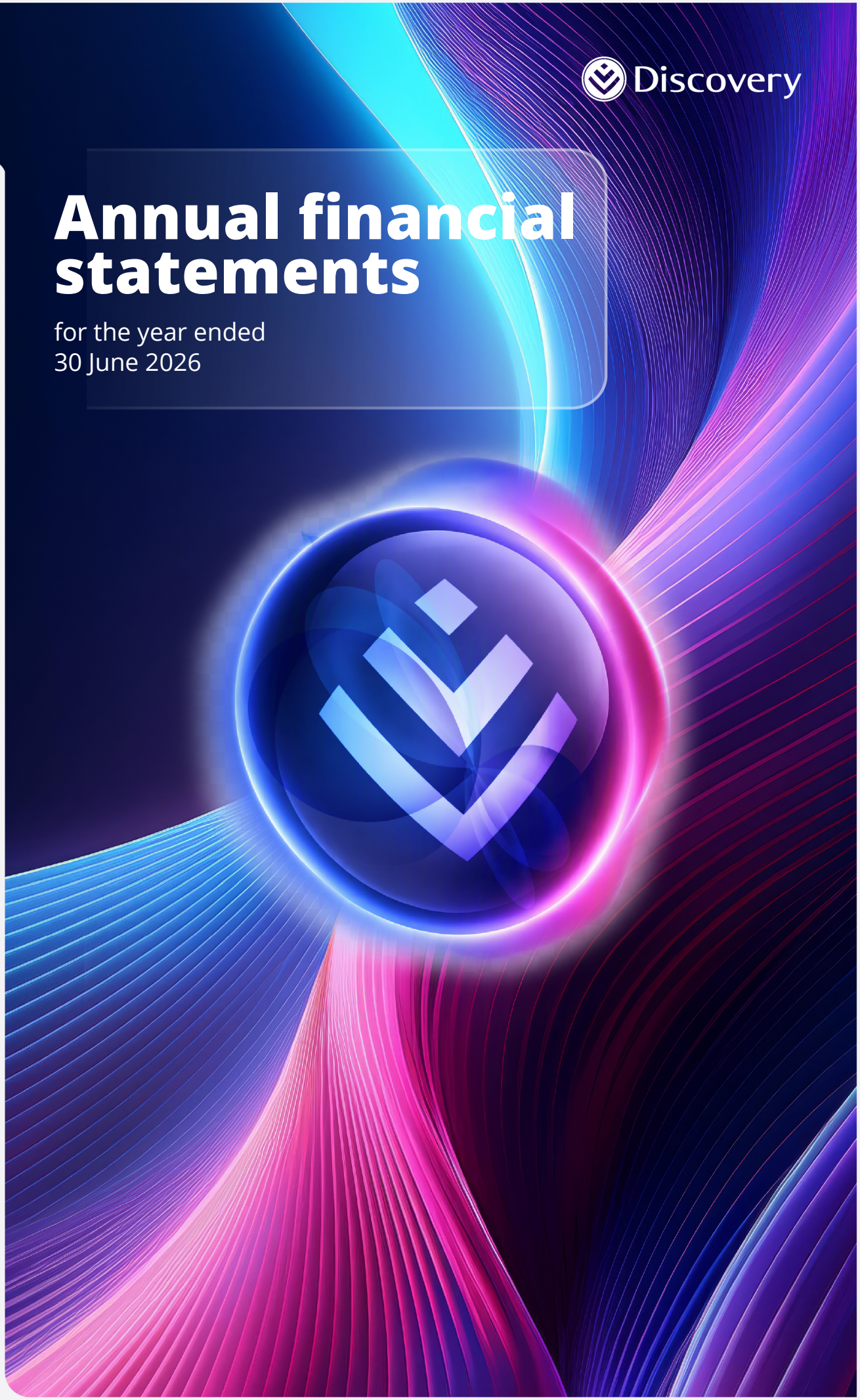
2026

DISCOVERY HEALTH

Discovery

Annual financial statements

for the year ended
30 June 2026



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Discovery Health
Registration number 1997/013480/07

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These financial statements report the results of Discovery Health Proprietary Limited, which is incorporated in the Republic of South Africa. They were audited in accordance with the Companies Act (No. 71 of 2008) of South Africa.

