Assets arising from contracts with customers		**2 201**	1 692	1 375
Investment in equity-accounted investees		**7 024**	6 008	3 459
Financial assets				
– Loans and advances to customers at amortised cost		**4 702**	3 944	3 361
– Investments at amortised cost		**9 910**	7 161	5 604
– Investments at fair value through profit or loss	A.7.	**155 426**	141 494	130 937
– Derivative financial instruments at fair value through profit or loss		**119**	276	249
Insurance receivables, contract receivables and other receivables		**16 059**	13 113	10 533
Non-current assets held for sale		**–**	171	–
Current tax asset		**41**	220	391
Reinsurance contracts		**709**	511	445
Cash and cash equivalents		**20 370**	19 775	20 013
TOTAL ASSETS		**301 927**	271 367	246 821
Equity				
Capital and reserves				
Ordinary share capital and share premium		**10 351**	10 178	10 151
Perpetual preference share capital		**779**	779	779
Other reserves		**8 622**	3 621	1 935
Retained earnings		**44 218**	38 972	33 550
Equity attributable to equity holders of the Company		**63 970**	53 550	46 415
Non-controlling interest		**4**	5	4
TOTAL EQUITY		**63 974**	53 555	46 419
Liabilities				
Liabilities arising from insurance contracts		**114 807**	108 067	100 041
Liabilities arising from reinsurance contracts		**14 669**	13 192	12 525
Deferred tax liability		**9 559**	9 335	8 814
Contract liabilities to customers		**656**	944	776
Financial liabilities				
– Borrowings at amortised cost	A.5.	**20 586**	20 584	19 493
– Other payables		**14 780**	15 123	14 904
– Deposits from customers		**14 333**	10 881	8 985
– Investment contracts at fair value through profit or loss		**48 044**	38 637	33 354
– Derivative financial instruments at fair value through profit or loss		**20**	202	826
Employee benefits		**334**	320	315
Current tax liability		**165**	527	369
TOTAL LIABILITIES		**237 953**	217 812	200 402
TOTAL EQUITY AND LIABILITIES		**301 927**	271 367	246 821

1 The comparative information has been restated. Refer to note A.6. for detail.

The order in which individual line items are presented in the Statement of financial position has been amended to better reflect their respective liquidity, as far as possible, from least liquid to the most liquid items. No values were reclassified or restated between line items.

Group income statement

for the year ended 30 June 2023

R million	Notes	Group 2023	Restated[1] Group 2022
Insurance premium revenue		**59 671**	58 312
Reinsurance premiums		**(10 136)**	(8 262)
Net insurance premiums		**49 535**	50 050
Fee income from administration business		**14 757**	12 752
Vitality income		**3 891**	3 495
Net banking fee and commission		**965**	645
Banking fee and commission income		**1 292**	853
Banking fee and commission expense		**(327)**	(208)
Net banking interest and similar income		**574**	318
Bank interest and similar income using the effective interest rate		**1 318**	811
Bank interest and similar expense using the effective interest rate		**(744)**	(493)
Investment income using the effective interest rate method		**772**	296
Net fair value gains/(losses) on financial assets at fair value through profit or loss		**14 373**	(1 825)
Other income		**1 544**	1 341
Net income		**86 411**	67 072
Net claims and policyholders' benefits		**(40 135)**	(30 715)
Claims and policyholders' benefits		**(46 746)**	(38 022)
Insurance claims recovered from reinsurers		**6 611**	7 218
Recapture of reinsurance		**–**	89
Acquisition costs		**(6 213)**	(4 758)
Marketing and administration expenses		**(28 905)**	(25 209)
Amortisation of intangibles from business combinations		**(56)**	(59)
Expected credit losses		**(139)**	(67)
Recovery of expenses from reinsurers		**3 593**	2 859
Net transfer to/from assets and liabilities under insurance contracts		**(322)**	(1 297)
– Change in assets arising from insurance contracts		**5 860**	5 786
– Change in assets arising from reinsurance contracts		**135**	63
– Change in liabilities arising from insurance contracts		**(3 992)**	(6 738)
– Change in liabilities arising from reinsurance contracts		**(328)**	(577)
– Economic assumptions adjustments net of discretionary margins		**(1 997)**	169
Fair value adjustment to liabilities under investment contracts		**(5 572)**	32
Profit from operations		**8 662**	7 858
Finance costs		**(1 941)**	(1 658)
Foreign exchange gains		**150**	155
Impairment of goodwill		**(9)**	–
(Losses)/gains on dilution and/or disposal of equity-accounted investments		**(5)**	33
Reversal of impairment of equity-accounted investments		**–**	134
Share of net profits from equity-accounted investments		**515**	422
Profit before tax		**7 372**	6 944
Income tax expense		**(2 052)**	(1 465)
Profit for the year		**5 320**	5 479
Profit attributable to:			
– Ordinary shareholders		**5 258**	5 422
– Preference shareholders		**69**	56
– Non-controlling interest		**(7)**	1
		5 320	5 479
Earnings per share for profit attributable to ordinary shareholders of the Company during the year (cents):			
– Basic	A.3.	**785.4**	825.5
– Diluted	A.3.	**781.5**	817.8

1 The comparative information has been restated. Refer to note A.6. for detail.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Group statement of other comprehensive income

for the year ended 30 June 2023

R million	Group 2023	Group 2022
Profit for the year	**5 320**	5 479
Items that are or may be subsequently reclassified to profit or loss:		
Currency translation differences	**4 107**	467
– Unrealised gains	**4 222**	467
– Tax on unrealised gains	**(115)**	–
Cash flow hedges	**76**	309
– Unrealised gains	**76**	322
– Tax on unrealised gains	**–**	(2)
– Gains recycled to profit or loss	**(1)**	(10)
– Tax on recycled gains	**1**	(1)
Share of other comprehensive income from equity-accounted investments	**419**	601
– Change in fair value of debt instruments at fair value through other comprehensive income	**(23)**	17
– Currency translation differences	**442**	584
Items that may not be reclassified to profit or loss:		
Share of other comprehensive income from equity-accounted investments	**7**	–
– Change in fair value of equity instruments at fair value through other comprehensive income	**7**	–
Other comprehensive income for the year, net of tax	**4 609**	1 377
Total comprehensive income for the year	**9 929**	6 856
Attributable to:		
– Ordinary shareholders	**9 867**	6 799
– Preference shareholders	**69**	56
– Non-controlling interest	**(7)**	1
Total comprehensive income for the year	**9 929**	6 856

Group statement of cash flows

for the year ended 30 June 2023

R million	Notes	Group 2023	Group 2022[1]
Cash flow from operating activities		**2 549**	3 597
Cash generated by operations	A.8.	**8 308**	20 943
Purchase of investments held to back policyholder liabilities		**(62 773)**	(56 588)
Proceeds from disposal of investments held to back policyholder liabilities		**55 908**	38 411
Cash generated from operating activities		**1 443**	2 766
Dividends received		**728**	600
Interest received		**3 718**	2 824
Interest paid		**(1 501)**	(1 412)
Taxation paid		**(1 839)**	(1 181)
Cash flow from investing activities		**(2 236)**	(4 704)
Purchase of financial assets		**(30 966)**	(32 878)
Proceeds from disposal of financial assets		**30 932**	31 482
Purchase of property and equipment		**(551)**	(275)
Proceeds from disposal of property and equipment		**2**	25
Purchase of software and other intangible assets		**(1 760)**	(1 567)
Proceeds from disposal of software and other intangible assets		**–**	2
Acquisition of subsidiary		**(3)**	–
Additional investment in equity-accounted investments		**(182)**	(1 593)
Proceeds from sale of non-current asset held for sale		**184**	–
Dividends from equity-accounted investments		**108**	100
Cash flow from financing activities		**(1 234)**	518
Dividends paid to preference shareholders		**(69)**	(56)
Proceeds from borrowings		**7 442**	3 261
Repayment of borrowings		**(8 607)**	(2 687)
Net decrease in cash and cash equivalents		**(921)**	(589)
Cash and cash equivalents at beginning of the year		**19 619**	20 013
Exchange gains on cash and cash equivalents		**1 639**	195
Cash and cash equivalents including bank overdraft at end of the year		**20 337**	19 619
Reconciliation to Statement of financial position			
Cash and cash equivalents		**20 370**	19 775
Bank overdraft included in borrowings at amortised cost		**(33)**	(156)
Cash and cash equivalents including bank overdraft at end of the year		**20 337**	19 619

1 *The presentation of the Statement of cash flows has been aligned to the Annual financial statements. The previous year has been aligned accordingly for comparability.*

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Group statement of changes in equity

for the year ended 30 June 2023

	Attributable to equity holders of the Company			
R million	Share capital and share premium	Preference share capital	Share-based payment reserve	Investment reserve[1]
Group 2023				
At beginning of the year	**10 178**	**779**	**798**	**35**
Total comprehensive income for the year	**–**	**69**	**–**	**(16)**
Profit for the year	**–**	**69**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**(16)**
Transactions with owners	**173**	**(69)**	**392**	**–**
Share issue	**514**	**–**	**–**	**–**
Increase in treasury shares	**(514)**	**–**	**–**	**–**
Delivery of treasury shares	**173**	**–**	**(161)**	**–**
Acquisition of subsidiaries with non-controlling interest	**–**	**–**	**–**	**–**
Employee share option schemes:				
– Value of employee services, net of tax	**–**	**–**	**553**	**–**
Dividends paid to preference shareholders	**–**	**(69)**	**–**	**–**
At end of the year	**10 351**	**779**	**1 190**	**19**
Group 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