A copy of the set of financial statements with the signatures of the directors is available at the Company's registered office through a secure electronic manner, at the election of the person requesting inspection.

Auditor: KPMG Inc.

Prepared by: R Naidoo CA(SA), Deputy General Manager

Supervised by: S Van Jaarsveld CA(SA), Deputy Chief Financial Officer

Directors' responsibility statement

for the year ended 30 June 2026

Directors' responsibility to the shareholders of Discovery Health Proprietary Limited (Discovery Health or Company)

The directors of Discovery Health are required by the Companies Act (Act 71 of 2008), to maintain adequate accounting records and to prepare financial statements for each financial year which fairly present the state of affairs of Discovery Health at the end of the financial year, and of the results and cash flows for the year. In preparing the accompanying Annual Financial Statements, IFRS Accounting Standards as issued by the International Accounting Standards Board have been used and reasonable estimates have been made. The Annual Financial Statements incorporate full and responsible disclosure, in line with IFRS Accounting Standards and Discovery Health's philosophy on corporate governance.

The directors have reviewed Discovery Health's budget and cash flow forecast for the year up to 30 June 2027. On the basis of this review, and in light of the current financial position and available cash resources, the directors have no reason to believe that Discovery Health will not be a going concern for the foreseeable future. The going concern basis has therefore been adopted in preparing the Annual Financial Statements.

The directors are responsible for Discovery Health's systems of internal control, which include internal financial controls that are designed to provide reasonable, but not absolute, assurance against material misstatement and loss. Discovery Health maintains internal financial controls to provide reasonable assurance regarding:

- Safeguarding of assets against unauthorised use or disposition; and
- The maintenance of proper accounting records, written or electronic and the reliability of financial information used within the business, or for the publication thereof, including submissions to the Companies and Intellectual Property Commission (CIPC).

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention and the overriding of controls. An effective system of control therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, the presentation of the Annual Financial Statements.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

Discovery Health's external auditor, KPMG Inc. has audited the Annual Financial Statements and their unmodified report appears on pages 4 to 5.

The Annual Financial Statements of Discovery Health for the year ended 30 June 2026, which appear on pages 8 to 71 have been approved by the Board of Directors on 11 September 2026, and are signed on its behalf by:

Dr RM Whelan
Director

F Chothia
Director

Report of the Discovery Health (Pty) Ltd Audit Committee

for the year ended 30 June 2026

The Audit Committee (the Committee) for the Company was constituted in terms of the Group's Subsidiary Governance Framework. The Committee comprises of the following directors:

Independent Non-Executive Directors
NB Kader (Chairperson)

FN Khanyile

BTPKM Gamedze

Non-Executive Director
R Farber

The Committee has discharged its oversight responsibility for Discovery Health Proprietary Limited for the year ended 30 June 2026.

The Committee reports that it has adopted appropriate terms of reference approved by the Discovery Health Board (the Board) and has regulated its affairs in compliance with its terms of reference and the guidelines of the King V Code on Corporate Governance for South Africa, 2025 (King V). The Committee further reports that it has discharged all the responsibilities set out therein and the supplementary functions assigned by the Board.

The Committee considered the matters set out in Section 94(7) of the Companies Act, 71 of 2008 (as amended) (Companies Act) and is satisfied with the independence and objectivity of KMPG Inc. (the external auditor) as the external auditor of the Company and Mr Hanyani Adrian Mabaso as the designated auditor. The Audit Committee fulfilled its oversight responsibility and all other relevant aspects relating to the audit quality.

The Committee discharged the following specific responsibilities during the reporting period:

- Ensured and reported on the integrity, reliability and accuracy of the Company's accounting and financial reporting systems.
- Reviewed the proposed dividends by management and ensured that the Company meets the going concern, solvency and liquidity test before recommending any dividend to the Board for approval.
- Considered and recommended the annual financial statements for approval by the Board.
- Considered the forward looking assertion of the Company as well as the solvency and liquidity requirements of the Company.
- Reviewed the scope and agreed on appropriate audit fees.
- Reviewed the findings and report of the external auditor.
- Monitored compliance with relevant tax legislation for local and foreign controlled entities.
- Reviewed the skills, capacity and effectiveness of the finance function and satisfied itself that the finance function is adequately staffed and is effective.
- Reviewed any material incidents as a result of weakness in controls and monitored the implementation of internal control improvements that will prevent reoccurrence.

The Committee is satisfied that there were no material breakdowns in internal financial controls in the reporting period that impacted on the reasonability of financial reporting to stakeholders. This is based on information, reports and presentations from management, the Chief Audit Executive: Internal Audit, and the external auditor throughout the financial year.

A system update in the 2025 Medical Scheme benefit year inadvertently affected the accumulation of Above Threshold Benefit (ATB) medicine claims, financially impacting 16 658 DHMS members on certain plans. Discovery Health took a principled decision to absorb the full cost of the error through a once-off administration fee concession of R125 million, ensuring no member was financially prejudiced and that the Scheme was left in the same financial position it would have been in had the error not occurred. The Committee is satisfied that the impact was independently validated, and a comprehensive remediation programme has strengthened controls, system assurance and governance to mitigate further risks within the claims environment

The Committee is also satisfied that the external auditor has considered all significant matters concerning Discovery Health's annual financial statements and how, these were addressed by management in response. Furthermore, the Committee confirmed the external auditor was able to conduct its audit functions objectively without any undue influence from the Company.

The Committee has reviewed the impact of two major accounting standards: IFRS 18 Presentation and disclosure in financial statements effective 1 July 2027and IFRS 19 Subsidiaries without public accountability effective 1 January 2027. The committee is satisfied that the Company is currently evaluating the operational impacts of these accounting standards and the implementation requirements to ensure compliance within the effective dates.

The Committee has evaluated the annual financial statements of Discovery Health (Proprietary) Limited for the year ended 30 June 2026 and, based on the information provided to the Committee, considers that the Company complies, in all material aspects, with the requirements of the Companies Act; the IFRS Accounting Standards as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Committee herewith confirms that it carried out its legal, regulatory, and other responsibilities in alignment with its charter, terms of reference and as prescribed by the Companies Act of South Africa.

NB Kader
Chairperson

11 September 2026

Certificate by the Company Secretary

for the year ended 30 June 2026

It is hereby certified in terms of section 88(2)(e) of the Companies Act, that Discovery Health (Pty) Ltd has, for the year ended 30 June 2026, lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required by a private company in terms of this Act and that all such returns are true, correct and up to date.

Ayanda Ceba
Company Secretary

11 September 2026

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Independent auditor's report

for the year ended 30 June 2026

TO THE SHAREHOLDER OF DISCOVERY HEALTH PROPRIETARY LIMITED

Report on the audit of the financial statements

OPINION

We have audited the financial statements of Discovery Health Proprietary Limited (the Company) set out on pages 9 to 71, which comprise the statement of financial position as at 30 June 2026, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Discovery Health Proprietary Limited as at 30 June 2026, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards*). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Discovery Health Proprietary Limited Annual Financial Statements for the year ended 30 June 2026", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report *continued*

for the year ended 30 June 2026

RESPONSIBILITIES OF THE DIRECTORS FOR THE SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Inc.
Registered Auditor

Per Hanyani Mabaso
Chartered Accountant (SA)
Registered Auditor
Associate Director

Directors' report

for the year ended 30 June 2026

The directors present their annual report, which forms part of the financial statements of Discovery Health for the year ended 30 June 2026.

Nature of business

Discovery Health provides administration and managed care services to the Discovery Health Medical Scheme and 17 closed schemes. Discovery Health also provides intellectual property, rights and services, as well as administration services to other business segments within the Discovery Limited Group.