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.*

Attributable to equity holders of the Company					
Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
2 823	(35)	38 972	53 550	5	53 555
4 549	76	5 258	9 936	(7)	9 929
–	–	5 258	5 327	(7)	5 320
4 549	76	–	4 609	–	4 609
–	–	(12)	484	6	490
–	–	–	514	–	514
–	–	–	(514)	–	(514)
–	–	(12)	–	–	–
–	–	–	–	6	6
–	–	–	553	–	553
–	–	–	(69)	–	(69)
7 372	41	44 218	63 970	4	63 974
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

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 *continued*

Disclosure

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

A.1. Segment information

R million	SA Health	SA Life	SA Invest
Group 2023			
Income statement			
Insurance premium revenue	245	16 620	15 104
Reinsurance premiums	(1)	(3 852)	–
Net insurance premium revenue	244	12 768	15 104
Fee income from administration businesses	8 571	–	3 099
Vitality income	–	–	–
Net banking fee and commission income	–	–	–
Banking fee and commission income	–	–	–
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	–	8	–
Net fair value gains/(losses) on financial assets at fair value through profit or loss	(6)	678	10 904
Other income	1 395	3	–
Finance income/(charge) on negative reserve funding	–	–	–
Intersegment funding[1]	–	(492)	492
Net income	10 204	12 965	29 599
Net claims and policyholders' benefits	(74)	(8 182)	(13 304)
Claims and policyholders' benefits	(75)	(11 452)	(13 304)
Insurance claims recovered from reinsurers	1	3 270	–
Acquisition costs	(35)	(1 833)	(1 262)
Expected credit losses	–	–	–
Marketing and administration expenses			
– depreciation and amortisation	(140)	(6)	(12)
– derecognition of intangible assets and property and equipment	(4)	–	–
– impairment of intangible assets and property and equipment	–	–	–
– other expenses	(6 097)	(2 347)	(1 267)
Recovery of expenses from reinsurers	–	–	–
Transfer from assets/liabilities under insurance contracts			
– change in assets arising from insurance contracts	–	4 412	–
– change in assets arising from reinsurance contracts	–	49	–
– change in liabilities arising from insurance contracts	–	(230)	(10 868)
– change in liabilities arising from reinsurance contracts	–	(18)	–
Fair value adjustment to liabilities under investment contracts	–	(3)	(1 326)
Share of net profits from equity-accounted investments	–	–	–
Normalised profit/(loss) from operations	3 854	4 807	1 560
Economic assumptions adjustments net of discretionary margins and interest rate derivatives	–	(2 811)	–
Economic assumptions adjustments net of discretionary margins	–	(2 811)	–
Fair value losses on Vitality Life interest rate derivatives	–	–	–
Investment income earned on shareholder investments and cash	89	20	71
Intercompany investment income	–	–	–
Net fair value gains/(losses) on financial assets at fair value through profit or loss	–	122	95
Loss on dilution of equity-accounted investments	–	–	–
Impairment of goodwill	–	–	–
Expenses related to PAC book transfer	–	–	–
Amortisation of intangibles from business combinations	–	–	–
Market rentals related to Head Office building adjusted for finance costs and depreciation	–	–	–
Finance costs	(2)	(1)	–
Intercompany finance costs	(362)	–	–
Foreign exchange gains/(losses)	(4)	33	36
Profit/(loss) before tax	3 575	2 170	1 762
Income tax expense	(972)	(576)	(573)
Profit/(loss) for the year	2 603	1 594	1 189

1 The intersegment funding of R492 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 Vitality Life results, for business written on the PAC licence, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4 Insurance contracts*
- *The Unit trusts which the Group controls in terms of IFRS10 Consolidated Financial Statements are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.*
- *The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.*
- *The effects of reclassifying items to align to IFRS results.*

SA Insure[2]	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments[3]	IFRS total
5 177	–	–	13 670	7 835	1 808	60 459	(788)	59 671
(414)	–	–	(2 149)	(4 277)	(231)	(10 924)	788	(10 136)
4 763	–	–	11 521	3 558	1 577	49 535	–	49 535
17	–	–	46	–	3 024	14 757	–	14 757
–	2 573	–	462	238	618	3 891	–	3 891
–	–	943	–	–	22	965	–	965
–	–	1 292	–	–	–	1 292	–	1 292
–	–	(349)	–	–	22	(327)	–	(327)
–	–	574	–	–	–	574	–	574
–	–	1 318	–	–	–	1 318	–	1 318
–	–	(744)	–	–	–	(744)	–	(744)
159	–	–	81	199	15	462	(462)	–
–	(1)	–	–	(1 213)	1 839	12 201	2 172	14 373
–	1	–	48	–	97	1 544	–	1 544
–	–	–	–	1 098	–	1 098	(1 098)	–
–	–	–	–	–	–	–	–	–
4 939	2 573	1 517	12 158	3 880	7 192	85 027	612	85 639
(2 810)	–	–	(5 370)	(973)	(9 422)	(40 135)	–	(40 135)
(3 153)	–	–	(7 138)	(2 514)	(9 668)	(47 304)	558	(46 746)
343	–	–	1 768	1 541	246	7 169	(558)	6 611
(784)	(119)	–	(1 146)	(2 449)	317	(7 311)	1 098	(6 213)
–	–	(139)	–	–	–	(139)	–	(139)
(64)	(9)	(314)	(420)	(49)	(794)	(1 808)	(169)	(1 977)
(3)	–	–	(241)	(19)	(57)	(324)	–	(324)
–	–	–	(45)	–	–	(45)	–	(45)
(1 100)	(2 429)	(1 831)	(4 998)	(2 453)	(3 937)	(26 459)	(100)	(26 559)
–	–	–	1 320	2 272	1	3 593	–	3 593
–	–	–	–	768	–	5 180	680	5 860
–	–	–	61	18	10	138	(3)	135
(100)	–	–	(226)	(31)	7 376	(4 079)	87	(3 992)
–	–	–	–	73	–	55	(383)	(328)
–	–	–	–	–	(1 264)	(2 593)	(2 979)	(5 572)
(16)	–	–	1	2	574	561	(46)	515
62	16	(767)	1 094	1 039	(4)	11 661	(1 203)	10 458
–	–	–	–	147	–	(2 664)	667	(1 997)
–	–	–	–	1 120	–	(1 691)	(306)	(1 997)
–	–	–	–	(973)	–	(973)	973	–
–	32	–	9	28	75	324	448	772
–	–	–	–	–	1 184	1 184	(1 184)	–
–	–	–	–	(204)	(3)	10	(10)	–
(5)	–	–	–	–	–	(5)	–	(5)
–	–	–	–	–	(9)	(9)	–	(9)
–	–	–	–	(177)	–	(177)	177	–
(46)	–	–	–	–	(56)	(102)	46	(56)
–	–	–	–	–	(134)	(134)	134	–
–	–	–	(8)	(216)	(1 423)	(1 650)	(291)	(1 941)
–	–	–	–	(316)	(520)	(1 198)	1 198	–
–	–	–	1	–	84	150	–	150
11	48	(767)	1 096	301	(806)	7 390	(18)	7 372
(21)	4	226	(267)	53	56	(2 070)	18	(2 052)
(10)	52	(541)	829	354	(750)	5 320	–	5 320

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.1. Segment information *continued*

R million	SA Health	SA Life	SA Invest[4]
Group 2022 Restated[4]			
Income statement			
Insurance premium revenue	189	15 041	14 029
Reinsurance premiums	–	(3 523)	–
Net insurance premium revenue	189	11 518	14 029
Fee income from administration businesses	7 910	–	2 834
Vitality income	–	–	–
Net banking fee and commission income	–	–	–
Banking fee and commission income	–	–	–
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 income/(charge) on negative reserve funding	–	–	–
Intersegment funding[1]	–	(628)	628
Net income	9 350	11 390	18 404
Net claims and policyholders' benefits	(49)	(9 222)	(12 075)
Claims and policyholders' benefits	(49)	(14 013)	(12 075)
Insurance claims recovered from reinsurers	–	4 791	–
Recapture of reinsurance	–	–	–
Acquisition costs	(27)	(1 605)	(1 128)
Expected credit losses	–	–	–
Marketing and administration expenses			
– depreciation and amortisation	(106)	(7)	(11)
– 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	(3 050)
– change in liabilities arising from reinsurance contracts	–	(351)	–
Fair value adjustment to liabilities under investment contracts	–	(2)	220
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 derivatives	–	(651)	–
Economic assumptions adjustments net of discretionary margins	–	(651)	–
Fair value losses on VitalityLife interest rate derivatives	–	–	–
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	–	–	–
Expenses related to PAC 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[3]	(1)	25	–
Intercompany finance costs	(297)	–	–
Foreign exchange gains	4	25	37
Profit/(loss) before tax	3 343	3 489	1 306
Income tax expense	(951)	(718)	(438)
Profit/(loss) for the year	2 392	2 771	868

1 The intersegment 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 Finance costs in Discovery Life includes a reversal of interest payable to the South African Revenue Services provided for in the prior year.
4 The comparative information has been restated. Refer to note A.6. for detail.
5 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 Vitality Life results, for business written on the PAC licence, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4 Insurance contracts.
– The Unit trusts which the Group controls in terms of IFRS10 Consolidated Financial Statements are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.
– The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.
– The effects of reclassifying items to align to IFRS results.

SA Insure[2]	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total[4]	IFRS reporting adjustments[5]	IFRS total[4]
4 657	–	–	11 299	6 750	7 035	59 000	(688)	58 312
(103)	–	–	(1 556)	(3 600)	(168)	(8 950)	688	(8 262)
4 554	–	–	9 743	3 150	6 867	50 050	–	50 050
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	68 918	(2 142)	66 776
(3 029)	–	–	(4 331)	(877)	(1 132)	(30 715)	–	(30 715)
(3 151)	–	–	(5 652)	(2 231)	(1 346)	(38 517)	495	(38 022)
122	–	–	1 321	1 265	214	7 713	(495)	7 218
–	–	–	–	89	–	89	–	89
(702)	(111)	–	(963)	(1 884)	294	(6 126)	1 368	(4 758)
–	–	(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)	(6 999)	261	(6 738)
–	–	–	–	(3 244)	–	(3 595)	3 018	(577)
–	–	–	–	–	42	260	(228)	32
(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

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.2. Normalised profit from operations

The following table shows the main components of the normalised profit from operations for the year ended 30 June 2023:

R million	Group 2023	Group 2022	% Change
Discovery Health	**3 854**	3 600	7
Discovery Life	**4 807**	4 028	19
Discovery Invest	**1 560**	1 204	30
Discovery Insure-Personal lines	**62**	(162)	(138)
Discovery Vitality	**16**	9	78
Discovery Bank	**(767)**	(990)	(23)
Other initiatives and central costs	**(436)**	(232)	88
– SA new initiatives[1]	**(312)**	(244)	28
– Central costs	**(124)**	12	
Normalised profit from South Africa composite	**9 096**	7 457	22
VitalityHealth[2]	**1 283**	1 328	(3)
VitalityLife	**1 039**	671	55
Closure costs of VitalityInvest and VitalityCar in run down[3]	**(455)**	(458)	(1)
Other initiatives and central costs	**(79)**	(60)	32
Normalised profit from United Kingdom composite	**1 788**	1 481	21
Vitality Health International – Ping An Health Insurance	**596**	338	76
Vitality Health International – Other[4]	**(195)**	(193)	1
VitalityNetwork[4]	**411**	325	26
Other initiatives and central costs	**(35)**	(24)	46
Normalised profit from Vitality Global composite	**777**	446	74
Normalised profit from operations[5]	**11 661**	9 384	24

1 *SA new initiatives comprise Discovery Business Insurance, Umbrella Funds and Africa Health.*
2 *The difference between VitalityHealth normalised profit compared to that shown in the segment information is the accelerated write-off in the current year of the VitalityCar's capitalised systems and intangible assets, with a pre-tax impact of R189 million. The write-off is disclosed in this table in Closure costs of VitalityInvest and VitalityCar in run down (see below).*
3 *Closure costs include:*
– VitalityInvest R266 million (30 June 2022: R458 million)
– VitalityCar R189 million (30 June 2022: nil).
4 *New initiatives and head office costs incurred in the Vitality Global composite have been allocated to Vitality Network and Vitality Health International – Other and totalled R215 million for the year ended 30 June 2023 (30 June 2022: R341 million).*
5 *Normalised profit from operations is, consistent with prior years, presented excluding the impact resulting from economic assumption changes in the long-term insurance businesses. Refer note B.3.*

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.3. Earnings, headline earnings and normalised headline earnings

	Group 2023	Group 2022
Number of shares used in calculation		
Weighted average number of shares in issue ('000)	**658 045**	656 901
Diluted weighted number of shares ('000)	**661 328**	663 082
Earnings per share (cents):		
– basic	**785.4**	825.5
– diluted	**781.5**	817.8
Headline earnings per share (cents):		
– basic	**834.3**	792.4
– diluted	**830.1**	785.0
Normalised headline earnings per share (cents):		
– basic	**1 166.7**	885.5
– diluted	**1 160.9**	877.3

Weighted average number of shares

	Group 2023	Group 2022
Issued ordinary shares at 1 July	**656 957**	658 805
Effect of treasury shares vested	**1 052**	–
Effect of share options exercised and vesting of share awards	**36**	96
Weighted average number of ordinary shares at 30 June (basic)	**658 045**	656 901
Effect of share options exercised and vesting of shares awards	**3 283**	6 181
Weighted average number of ordinary shares at 30 June (diluted)	**661 328**	663 082

Earnings reconciliation

R million	Group 2023	Group 2022
Profit attributable to ordinary shareholders	**5 258**	5 422
Adjusted for:		
– Profit attributable to non-forfeitable dividend share plan	**(90)**	–
Profit attributable to ordinary shareholders of the Company (basic)	**5 168**	5 422

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 *continued*

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.3. Earnings, headline earnings and normalised headline earnings *continued*

Headline earnings reconciliation

Headline earnings per share is disclosed per the JSE Limited 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.

	Group 2023			Group 2022		
R million	Gross	Tax	Net	Gross	Tax	Net
Profit attributable to the ordinary shareholders			**5 168**			5 422
Adjusted for:						
– Gain on disposal of intangible assets	**–**	**–**	**–**	(131)	29	(102)
– Loss on derecognition of intangible assets	**290**	**(60)**	**230**	37	(5)	32
– Loss on derecognition of property and equipment	**34**	**(7)**	**27**	13	(1)	12
– Loss on disposal of property and equipment	**8**	**(1)**	**7**	3	–	3
– Impairment of goodwill	**9**	**–**	**9**	–	–	–
– Impairment of property and equipment	**45**	**–**	**45**	–	–	–
Adjustments attributable to equity-accounted investments:						
– Loss/(gain) on dilution and disposal of equity-accounted investments	**5**	**(1)**	**4**	(33)	4	(29)
– Reversal of impairment of equity-accounted investments	**–**	**–**	**–**	(134)	–	(134)
Headline earnings (basic and diluted)			**5 490**			5 204

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. Management considers that Normalised headline earnings is an appropriate alternative performance measure to enhance the comparability and understanding of the financial performance of the Group.

	Group 2023			Group 2022		
R million	Gross	Tax	Net	Gross	Tax	Net
Headline earnings			**5 490**			5 204
Adjusted for:						
– Economic assumption adjustments net of discretionary margins and interest rate derivatives	**2 664**	**(728)**	**1 936**	84	(74)	10
– Loss/(gain) on economic assumption adjustments net of discretionary margins	**1 691**	**(529)**	**1 162**	(169)	(26)	(195)
– Loss on fair value changes on VitalityLife interest rate derivative	**973**	**(199)**	**774**	253	(48)	205
– Loss on fair value changes in the time value of swaption contract in VitalityLife	**204**	**(42)**	**162**	454	(87)	367
– Other	**102**	**(12)**	**90**	233	2	235
– Amortisation of intangible assets arising from business combinations	**56**	**(12)**	**44**	59	(13)	46
– Gain on disposal of intangible assets	**–**	**–**	**–**	131	(29)	102
– Recognition of deferred tax assets on assessed losses not recognised in previous periods	**–**	**–**	**–**	–	(14)	(14)
– Loss on fair value changes on foreign exchange contracts not designated as hedges	**–**	**–**	**–**	2	(1)	1
– 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
Adjustments attributable to equity-accounted investments						
– Amortisation of intangible assets arising from business combinations	**46**	**–**	**46**	41	–	41
Normalised headline earnings (basic and diluted)			**7 678**			5 816

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.4. Revenue from non-insurance activities

Discovery Group's Revenue includes 'Fee income from administration business', 'Vitality Income' and 'Banking fee and commission income'.

The split of revenue per geographical region and reportable segment can be viewed in Note A.1. Segment information.

The split of revenue according to the timing of satisfaction of performance obligations, i.e. 'over time' or a 'point-in-time' is as follows:

R million	Group 2023	Group 2022
Fee income from administration business: Health income	**11 959**	10 971
– Over time	**11 932**	10 548
– Point-in-time	**27**	423
Fee income from administration business: Intellectual Property fees	**2 798**	1 781
– Over time	**2 798**	1 781
Vitality Income	**3 891**	3 495
– Over time	**2 660**	2 348
– Point-in-time	**1 231**	1 147
Banking fee and commission income	**1 292**	853
– Over time	**687**	389
– Point-in-time	**605**	464

A.5. Borrowings

R million	Reference	Group 2023	Group 2022
Borrowing from banks and listed debt		**16 328**	16 308
– United Kingdom borrowings	A.5.1	**3 682**	3 122
– South African borrowings	A.5.2	**12 646**	13 186
Bank overdraft in underlying liabilities of consolidated Unit Trusts		**33**	156
Lease liabilities		**4 225**	4 120
– 1 Discovery Place		**3 326**	3 373
– Other lease liabilities		**899**	747
Total borrowings at amortised cost		**20 586**	20 584

A.5.1 United Kingdom borrowings

			Carrying value GBP/Rand million			
Facility amount GBP million	Variable rate	Capital repayment and maturity date	Group 2023 GBP	Group 2023 R	Group 2022 GBP	Group 2022 R
25	SONIA + 2.75%[1]	At maturity – 23 December 2025[2]	**25**	**597**	–	–
75	SONIA + 3.00%[1]	At maturity – 21 December 2024[2,3]	**75**	**1 793**	–	–
55	SONIA + 2.85%[1]	At maturity – 12 December 2025[4]	**54**	**1 292**	–	–
100	SONIA + 2.38%[1]	At maturity – 31 July 2023[2]	**–**	**–**	100	1 999
80	SONIA + 2.73%[1]	Instalments 31 July 2023[4]	**–**	**–**	42	847
34	SONIA + 1.31%[1]	At maturity – 19 October 2022[4]	**–**	**–**	14	276
Total UK borrowings			**154**	**3 682**	156	3 122

1 *Interest payable quarterly in arrears.*
2 *The £100 million facility drawn down at 30 June 2022, was refinanced in December 2022.*
3 *1 year extension option available at discretion of lender.*
4 *The £80 and £30 million facilities, of which £56 million was drawn down at 30 June 2022 in total, was refinanced in December 2022.*

Total finance costs in respect of the UK borrowings for the year ended 30 June 2023 was £10.1 million (R216 million) (30 June 2022: £2.9 million (R59 million)).