Review of results

Profit attributable to the ordinary shareholder is R2 767 million, an increase in comparison to R2 568 million reported in the prior financial year. Profit performance was primarily driven by scheme membership growth and careful management of operating expenses.

Share capital

There were no changes in the authorised or issued share capital of the Company during the financial year. Authorised number of ordinary shares was 1 100 (2025: 1 100) at R1 par value each while issued number of shares was 1 032 (2025: 1 032) at R1 par value each.

Significant contract

Discovery Health was appointed as the Administrator and Managed Care provider for SAB Medical Scheme effective 1 September 2026.

Holding Company

The Company is a wholly-owned subsidiary of Discovery Limited, the ultimate holding company, which is listed in the insurance sector of the JSE Limited (the JSE), South Africa.

Dividends

The following dividends were declared by the directors during the 2026 and 2025 financial years:

Financial year ended 30 June 2026:

- 5 September 2025, Final ordinary dividend in relation to the financial year ended 30 June 2025 of R1.36 billion
- 13 February 2026, Interim ordinary dividend of R1.24 billion
- 21 August 2026, Final ordinary dividend in relation to the financial year ended 30 June 2026 of R1.53 billion. Refer to note 5.5.

Financial year ended 30 June 2025:

- 4 September 2024, Final ordinary dividend in relation the financial year ended 30 June 2024 of R1.02 billion
- 14 February 2025, Interim ordinary dividend of R1.21 billion
- 20 June 2025, Special dividend of R3 billion

Directors' report *continued*

for the year ended 30 June 2026

Directors and secretary

The following were directors of the Company during the current and prior financial year, unless otherwise indicated:

Non-executive directors	Executive directors
A Gore	Dr. RM Whelan
Dr. J Broomberg	F Chothia
NS Koopowitz (Resigned 1 July 2025)	N Pitjie
FN Khanyile	
Dr. A Ntsaluba	
KD Klintworth (Appointed 20 February 2025)	
SV Zilwa (Resigned 15 September 2025)	
R Farber	
Dr. RN Noach	
T Gamedze (Appointed 1 July 2025)	
NB Kader (Appointed 1 January 2026)	

Company Secretary

Ayanda Ceba is the Company Secretary

Registered office	Postal address
1 Discovery Place	PO Box 786722
Sandton	Sandton
2196	2146

Events after the reporting date

Please refer to the Annual Financial Statements note 5.5 for events after reporting date.

External auditor

In the prior year, KPMG Inc. was appointed the external auditor of Discovery Health, in accordance with section 90(1) of the Companies Act., KPMG Inc. remains the appointed external auditor in the current year.

2026

DISCOVERY HEALTH

Discovery

Primary financial statements



Statement of financial position

as at 30 June 2026

R million	Notes	2026	2025
Assets			
Intangible assets	3.3	**935**	900
Investment in associates and joint ventures	3.4	**36**	*
Investment in subsidiaries	3.5	**69**	69
Deferred tax asset	3.6	**92**	64
Financial assets			
– Loans to fellow group companies at amortised cost	2.3	**4 493**	3 885
– Investments at fair value through other comprehensive income	2.4	**–**	14
– Derivative financial instruments at fair value through profit or loss	2.5	**5**	36
Contract receivables and other receivables	2.6	**1 407**	1 302
Cash and cash equivalents	2.7	**905**	1 570
TOTAL ASSETS		**7 942**	7 840
Equity			
Capital and reserves			
Ordinary share capital and share premium	3.7	**271**	271
Other reserves		**(128)**	(198)
Retained earnings		**1 674**	1 514
TOTAL EQUITY		**1 817**	1 587
Liabilities			
Financial liabilities			
– Borrowings at amortised cost	2.8	**4 654**	4 616
– Loans from fellow group companies at amortised cost	2.9	**442**	590
– Finance guarantee contracts	2.10	**11**	29
– Other financial payables at amortised cost	2.11	**736**	721
– Derivative financial instruments at fair value through profit or loss	2.12	**4**	11
Other payables	3.8	**225**	234
Current tax liability	3.9	**53**	52
TOTAL LIABILITIES		**6 125**	6 253
TOTAL EQUITY AND LIABILITIES		**7 942**	7 840