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.5. Borrowings *continued*

A.5.2 South African borrowings

CREDIT RATING

In January 2023 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 was unchanged as stable, aligned to the outlook of the country.

A.5.2.1 DISCOVERY LIMITED

Facility amount R million	Variable rate	Interest rate per annum	Capital repayment and maturity date	Carrying value R million Group 2023	Group 2022
Listed DMTN[4]					
500	3-month Jibar + 161 bps	8.10% [1,3]	At maturity – 21 November 2022	**–**	503
500	3-month Jibar + 205 bps	4.25%[1,3]	At maturity – 21 August 2023	**505**	503
200	–	10.46%[2]	At maturity – 21 November 2024	**202**	202
800	3-month Jibar + 191 bps	8.40%[1,3]	At maturity – 21 November 2024	**808**	805
1 200	3-month Jibar + 191 bps	7.30%[1,3]	At maturity – 21 November 2024	**1 218**	1 217
700	3-month Jibar + 180 bps	8.49%[1,3]	At maturity – 21 August 2026	**707**	704
300	3-month Jibar + 180 bps	7.60%[1,3]	At maturity – 21 August 2026	**304**	303
792	3-month Jibar + 173 bps	7.98%[1,3]	At maturity – 21 May 2027	**799**	792
226	3-month Jibar + 180 bps	7.98%[1,3]	At maturity – 21 May 2029	**228**	226
Unlisted DMTN[4,5]					
1 100	–	8.92%[3]	At maturity – 10 March 2023	**–**	1 104
2 500	–	9.62%[3]	At maturity – 22 February 2025	**2 522**	2 520
1 650	–	9.55%[3]	At maturity – 10 March 2026	**1 658**	–
Other					
1 000	3-month Jibar + 245 bps	7.83%[1,3]	At maturity – 2 March 2023	**–**	1 003
1 000	3-month Jibar + 190 bps	–	At maturity – 2 March 2028	**997**	–
1 400	3-month Jibar + 125 bps	–	At maturity – 12 October 2022	**–**	702
Total Discovery Limited borrowings				**9 948**	10 584

1 The interest rate has been fixed through interest rate swaps.
2 Interest is payable semi-annually in arrears.
3 Interest is 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.

A.5.2.2 DISCOVERY CENTRAL SERVICES

Facility amount R million	Interest rate per annum	Capital repayment and maturity date	Carrying value R million Group 2023	Group 2022
1 400	3-month Jibar + 2.05%[1,2]	Instalments – 29 October 2027	**1 408**	1 417
650	11.56%[3]	At maturity – 29 October 2027	**445**	494
691	3-month Jibar + 1.9%	At maturity – 30 June 2027	**694**	691
1 500	3-month Jibar + 1.45%	At maturity – 8 June 2024	**151**	–
Total Discovery Central Services borrowings			**2 698**	2 602

1 Interest payable quarterly in arrears.
2 During the financial year, the rate was renegotiated from a fixed rate of 10.60%, to a floating interest rate.
3 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 2023 was R1 225 million (30 June 2022: R932 million).

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.6. Restatement as a result of prior period error – reclassification of unit-linked insurance contracts to unit-linked investment contracts

During the IFRS 17 project, Discovery performed a full reassessment of all its insurance contracts to ensure the products were correctly included in the scope of the IFRS 17 project. This full assessment and evaluation was necessary to determine whether the contracts transfer significant insurance risk, a prerequisite for the contract to be recognised under IFRS 17.

During the year, Discovery identified that certain offshore unit-linked policies do not transfer significant insurance risk as required under IFRS 17. Instead of being classified as unit-linked insurance contracts, these policies should have been accounted for as unit-linked investment contracts under IFRS 9 *Financial Instruments*.

Discovery noted that the definition of significant insurance risk under IFRS 17 and IFRS 4 is the same. Accordingly, the change in treatment did not constitute a change because of the transition to IFRS 17. Instead, a correction would be required under IFRS 4 of the previously published information. The error was rectified as a reclassification from IFRS 4 to IFRS 9.

Accordingly, as disclosed in the Annual Financial Statements, these policies were reclassified from unit-linked insurance contracts as disclosed in Note 18 'Liabilities arising from insurance contracts' to Note 21 'Investment contracts at fair value through profit or loss' which includes unit-linked investment products. The unit priced component of the fair value measurement of the policyholder liability remained unchanged. The negative rand reserve that was previously recognised under IFRS 4 was derecognised. The incremental costs to obtain the contracts have also been recognised accordingly in Note 9A 'Assets arising from contracts with customers and contract liabilities'.

The change in presentation of the unit-linked policies also affected the Group income statement but did not affect the previously reported earnings.

The tables below summarise the restatement's impact on the Group statement of financial position and the Group income statement.

Statement of financial position R million	Group 30 June 2021 (previously reported)	Correction	Group 1 July 2021 (as restated)
Assets arising from contracts with customers	1 248	127	1 375
Liabilities arising from insurance contracts	(100 977)	936	(100 041)
Investment contracts at fair value through profit or loss	(32 291)	(1 063)	(33 354)

Statement of financial position R million	Group 30 June 2022 (previously reported)	Correction	Group 30 June 2022 (as restated)
Assets arising from contracts with customers	1 549	143	1 692
Liabilities arising from insurance contracts	(109 200)	1 133	(108 067)
Investment contracts at fair value through profit or loss	(37 361)	(1 276)	(38 637)

Income statement R million	Group 30 June 2022 (previously Reported)	Correction	Group 30 June 2022 (as restated)
Insurance premium revenue	58 782	(470)	58 312
Claims and policyholders' benefits	(38 207)	185	(38 022)
Acquisition cost	(4 774)	16	(4 758)
Net transfer to/from assets and liabilities under insurance contracts	(6 935)	197	(6 738)
Fair value adjustment to liabilities under investment contracts	(40)	72	32
Profit from operations	7 858	–	7 858

The restatement has had no change to operating, investing, and financing cash flows and no changes to the Statement of Changes in Equity. There is no impact on Discovery's Profit from operations; consequently, basic or diluted earnings per share remain unchanged.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.7. 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.

	Group 2023			
R million	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:				
– Equity portfolios	**50 204**	**6 321**	**–**	**56 525**
– Debt portfolios	**40 852**	**1 721**	**–**	**42 573**
– Money market portfolios	**–**	**22 656**	**–**	**22 656**
– Multi-asset portfolio	**–**	**33 672**	**–**	**33 672**
Derivative financial instruments at fair value:				
– used as cash flow hedges	**–**	**59**	**–**	**59**
– not designated as hedging instruments	**–**	**60**	**–**	**60**
Total financial assets	**91 056**	**64 489**	**–**	**155 545**
Financial liabilities				
Investment contracts at fair value through profit or loss	**–**	**48 044**	**–**	**48 044**
Derivative financial instruments at fair value:				
– used as cash flow hedges	**–**	**1**	**–**	**1**
– not designated as hedging instruments	**–**	**19**	**–**	**19**
Total financial liabilities	**–**	**48 064**	**–**	**48 064**

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

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.7. Fair value hierarchy of financial instruments *continued*

R million	Group 2022 Level 1	Restated[1] Level 2	Level 3	Restated[1] 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	–	14 680	–	14 680
– Multi-asset portfolios	–	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 for sale	–	–	171	171
Total non-financial assets	–	–	171	171
Financial liabilities				
Investment contracts at fair value through profit or loss	–	38 637	–	38 637
Derivative financial instruments at fair value:				
– used as cash flow hedges	–	56	–	56
– not designated as hedging instruments	–	146	–	146
Total financial liabilities	–	38 839	–	38 839

1 *The comparative information has been restated. Refer to note A.6. for detail.*

Specific valuation techniques used to value financial instruments in level 2

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.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.7. Fair value hierarchy of financial instruments *continued*

Valuation techniques used in determining the fair value of assets and liabilities:

Instruments	Valuation technique	Main inputs and assumptions
Within equity portfolios, Equity-linked notes	The calculation of the daily value of the equity linked investments is made by the provider of the note. Discovery has procedures in place to ensure that these prices are correct. Aside from the daily reasonableness checks versus similar funds and movement since the prior day's price, the fund values are calculated with reference to a specific formula or index, disclosed to the policyholders, which is recalculated by Discovery in order to check if the price provided by the provider is correct.	For level 2 fair value hierarchy items: – discount rate – spot price of the underlying
Multi-assets	The fair values of third-party financial liabilities arising on the consolidation of mutual funds are determined using the quoted put (exit) price provided by the fund manager and discounted for the applicable notice period. The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.	For level 2 fair value hierarchy items: – discount rate
Debt portfolios and Money market instruments	Money market instruments are valued by discounting the future cash flows using a risk-adjusted discount rate.	For level 2 fair value hierarchy items: – discount rate, credit spread
Investment contracts at fair value through profit or loss	Unit-linked policies: assets which are linked to the investment contract liabilities are owned by the Group. The investment contract obliges the Group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined with reference to the fair value of the underlying assets (i.e. amount payable on surrender of the policies). Annuity: certain discounted cash flow models are used to determine the fair value of the stream of future payments.	For level 2 fair value hierarchy items: – discount rate – spot price of underlying
Derivatives	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: ▪ Discounted cash flow model ▪ Black-Scholes model ▪ Combination technique models	For level 2 fair value hierarchy items: – discount rate – spot price of the underlying – correlation factors – volatilities – earnings yield – valuation multiples

A.8. Cash generated by operations

The Group Statement of cash flows includes flows related to shareholders and policyholders. As a result, the cash generated by operations in the current year is distorted by policyholder withdrawals as VitalityInvest is wound down. In addition, working capital changes include R3 788 million return of inward collateral and increase in outward collateral related to the interest rate hedge structures and deposit back in the UK.

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS

B.1. Exchange rates to South African Rand used in the preparation of these results

	Closing			Average		
Exchange Rates	Group 2023	Group 2022	Change %	Group 2023	Group 2022	Change %
US dollar	**18.87**	16.47	(14.57)	**17.79**	15.22	(16.89)
Pound sterling	**23.99**	20.00	(19.95)	**21.43**	20.25	(5.83)
Chinese Yuan	**2.60**	2.46	(5.69)	**2.55**	2.35	(8.51)

B.2. Capital management, financial leverage ratio and covenants

The Group's capital is defined as capital and reserves attributable to shareholders, as presented in 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 in which the Group operates;
- To maintain a capital buffer in excess of the statutory capital requirements in order to reduce the risk of breaching the statutory; requirements 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 various measures, one of which is the Financial Leverage Ratio (FLR). This ratio is calculated as total debt[1] divided by total debt plus total equity. The Group's strategy is to maintain a prudent FLR of 28.0% per the Group Risk Appetite statement. However, the 28.0% measure 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 position as at the end of the reporting period.

R million	Group 2023	Group 2022
– Borrowings at amortised cost[1]	**16 361**	16 464
– Guaranteed deposit facilities	**–**	300
Total debt and guarantees[1]	**16 361**	16 764
Total equity	**63 974**	53 555
Financial leverage ratio %	**20.4%**	23.8%

1 Excluding all IFRS 16 lease liabilities of R4 225 million (June 2022: R4 120 million).

The FLR at 30 June 2023 is within Discovery's risk appetite.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

B.2. Capital management, financial leverage ratio and covenants *continued*

Regulatory 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.

Discovery Life and Discovery Insure are regulated under the Insurance Act 18 of 2017 (Insurance Act), and the related Prudential Standards, while VitalityHealth and VitalityLife are regulated under the European Solvency II regulatory regime.

The table below summaries the capital requirements on the statutory basis, across the Group subsidiaries, and the actual solvency capital held in relation to these requirements as at the end of the reporting year.

	Group 2023		Group 2022	
	Statutory capital requirements	Cover	Statutory capital requirements	Cover
Discovery Life	**R20 809 million**	**1.9 times**	R20 322 million	1.7 times
Discovery Insure	**R1 113 million**	**1.6 times**	R1 138 million	1.2 times
VitalityHealth	**£130.8 million (R3 138 million)**	**1.4 times**	£117.2 million (R2 344 million)	1.5 times
VitalityLife	**£272.1 million (R6 528 million)**	**2.1 times**	£297.1 million (R5 943 million)	2.1 times

Debt covenants

As per JSE Limited Listings and Debt Listings disclosure requirements, the following are the key debt covenant ratios and their proximity to minimum requirements as per the contractual financial covenants.

Debt covenant	Minimum requirement	Group 2023	Group 2022
Group Debt[1] to EBITDA Ratio[2]	Less than 2.5 times	**1.3**	1.8 times
Group financial indebtedness to embedded value – Group financial indebtedness is as per Group Debt in the calculation above	Less than 30% of Group Embedded value	**17.6%**	20.3%
Discovery Life Statutory Capital Requirement (SCR)	SCR cover must be more than 1.1 times	**1.9**	1.7 times
Group embedded value	Greater than R30 billion	**R98 176 million**	R86 258 million
New business embedded value must not be negative	Positive value of new business for 3 consecutive 6-month periods	**June 2023: R463 million** **December 2022: R940 million** **June 2022: R1 124 million**	June 2022: R1 124 million December 2021: R937 million June 2021: R946 million

1 *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.*
2 *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.*

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

B.3. Impact of long-term interest rates in the SA and UK markets

The long-term insurance businesses in SA and the UK are exposed to long-term nominal and real interest rates given the impact of rates on the long-term assumptions applicable to valuation of insurance contracts. The period under review was characterised by aggressive global monetary policy tightening by central banks following sustained inflationary pressure, resulting in rapidly increasing global bond yields. In South Africa, economic and political pressures further contributed to increasing SA bond yields. For Discovery Life, this impact of higher long-term interest rates manifests mainly as a lower discounted value of future cash flows and therefore a lower valuation of those contracts. For VitalityLife whole of life business, higher long-term rates will mainly manifest as higher expected investment returns resulting in lower costs to fulfil future insurance contracts and a positive impact on the valuation (before hedging). As noted with previous results announcements, the actual cash flows themselves are not materially affected nor would it have material negative solvency or liquidity consequences.

Given the volatility of these impacts on results and given that it has little or no bearing on underlying operating performance of these businesses, consistent with prior years, Discovery has excluded these effects, net of tax, in the presentation of normalised earnings measures. This treatment in the presentation of normalised measures is consistent with prior years and also largely consistent with the available election under the soon to be adopted new accounting standard for insurance contracts (IFRS17) to isolate such economic impacts in other comprehensive income (OCI).

Discovery Life SA – impact of economic assumptions

The impact of the economic assumptions on profit or loss, was a net loss in SA Life of R2 811 million (2022: R651 million). The loss for the year ended 30 June 2023 was driven by the changes in both the South African nominal and real yield curves as well as nominal and real yield curve changes on dollar denominated business.

Vitality Life UK – impact of economic assumptions net of interest rate risk mitigation strategy

During the year ended 30 June 2023 the interest rate risk mitigation strategy proved to be effective despite the extreme volatility in the UK bond markets following political changes and rising levels of inflation in the early part of the financial year.

The net gain within the UK Life Segment of £6.8 million (R147 million) (2022: net gain £28 million (R567 million)) consisted of:

- economic assumption gains amounting to £52.2 million (R1 120 million) (2022: gain £40.5 million (R820 million))
- less net fair value losses on interest rate derivatives (including fair value losses on the swap contracts and intrinsic value gains of the swaption contract) of £45.4 million (R973 million) (2022: losses £12.5 million (R253 million)).

Against this should be seen the net fair value write-off of the time value of the swaption contract of £9.5 million (R204 million) (2022: £22.4 million (R454 million)).

On this basis, the effective net loss recognised in profit or loss resulting from economic assumptions, including all hedge impacts amounts to £2.7 million (R57 million) (2022: net gain of £5.6 million (R113 million)) while a component of the gain for the year ended 30 June 2023 of £25.5 million (R546 million) was recognised directly to discretionary margins in line with the Group's accounting policy (refer below).

Per Discovery's accounting policy, where insurance contracts are backed by assets, other than negative reserves, changes in economic assumptions are recognised directly in profit or loss. Furthermore, positive changes in economic assumptions are first recognised separately in profit or loss to the extent that it reverses related losses previously recognised in profit or loss. Thereafter, positive changes in economic assumptions increase discretionary margins.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

B.3. Impact of long-term interest rates in the SA and UK markets *continued*

Change in future hedge strategy – VitalityLife business

The introduction of IFRS 17 enables VitalityLife to make use of OCI election to remove the volatility of reported financial performance arising from short-term changes in economic assumptions and present a more reflective performance of the business over the long term. Given this change, several of the VitalityLife swaps were exited shortly before the end of the year under review. In addition, the swaption purchased in June 2022 for a premium of £14.1 million was sold in June 2023 for £33.8 million (R724 million), realising a gain of £19.7 million (R422 million).

VitalityLife continues to hold interest rate swaps and total returns swaps ("TRS") to manage the interest rate risk on the legacy PAC book of business. No swaptions are held at 30 June 2023 as the business is now able to manage any remaining risk within its risk appetite without the need for incurring the ongoing costs of purchasing swaptions.

The impact of these derivative instruments is reflected in the overall £6.8 million (R147 million) gain from the impact of economic assumptions net of interest rate risk mitigation as well as the increase in discretionary margins by £25.5 million (R546 million).

B.4. VitalityLife UK-impact of inflation rates

VitalityLife's result includes positive operating experience variances over the year, most notably the benefit of significantly improved premium indexation in the higher inflationary environment. This benefit is a combination of a multi-year focus on continuous improvement of the quality of the portfolio, including an increase in the proportion of index-linked policies as well as prior implementation of persistency initiatives. Actual premium and benefit inflation over the period was higher than expectation, with a weighted average of 9.6% compared to best estimate assumption of 3.5%. In terms of Discovery's accounting policy, these net positive impacts are first recognised in profit or loss to the extent that it reverses losses previously recognised. Thereafter, the impact of positive changes increases discretionary margins. This resulted in an exceptional net favourable impact of £18.3 million (R392 million) over the year (after taking into account the impact of indexation holidays and cancellations, other negative variances and assumption changes).

B.5. VitalityCar

The UK car insurance market has experienced unprecedented claims inflation leading to significant price increases, which the underwriter has had to pass on to VitalityCar members. These increases have materially impacted VitalityCar's ability to deliver value for good drivers and has led to the decision to not offer members cover beyond their current plan year and run off the book by 30 June 2024. This has resulted in an accelerated write-off of the business's capitalised systems and intangible assets, with a pre-tax impact of £8.8 million (R189 million). This write-off as well as the operating loss incurred by VitalityCar is included in the VitalityHealth segment. The write-off is included in Closure costs of VitalityInvest and VitalityCar in run down in the components of Normalised profit from operations. Refer A.2.