* *Amount less than R500 000.*

Statement of profit or loss

for the year ended 30 June 2026

R million	Notes	2026	2025
Fee income from administration businesses	3.10	**10 319**	9 745
Net fair value gains on financial assets at fair value through profit or loss	2.13	**2**	29
Investment income	3.11	**88**	90
Other income	3.12	**1 855**	1 884
Net income		**12 264**	11 748
Expected credit losses	2.10.2	**1**	(14)
Marketing and administration expenses	3.13	**(8 023)**	(7 765)
Operating profit before financing and income tax		**4 242**	3 969
Interest expense on borrowings	2.14	**(461)**	(449)
Foreign exchange loss		**–**	(15)
Profit before tax		**3 781**	3 505
Income tax expense	3.14	**(1 014)**	(937)
Profit for the year		**2 767**	2 568

Statement of other comprehensive income

for the year ended 30 June 2026

R million	2026	2025
Profit for the year	**2 767**	2 568
Income and expenses that will be reclassified to profit or loss when specific conditions are met:	*	–
Cash flow hedges	*	–
– Unrealised (losses)/gains	*	–
Equity instruments held at Fair value through other comprehensive income (FVTOCI)	–	19
– Change in fair value of equity instruments at FVTOCI	–	24
– Tax on change in fair value of equity instruments at FVTOCI	–	(5)
Total comprehensive income for the year	**2 767**	2 587

* *Amount is less than R500 000.*

Statement of cash flows

for the year ended 30 June 2026

R million	Notes	2026	2025
Cash flows from operating activities		**(392)**	507
Cash generated from operations	4.2	**4 536**	4 223
Interest received[1]	3.11	**91**	89
Interest paid	2.14	**(423)**	(2)
Taxation paid	4.3	**(1 018)**	(977)
Net movement in operating assets and liabilities	4.4	**(3 578)**	(2 826)
– (Increase) / decrease in operating assets	4.4.1	**(3 322)**	(3 079)
– Increase / (decrease) in operating liabilities	4.4.2	**(256)**	253
Cash flows from investing activities		**(232)**	(185)
Purchase of intangible assets	3.3	**(237)**	(280)
Increase in loans granted to fellow group companies and enterprise development initiatives		**(18)**	(26)
Proceeds from settlement of enterprise development loans		**23**	4
Disposal of shares		**–**	117
Net increase in cash and cash equivalents		**(624)**	336
Cash and cash equivalents at beginning of the year		**1 570**	1 248
Effects of exchange rate changes on cash and cash equivalents		**(41)**	(14)
Cash and cash equivalents at end of the year	2.7	**905**	1 570

[1] The Company earned R88 million in investment income in the current year. R84 million was received and R4 million was accrued at 30 June 2026. A further R7 million was received during the year for interest accrued in the prior year.

Statement of changes in equity

for the year ended 30 June 2026

R million	Share capital and share premium	Share-based payment reserve	Investment reserve	Retained earnings	Total
Year ended 30 June 2026					
At beginning of the year	**271**	**(197)**	**(1)**	**1 514**	**1 587**
Total comprehensive income for the year	**–**	**–**	**–**	**2 767**	**2 767**
Profit for the year	**–**	**–**	**–**	**2 767**	**2 767**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Transactions with owners	**–**	**70**	**–**	**(2 607)**	**(2 537)**
Value of employee services, net of tax	**–**	**175**	**–**	**–**	**175**
Transfer of vested equity scheme	**–**	**4**	**–**	**(4)**	**–**
Contribution to share trust		**(102)**		**–**	**(102)**
Modification of share based payment settlement		**(7)**		**(3)**	**(10)**
Dividends paid to ordinary shareholders	**–**	**–**	**–**	**(2 600)**	**(2 600)**
At end of the year	**271**	**(127)**	**(1)**	**1 674**	**1 817**
Year ended 30 June 2025					
At beginning of the year	271	(224)	61	4 103	4 211
Total comprehensive income for the year	–	–	19	2 568	2 587
Profit for the year	–	–	–	2 568	2 568
Other comprehensive income	–	–	19	–	19
Transactions with owners	–	27	(81)	(5 157)	(5 211)
Value of employee services, net of tax	–	162	–	–	162
Transfer of vested equity scheme	–	4	–	(4)	–
Contribution to share trust	–	(139)	–	–	(139)
Transfer among reserves	–	–	(81)	81	–
Dividends paid to ordinary shareholders	–	–	–	(5 234)	(5 234)
At end of the year	271	(197)	(1)	1 514	1 587