B.6. VitalityInvest

In the previous financial year, a strategic review of new initiatives led to a decision to change the strategy with regard to VitalityInvest in the UK. The decision, as previously announced, was taken to exit the UK investment market given the structural change in market conditions, mainly driven by significant margin compression.

The careful management of the transfer and wind-down took longer than expected, but should be completed by 31 December 2023.

This impacted the income statement for the year ended 30 June 2023, compared to the prior year as follows:

R million	**Group 2023**	Group 2022
Insurance premium revenue	**1 218**	6 665
Claims and policyholders' benefits	**(9 230)**	(1 024)
Marketing and administration expenses	**(283)**	(390)
Change in liabilities arising from insurance contracts	**7 415**	(4 488)
Other	**614**	(1 221)
Normalised loss from operations (included in Closure costs of VitalityInvest and VitalityCar in run down. Refer A.2.)	**(266)**	(458)

There are large changes to the insurance premium revenue, claims and policyholders' benefits and changes in liabilities arising from insurance contracts which are all related and offsetting each other. These are reflecting the large reduction in funds under management as the VitalityInvest unit-linked reserves are passed to other providers.

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

B.7. 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.

As these policies are linked, the consolidation of the Discovery Unit Trusts has no impact on the net asset value for shareholders. Assets and liabilities of these Discovery Unit Trusts however increased by R3 654 million, compared to the prior financial year ended 30 June 2022, with movements in the following line items on the Group's Statement of financial position:

R million	Group 2023	Group 2022	Movements
Investments at fair value through profit or loss	**25 439**	22 128	3 311
Insurance receivables, contract receivables and other receivables	**643**	770	(127)
Cash and cash equivalents	**2 435**	1 943	492
Other assets	**–**	22	(22)
Total change in assets	**28 517**	24 863	3 654
Investment contracts at fair value through profit or loss	**28 346**	24 320	4 026
Borrowings at amortised costs (bank overdraft)	**33**	156	(123)
Other payables	**482**	512	(30)
Other liabilities	**(344)**	(125)	(219)
Total change in liabilities	**28 517**	24 863	3 654

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 R35 177 million (2022: R30 009 million).
- Proceeds from the disposal of investments held to back policyholder liabilities includes cash inflows of R32 073 million (2022: R29 661 million).

B.8. 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 2022, 4 182 946 (2021: 3 194 870) new shares were issued by Discovery Limited to the Trust at a value of R514 million (2021: R443 million). In addition, during the year ended 30 June 2023, shares of 1 402 275 vested with participants. In terms of IFRS, while held in the Trust, these shares are treated as treasury shares and not treated as issued, for accounting purposes.

B.9. 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 R7 414 million for the year ended 30 June 2023 (2022: R6 804 million). Discovery offers the members of DHMS access to the Vitality programme.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 *continued*

Disclosure *continued*

for the year ended 30 June 2023

B.10. Changes in directorate

Changes to the Board of Discovery Limited from 1 July 2022 to the date of this announcement are as follows:

- HL Bosman, a non-executive director, retired from the Board, effective 1 December 2022. This follows the unbundling by Rand Merchant Investment Holdings Limited of its shareholding in Discovery Limited earlier in 2022. He has served as a non-executive director of the Company since 2014 and has served as the former chairperson and member of the Risk and Compliance Committee and as a member of the Remuneration Committee and the Nominations Committee. He has also retired as a non-executive director of Discovery Life Limited, Discovery Health (Pty) Limited and Discovery Vitality (Pty) Limited.
- HD Kallner, NS Koopowitz, Dr A Ntsaluba and A Pollard stepped down as executive directors of the Board of Discovery Limited, effective 1 March 2023. This is aligned with the Group's organisation around the three distinct composites, Discovery in South Africa, Vitality in the United Kingdom and Vitality Global resulting in the Discovery Board now focused on issues that span all composites as opposed to strategy and execution within each composite. HD Kallner, in addition to his primary role as the Chief Executive Officer of Discovery Bank Limited, will resume his role as Chief Executive Officer of the Discovery business composite in South Africa, with effect from 1 March 2023.
- L Chiume has been appointed as an independent non-executive director with effect from 18 September 2023. She is a member of the Discovery Limited Audit Committee and the Group and South African Risk and Compliance Committees. She will bring a wealth of financial services and investment experience.
- KC Ramon has been appointed as an independent non-executive director with effect from 18 September 2023. She is a member of the Discovery Limited Audit Committee and the Social and Ethics Committee. She brings diverse leadership and board experience in multiple sectors.

Changes in company secretary of Discovery Limited from 1 July 2022 to the date of this announcement are as follows:

- NN Mbongo resigned as the Group Company Secretary with effect from 31 March 2023 to pursue another opportunity outside the Discovery Group.
- A Ceba was appointed as Group Company Secretary of Discovery with effect from 1 September 2023. In the interim, A Manqele, the current Deputy Company Secretary, was appointed Acting Group Company Secretary, with effect from 31 May 2023 until 31 August 2023.

B.11. Dividend declaration in respect of the year ended 30 June 2023

B Preference share cash dividend declaration

On Tuesday, 5 September 2023, the directors declared a final gross cash dividend of 548.49315 cents (438.79452 cents net of dividend withholding tax) per B preference share for the period 1 January 2023 to 30 June 2023, 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, 19 September 2023
Shares commence trading "ex" dividend	Wednesday, 20 September 2023
Record date	Friday, 22 September 2023
Payment date	Tuesday, 26 September 2023

B preference share certificates may not be dematerialised or rematerialised between Wednesday 20 September 2023 and Friday 22 September 2023, both days inclusive.

Ordinary share cash dividend declaration

The Board of Directors declared a final gross cash dividend of 110 cents (88 cents net of dividend withholding tax) per ordinary share, out of the income reserves of Discovery Limited. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The number of ordinary shares in issue at the date of declaration is 673 146 417.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 10 October 2023
Shares commence trading "ex" dividend	Wednesday, 11 October 2023
Record date	Friday, 13 October 2023
Payment date	Monday, 16 October 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 October 2023 and Friday 13 October 2023, both days inclusive.

C. ACCOUNTING POLICIES

C.1. New accounting standards effective

IFRS 9 financial instruments: general hedge accounting adopted effective 1 July 2022

The Group has elected to adopt and transition to IFRS 9 general hedge accounting prospectively from 1 July 2022. The revised general hedge accounting requirements are better aligned with the entity's risk management activities. The Group currently applies hedge accounting to certain cash flow hedges of interest rate risk related to borrowings. The total hedge reserve remains unchanged on transition. As at 1 July 2022, the risk management strategy and the hedge documentation for all micro hedges has been updated to comply with the requirements of IFRS 9 general hedge accounting. The impact on the Group financial results, disclosures or comparative information as a result of these amendments is immaterial.

C.2. New accounting standards not yet effective

IFRS 17 Insurance Contracts

The effective date of IFRS 17 *Insurance Contracts* is for reporting periods beginning on or after 1 January 2023, with comparative restatement of the preceding year. IFRS 17 is therefore mandatory for the Discovery Group, effective from 1 July 2023, with comparative restatement of the financial year ended 30 June 2023, including a restatement of the opening Statement of financial position as at 1 July 2022.

IFRS 17 is a new accounting standard for insurance contracts that provides guidelines on recognising, measuring, presenting, and disclosing insurance contracts. It was introduced by the International Accounting Standards Board (IASB) in May 2017. IFRS 17 replaces the previous standard, IFRS 4 *Insurance Contracts*, issued in 2005 as an interim standard with limited prescribed changes to pre-existing insurance accounting practices applied by insurers.

IFRS 17 represents a positive step towards enhancing transparency, comparability, and understanding of how insurers earn profits from insurance contracts, namely insurance service result and financial results. Consistent with the core objectives of IFRS 17, Discovery has taken the opportunity to align its financial reporting approach and processes across its various jurisdictions where insurance activities are undertaken.

The framework established by IFRS 17 outlines the specific requirements that companies must adhere to when reporting information related to both the insurance contracts they issue and the reinsurance contracts they hold. One of the noteworthy distinctions introduced by IFRS 17 pertains to the level of granularity at which insurance contracts are recognised and measured. Discovery is well-prepared to embrace this enhanced granularity, as it aligns with the Group's actuarial approach.

IFRS 17 is not limited to insurance companies but also those companies that issue any contract that results in transfer of significant insurance risk. For Discovery, the contracts within the scope of IFRS 17 are almost entirely aligned with those recognised in IFRS 4.

Whilst the underlying contractual terms and economic risks and rewards of each insurance contract remain unaltered, IFRS 17 impacts the accounting treatment of insurance contracts and most notably the timing of recognition of insurance related profits and losses for accounting purposes. Importantly, it also separates the insurance related profit or losses between those arising from insurance service results and those arising from financial results.

IFRS 17 does not result in a change in the underlying business value of contracts, including:

- No direct change to cash flows or underlying risk and reward of contracts. Future tax cash flow impacts are expected to be immaterial.
- Immaterial impact on regulatory or economic solvency, capital position and capital management.
- The ability to pay dividends unaffected as cash flows and solvency remain unchanged.
- Immaterial impact on Embedded Value.

Transition to IFRS 17 and estimated impact

Upon first-time adoption, IFRS 17 requires the standard to be applied fully retrospectively as if the standard always applied unless impracticable. If impracticable to do so, the entity can elect to either apply a modified retrospective approach or use the fair value approach.

As noted, Discovery is in a position to apply a fully retrospective restatement from inception for all material groups of insurance contracts. Discovery did not measure any of its portfolios using the fair value approach.

The fully retrospective approach requires that Discovery identify, recognise, and measure groups of insurance contracts as if IFRS 17 had always applied. While this approach brought about significant complexity to the transition project, it has provided Discovery with valuable historical insights as to how results will be impacted by model and assumption changes, changes in the discount rates and extraordinary stress events such as the financial crisis of 2008/09 and the COVID-19 pandemic.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

C. ACCOUNTING POLICIES *continued*

C.2. New accounting standards not yet effective *continued*

Transition to IFRS 17 and estimated impact *continued*

Based on the work completed, the restatement is much more pronounced for the long-term insurance business of Discovery Life in SA and VitalityLife in the UK. In contrast, the impact of the retrospective restatement is limited for the short-term businesses except for VitalityHealth where the impact is more significant due to the change in treatment of insurance acquisition costs.

Discovery has assessed the estimated impact that the initial application of IFRS 17 will have on its financial statements. The changes resulting from the transition to IFRS 17 can be summarised as follows:

- Those changes that result in differences to the IFRS 17 margins relative to the IFRS 4 margins. These changes result in concomitant temporary changes in equity. For example, to the extent that changes resulted in the strengthening of contractual service margins that will release to profit in future periods, such changes are mirrored by a reduction in shareholders' equity upon transition.
- Other changes, such as remeasurement basis of the expected future cash flows or recognised assets and liabilities from short-term insurance, e.g., deferred acquisition costs. These remeasurements would result in a change in equity on transition without a visible offset of insurance margins but similarly will indirectly result in higher or lower net profits in future periods (for a reduction or increase in equity respectively).

In the case of Discovery, increases in insurance margins, most notably Contractual Service Margin (CSM), have a far more material impact. Such resulting increases of additional IFRS 17 margins on transition will be available as future profit. The main cause for this significant increase in CSM margins is that Discovery has a more recent and rapidly growing history compared to very long-standing insurers. As Discovery businesses mature, there is a point of convergence where the annual profit recognition under IFRS 4 and IFRS 17 inevitably cross over.

The most significant changes that result in an increase in IFRS 17 margins relative to margins under IFRS 4, can be summarised as follows:

- The measurement under IFRS 17 includes only those cash inflows and outflows relating directly to the fulfilment of the group of insurance contracts, termed directly attributable expenses. In addition to claims and benefits, these may include certain directly attributable overhead expenses. However, non-directly attributable expenses such as general marketing and sponsorships, allocated group executive and group function costs and research and development activities of new products, are not included in the initial recognition value of the contract. Under IFRS 17, these non-directly attributable expenses are immediately expensed and are therefore not considered when determining the Expected Fulfilment Cash Flows (EFCF) of the insurance contracts being measured. The immediate expensing of such non-directly attributable expenses increases the available margin on the portfolio compared to the IFRS 4 treatment where such expenses were brought into account when determining the available margins. It should be noted that such expenses are brought into consideration when determining the pricing of products and these increased IFRS 17 margins are therefore similarly available for recognition as profits in future or to absorb adverse changes.
- Contracts are measured at a more granular level where portfolios are established and as a minimum with annual business cohorts of no more than twelve months apart. Each of these cohorts is further categorised into separate groups based on expected profitability being profitable, profitable at risk, and onerous groups. Losses are immediately expensed when they arise on onerous contracts, effectively eliminating any cross-subsidisation or set-off applied within a portfolio. This immediate write-off of shortfalls on contracts, effectively increases the available margin on the remainder of the portfolio, which will be recognised to profit in future.
- Other items, including, amongst others, the different treatment of certain basis changes and variances through the margin, the different rates at which interest is accreted on the margins, and small differences in the run-off of the margins over time, are less material in the case of Discovery.
- Unlike IFRS 4, IFRS 17 separately recognises the finance related consequences of insurance contracts from the underlying insurance activities. Finance income and expense related to insurance contracts (IFIE) and the changes in the measurement of finance related items are recognised as IFIE either immediately in profit or loss or disaggregated and allocated using a systematic allocation to profit or loss with variances being recognised through OCI.
- As will be noted below, Discovery has elected to apply the OCI option to certain long-term insurance contracts. The exclusion of certain elements of IFIE from the profit or loss is largely aligned to the existing treatment where Discovery excludes the impact of economic assumptions, net of associated derivatives, from its normalised profit and normalised headline earnings. The use of OCI removes the need for this normalisation after adoption of IFRS 17.

Other changes, resulting in a change in equity on transition without a visible offset of insurance margins:

- The remeasurement of best estimates of the future fulfilment cash flows and measurement and accounting treatment of insurance acquisition cash flows, i.e., deferred acquisition costs, on the short-term business lines and
- Associated deferred tax and future tax impacts of the changes noted above.

C. ACCOUNTING POLICIES *continued*

C.2. New accounting standards not yet effective *continued*

Transition to IFRS 17 and estimated impact *continued*

IFRS 17 acknowledges that different companies may manage their insurance contracts differently. As a result, IFRS 17 is principle-based and permits several accounting policy elections. The following is a summary of these accounting elections and specific elections made by Discovery:

Election	Options	Discovery elections
Transition approach	Three transition approaches ▪ IFRS 17 requires full retrospective unless impracticable. ▪ If full retrospective is impracticable, then accounting election of modified retrospective, or ▪ fair value approach.	▪ Given the availability of reliable and accurate data and actuarial models, Discovery is required to apply IFRS 17 fully retrospective to all material groups of insurance contracts. ▪ For the remainder of portfolios, when full retrospective was impracticable, then modified retrospective was applied. Discovery has not applied the fair value approach to any groups of insurance contracts.
Changes in time value of money (Insurance finance income and expense (IFIE) presentation)	Two alternatives: ▪ Present all IFIE and IFIE changes in profit or loss. ▪ Include IFIE in profit or loss using systematic allocation. Remainder recognised in OCI.	▪ The use of the OCI removes the volatility from changes in IFIE (previously economic assumptions) in the measurement of the insurance contract. The amount recognised in OCI is then reclassified to profit or loss using a systematic allocation. ▪ Discovery has elected OCI on its long-term life-insurance business lines in Discovery Individual Life and VitalityLife. For the remainder of business lines, the change in measurement of the insurance contracts is offset by a change in the measurement of the assets backing those insurance contracts.
Risk adjustment	▪ No prescriptive approach is provided under IFRS 17.	▪ Discovery uses the confidence level approach. ▪ For its long-term businesses and group life insurance, Discovery sets the confidence level at 90%. ▪ For its short-term businesses, Discovery sets the confidence level at 75%.
Acquisition cost (for portfolios at Premium Allocation Approach (PAA))	Two alternatives: ▪ The default under IFRS 17 for contracts with PAA is to defer the insurance acquisition cash flows and allocate the expense to initial and renewal periods, i.e., Defer acquisition costs and amortise. ▪ Entity can elect to immediately expense insurance acquisition cash flows.	▪ VitalityHealth applies the default requirement of IFRS 17. This treatment results in a largely similar treatment to the FinRe arrangements VitalityHealth held under IFRS 4. ▪ For other insurance portfolios measured using the PAA, Discovery has elected to immediately expense in profit or loss the insurance acquisition cash flows as these are not significant.
Reflect time value of money (i.e., discount) in measuring coverage units	Two alternatives: ▪ Reflect time value of money in measuring coverage units. ▪ Don't reflect time value of money in measuring coverage units.	▪ Discovery elected to reflect time value of money in the measurement of coverage units. The discounting of coverage units provides the most reasonable emergence of profit, considering the projected level of future margins on retained business for Discovery.

ANNEXURE 1

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 ***continued***

Disclosure *continued*

for the year ended 30 June 2023

C. ACCOUNTING POLICIES *continued*

C.2. New accounting standards not yet effective *continued*

Estimated transitional impact

Based on the restatement work undertaken to date, the transition change is primarily a result of the increased IFRS 17 margins, as represented by the CSM plus the risk adjustment. This adjustment, available for future profit release, falls within the range of R14.5 billion to R15.5 billion pre-tax. Other factors contributing to the change in equity include alterations in the methodology used to determine fulfilment cash flows, difference in short-term business lines such as risk adjustment for non-financial risks, and the tax effects of changes in the measurement of insurance contracts.

The concomitant net impact of transition adjustment (after tax) to the balance of the Group's shareholders' equity is estimated to be as follows:

	R million
Group total equity 30 June 2022 Audited and previously reported	**53 555**
IFRS 17 adjustment, net of tax Mainly resulting from the increases in the CSM and available for release to profit in future. Accumulated IFIE recognised in OCI is less than 10% of total impact of shareholders equity	**(12 000 – 13 000)**
Group total equity 1 July 2022 Restated	**41 555 – 40 555**

As mentioned above, the impact of the above reduction in equity is effectively offset by a significant increase in insurance margins, most notably CSM, that is available for release to profit in future years or to absorb any adverse changes.

On this basis, the total value created through the insurance activities of the Group remains largely unchanged, however, the timing of recognition of insurance related profits has been deferred. The strengthened IFRS 17 margins result in higher future release of profits and in less volatility due to its ability to absorb negative variances, while the election of OCI results in less volatility as a result of its ability to manage variances in financial risks.

The material recognition, measurement and presentation policies of insurance contracts under IFRS 17 are set out in the Annual financial statements for the year ended 30 June 2023, Annexure B – note 30 IFRS 17 *Insurance Contracts*.

C.3. Normalised headline earnings

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

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

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

- Once-off transactions, for example restructuring costs, 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 or 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 used by long-term insurers in the Group to the extent those are 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.

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.

C. ACCOUNTING POLICIES *continued*

C.4. 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 2023 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 2023, 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 2023 and selected explanatory notes.