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04

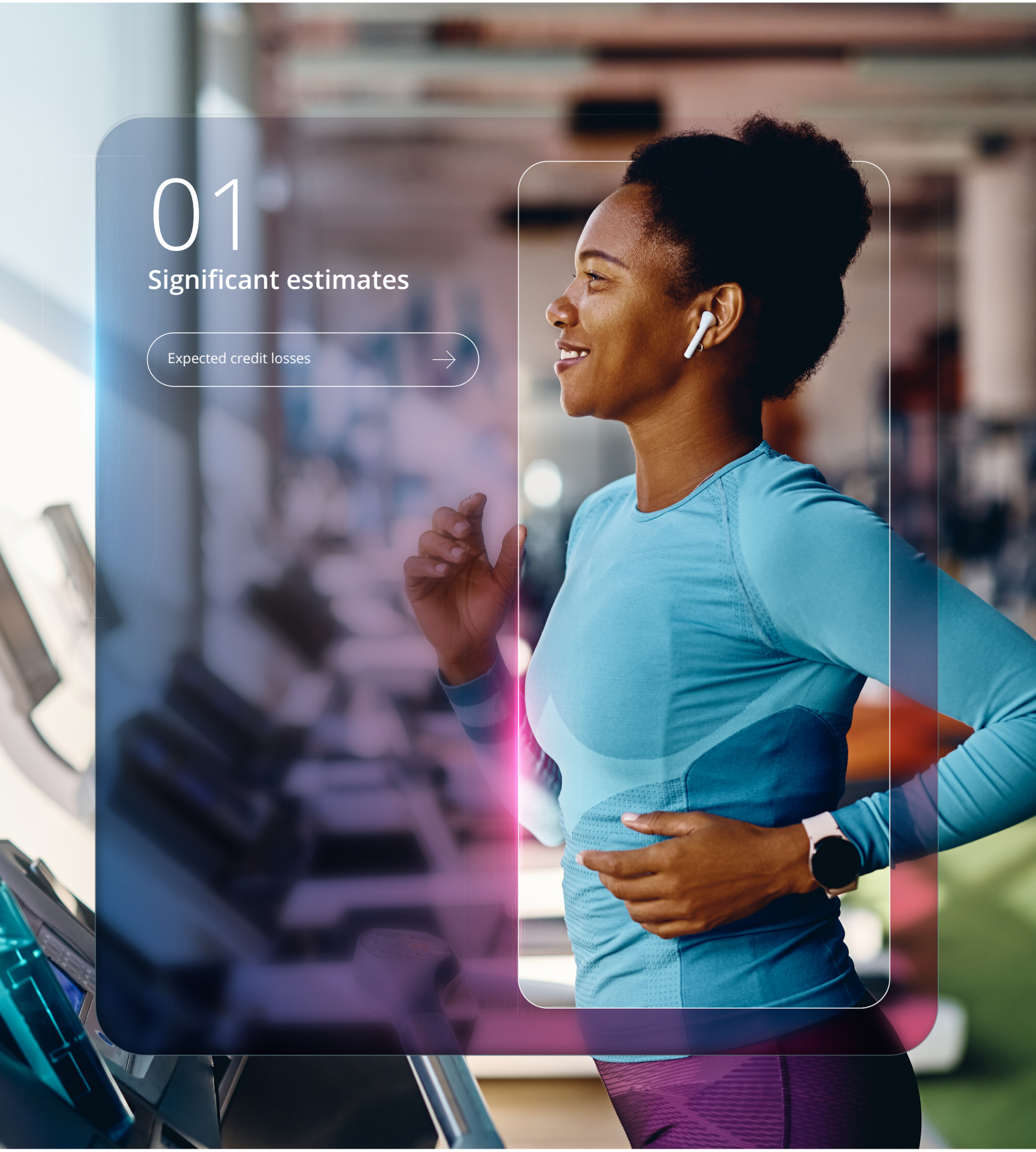
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Significant estimates

Expected credit losses

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Section 1: Significant estimates

1.1 Expected credit losses

FINANCIAL GUARANTEE CONTRACTS AND LONG-TERM LOANS AND RECEIVABLES

An approved methodology was used by management in assessing the expected credit losses (ECL) to be provided in accordance with IFRS 9. The methodology applied is consistent with market practice and considers the probability of default (PD), loss given default for corporates (LGD), and the exposure at default (EAD). The EAD is determined with reference to the outstanding balance at each payment date. The PD and LGD are determined with reference to the relative credit ratings of the Discovery Group. In addition, the valuation is adjusted to reflect multi-party cross-guarantees with rights of recourse.

EXPECTED CREDIT LOSSES ON ENTERPRISE DEVELOPMENT (ED) LOANS

The Company applies the ECL model in accordance with IFRS 9 to measure impairment on financial assets, including ED loans.

Assessing the ECL for these loans requires significant judgement in determining both the staging of the loans and the assumptions applied in estimating future cash flows and default probabilities.

The Company has exposure concentrated in a small number of enterprise development counterparties. These exposures are evaluated using the company's internal credit rating system, which incorporates both quantitative and qualitative factors in assessing credit risk. Management has retained the current stage classifications for these loans, as they are not considered credit impaired.

The Company has several mechanisms to support recoverability, including:

- Collateral arrangements over certain assets of the counterparties;
- Investment committee and veto rights over key strategic and operational decisions;
- The investee companies' integration within the Discovery ecosystem, enabling the Company to influence growth, operational performance, and cash flow generation; and
- Ongoing monitoring of financial performance and business plans to ensure repayment capacity.

These factors, together with the Company's ability to provide strategic and operational support, underpin management's assessment that the loans are recoverable and that the ECL recognised continues to reflect an appropriate measure of credit risk at the reporting date.

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Section 2: Financial instruments and management of financial risk

2.1 Introduction and overview

This section provides information on financial instruments including the disclosure and reconciliation of all financial assets and liabilities, cash and cash equivalents, specific items from the statement of profit and loss. This section also details how financial risk is managed. Refer to Annexure A Accounting policy 7 on financial instruments.

2.2 Primary financial statements and information analysed in this section

R million	Notes	2026	2025
Statement of financial position			
Assets			
Financial assets			
– Loans to fellow Group companies at amortised cost	2.3	**4 493**	3 885
– Investments at fair value through other comprehensive income	2.4	**–**	14
– Derivative financial instruments at fair value through profit or loss	2.5	**5**	36
Contract receivables and other receivable:	2.6	**1 407**	1 302
– Financial receivables: Contract and other receivables		**1 390**	1 291
– Non-financial receivables: Other receivables		**17**	11
Cash and cash equivalents	2.7	**905**	1 570
Liabilities			
Financial liabilities			
– Borrowings at amortised cost	2.8	**4 654**	4 616
– Loans from fellow group companies	2.9	**442**	590
– Financial guarantee contracts	2.10	**11**	29
– Other financial payables at amortised cost	2.11	**736**	721
– Derivative financial instruments at fair value through profit or loss	2.12	**4**	11
Statement of profit and loss			
– Expected credit loss	2.10.2	**1**	(14)
– Net fair value gains/(losses) on financial assets at fair value through profit or loss	2.13	**2**	29
– Interest expenses on borrowings and lease liabilities	2.14	**461**	449
Additional information			
Management of financial risk	2.15		

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.3 Loans to fellow group companies