The summary consolidated financial results are prepared in accordance with the JSE Limited Listings and Debt Listings Requirements, IFRS Accounting Standards, 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, except as noted in C.1. New accounting standards effective.

Amendments to standards effective from 1 July 2022 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 2023.

Audit

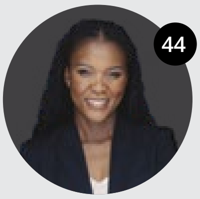
The summary consolidated financial statements are extracted from audited information but are not audited. The consolidated annual financial statements for the year ended 30 June 2023 have been audited by the Group's independent auditors PricewaterhouseCoopers Inc. and KPMG Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection on the Company's website. 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

BRIEF RESUMÉS OF DIRECTORS STANDING FOR ELECTION AND RE-ELECTION AS DIRECTORS OR AUDIT COMMITTEE MEMBERS



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Lisa Chiume

Independent Non-executive Director

Appointed: 18 September 2023

Qualifications: BCom (Business Finance and Economics), University of the Witwatersrand

NATIONALITY:
South African

COMMITTEE MEMBERSHIPS:
AC Audit Committee
RCC Risk and Compliance Committee

Experience

Lisa was a Senior Director at Deutsche Bank South Africa from 2002 to 2014, where she was involved in mergers and acquisitions and equity capital markets. Lisa joined RMI Holdings Limited and RMH Holdings Limited in 2014 as a Senior Investment Executive until March 2023. Due to RMI/RMH's previous shareholding in Discovery Limited, Lisa has worked closely with Discovery and senior Discovery management over the years on strategic issues, including capital allocation, remuneration, mergers and acquisitions activity and new business initiatives. She was involved in a substantial value unlock for the shareholders of RMI/RMH through the unbundling of RMI/RMH interests in FirstRand, Discovery and Momentum Metropolitan, the sale of Hastings as well as the rebranding of RMI to OUTsurance and its subsequent listing on the JSE. Lisa is currently an Executive Director at Alphacode Holdings. Alphacode is responsible for the management and orderly disposal of the remaining fintech and asset management businesses of OUTsurance (formerly RMI) as well as raising and deploying third party funds to invest in fintech and related verticals in Africa.

Areas of value-added expertise

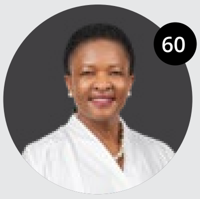
Identification, evaluation and portfolio management of investments spanning insurance, banking, asset management, property and fintech; mergers and acquisitions; corporate finance; audit; governance.

Other Directorships

RMI Investment Managers Group (Chairperson) and Investment committee member of the SA SME Fund.

Professional Body memberships

Chartered Financial Analyst (CFA) Institute.



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Monhla Hlahla

Independent Non-executive Director

Appointed: 15 August 2021

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

NATIONALITY:
South African

COMMITTEE MEMBERSHIPS:
AC Audit Committee
RC Remuneration Committee
SEC Social and Ethics Committee

Experience

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

Areas of value-adding expertise

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

Other Directorships

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

David Macready

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Independent Non-executive Director

Appointed: 3 February 2020

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

NATIONALITY:
South African and British

COMMITTEE MEMBERSHIPS:
- AC Audit Committee (Chairperson)
- ACT Actuarial Committee
- RCC Risk and Compliance Committee

Experience

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

Areas of value-adding expertise

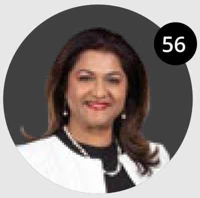
Asset management; banking; insurance and wealth management; accounting, auditing and governance.

Other Directorships

National Sea Rescue Institute of South Africa (Chairperson).

Professional body memberships

South African Institute of Chartered Accountants (SAICA).



Christine Ramon

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Independent Non-executive Director

Appointed: 18 September 2023

Qualifications: BCompt, BCompt (Hons), CA(SA), SEP (Harvard)

NATIONALITY:
South African

COMMITTEE MEMBERSHIPS:
- AC Audit Committee
- SEC Social and Ethics Committee

Experience

Christine is a seasoned finance executive with extensive board experience at large listed entities across industry sectors, including natural resources, media and entertainment, and energy and chemicals. Christine was the CFO of AngloGold Ashanti Limited from 2014 to 2022, where she also served as interim CEO from 1 September 2020 to 31 August 2021. She was the CFO of Sasol Limited from 2006 to 2013 and, prior to this, was the CEO of Johnnic Holdings. She also served as a Non-executive Director on the boards of MTN Group, Rand Refinery, Lafarge SA, Johnnic Communications, Transnet, the World Gold Council and the International Council on Mining and Metals and the International Federation of Accountants. In 2007, Christine was nominated as a Young Global Leader of the World Economic Forum. Christine currently serves as a member of the Presidential Council for State-Owned Enterprises.

Areas of value-added expertise

Corporate finance; governance; investor relations; procurement; information technology; mergers and acquisitions; company restructuring; stakeholder management.

Other Directorships

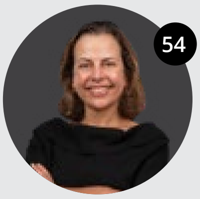
Clicks Group Limited and Vodafone Plc.

Professional Body memberships

South African Institute of Chartered Accountants (SAICA).

ANNEXURE 2

BRIEF RESUMÉS OF DIRECTORS STANDING FOR ELECTION AND RE-ELECTION AS DIRECTORS OR AUDIT COMMITTEE MEMBERS
continued



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Marquerithe Schreuder

Independent Non-executive Director
Appointed: 19 February 2021
Qualifications: BCom (Hons), FIA, FASSA

NATIONALITY:
South African and Luxembourgish

COMMITTEE MEMBERSHIPS:
- RCC Risk and Compliance Committee (Chairperson)
- AC Audit Committee
- ACT Actuarial Committee
- TCF Treating Customers Fairly Subcommittee
- TWG Technology Working Group

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 committees. Marquerithe was also a Director at the Actuarial Insurance Solutions division of Deloitte. Further, she continues to serve on the Actuarial Society of South Africa's Life Assurance Tax Subcommittee.

Areas of value-adding expertise
Insurance capital; risk and finance management; stakeholder guidance and oversight; business management; 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.

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Mark Tucker

Independent Non-executive Director
Appointed: 1 March 2019
Qualifications: BA (Hons), University of Leeds, ACA from ICAEW, CMI

CHAIRPERSON OF THE BOARD

NATIONALITY:
British

COMMITTEE MEMBERSHIPS:
- NC Nominations Committee (Chairperson)

Experience
Mark is a qualified Chartered Accountant with over 35 years' experience in the financial services industry in the UK, US and Asia. Mark is the Non-executive Group Chairperson of HSBC Holdings. Between 2010 to 2017, Mark served as Group Chief Executive and President of AIA Group Limited, where he spearheaded its world-record-breaking initial public offering in Hong Kong. Before AIA, Mark held various senior executive roles with Prudential, including Group Chief Executive of Prudential plc. He was the founding CEO of Prudential Corporation Asia Limited. Mark was also an Independent Non-executive Director of the Goldman Sachs Group and served on the Court of the Bank of England from 2009 to 2012.

Areas of value-adding expertise
Financial services; insurance; asset management; banking.

Other Directorships
Non-executive Group Chairperson of HSBC Holdings plc, Director of Institute of International Finance, serves on the Asia Society Global Board of Trustees, Advisory Board of the Asia Global Institute and Member of the Asia Business Council. He is also a Member of both the International Business Leaders' Advisory Council to the Mayor of Beijing (IBLAC Beijing) and Shanghai (IBLAC Shanghai), Member of the Chief Executive's Council of Advisers (Hong Kong) and Co-Chair of the B20 Financial Inclusion for Economic Empowerment Task Force. Mark is an Associate Professor at the Chinese University of Hong Kong and a Director of Peterson Institute for International Economics.

Professional body memberships
Associate of the Institute of Chartered Accountants in England and Wales (ICAEW) ACA and Member of the Chartered Management Institute (CMI).

FORM OF PROXY

FOR THE YEAR ENDED 30 JUNE 2023

Discovery Limited
(Incorporated in the Republic of South Africa)
(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:

1. Registered shareholders who have not yet dematerialised their shares in the Company.
2. 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 fourth Annual General Meeting ("AGM") of the Company to be held in the Auditorium, Ground Floor 1 Discovery Place, Sandton and through electronic participation on Thursday, 16 November 2023 at 13h00.

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 KPMG as joint independent external auditors			
1.2 Re-appointment of Deloitte as joint independent external auditors			
2. Election of Directors			
2.1 Ms Lisa Chiume			
2.2 Ms Christine Ramon			
Re-election of Directors			
2.3 Mr Mark Tucker			
2.4 Mr David Macready			
3. Election of members of the Audit Committee			
3.1 Mr David Macready and as Chairperson of Audit Committee			
3.2 Ms Marquerithe Schreuder			
3.3 Ms Monhla Hlahla			
3.4 Ms Lisa Chiume			
3.5 Ms Christine Ramon			
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 – 2023/24			
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 ______________ 2023

Signature(s) ______________ Assisted by me (where applicable) ______________

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

* *See explanatory note 3 overleaf.*

NOTES TO THE FORM OF PROXY

SUMMARY OF SHAREHOLDERS RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT, 2008

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 not delegate his/her authority to act on your behalf to another person.
- 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, 14 November 2023 at 13h00 (South African time), being at least 48 hours before the AGM to be held at 13h00 on Thursday, 16 November 2023 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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Discovery Limited | +27 11 529 2888 | askthecfo@discovery.co.za | www.discovery.co.za