R million	2026	2025
Interest bearing loans to fellow group companies:	**23**	18
Nanolabs Health Services Proprietary Limited	**15**	10
Medical Services Organisation Proprietary Limited	**8**	8
Non-interest bearing loans to fellow group companies:	**4 470**	3 868
Discovery Limited	**4 103**	3 247
Cogence Proprietary Limited	**2**	1
Discovery Connect Distribution Services Proprietary Limited	**22**	24
Discovery Administration Services Proprietary Limited	**2**	2
Discovery Green Proprietary Limited	**1**	*
Discovery Health Care Services Proprietary Limited	**1**	11
Discovery Insure Limited	**20**	24
Discovery Life Investment Services Proprietary Limited	**1**	2
Discovery Life Collective Investments Proprietary Limited	*****	*
Discovery Telematic Services Proprietary Limited	**8**	7
Discovery Vitality Proprietary Limited	**–**	2
Vitality Corporate Services Limited	**19**	7
Vitality Group International Incorporated	**74**	231
Discovery Life Limited	**82**	68
Discovery Medical Suppliers Proprietary Limited	**–**	31
Discovery Third Party Recovery Services Proprietary Limited	**2**	2
Digital Therapeutics Xpress Proprietary Limited	**–**	*
Grove Nursing Services Proprietary Limited	**39**	49
Medical Services Organisation International Proprietary Limited	**2**	1
Medical Services Organisation Isle of Man	**–**	1
Nanolabs Health Services Proprietary Limited	**5**	1
Southern RX Distributors Proprietary Limited	**86**	155
Vitality International Health Insurance Company	**1**	2
Total gross loans	**4 493**	3 886
Less: IFRS9 Expected credit losses	*****	(1)
Total net loans	**4 493**	3 885
Current	**4 473**	3 870
Non-current	**20**	15

* *Amount is less than R500 000.*

2.3.1 MOVEMENT ANALYSIS OF LOANS TO FELLOW GROUP COMPANIES:

R million	2026	2025
Balance at the beginning of the year	**3 885**	6 228
Additional loan granted	**4 780**	4 228
Repayment of loans	**(3 976)**	(6 731)
– Capital paid in cash	**(1 375)**	(1 497)
– Capital paid through dividends declared	**(2 600)**	(5 234)
– Interest	**(1)**	(*)
Other movements	**(192)**	160
Foreign currency movement	**(6)**	*
Interest receivable	**2**	1
Expected credit loss	*****	(1)
Balance at end of the year	**4 493**	3 885

* *Amount is less than R500 000.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.3 Loans to fellow group companies *continued*

2.3.2 TERMS OF INTEREST-BEARING LOANS

Discovery Health has granted ZAR denominated loans to subsidiaries. The terms are as follows:

Subsidiary the loan was granted to	Original loan value R million	Variable rate	Capital repayment and maturity date	Carrying value R million 2026	Carrying value R million 2025
NanoLabs Health Services (Pty) Ltd	3	SA Prime lending rate	At maturity - 5 Dec 2028	**4**	3
NanoLabs Health Services (Pty) Ltd	3	SA Prime lending rate	At maturity - 4 June 2029	**4**	4
NanoLabs Health Services (Pty) Ltd	3	SA Prime lending rate	At maturity - 12 Dec 2029	**3**	3
NanoLabs Health Services (Pty) Ltd	4	SA Prime lending rate	At maturity- 11 July 2030	**4**	–
Medical Services Organisation International (Pty) Ltd	9	SA Prime lending rate	Monthly - 15 Jan 2029	**8**	8
Total	22			**23**	18

2.4 Investment at fair value through other comprehensive income (OCI)

R million	2026	2025
The movements during the year were as follows:		
Balance at the beginning of the year	**14**	108
Derecognition of Investment in RecoMed	**(14)**	–
Disposal of Investment in Discovery Limited shares	**–**	(117)
Unrealised gains/(loss) at fair value through OCI	**–**	23
Balance at end of the year	**–**	14

Discovery Health held the following investments at fair value through other comprehensive income:

- Discovery Health had a shareholding of 680 268 shares in its holding company Discovery Limited. Discovery Limited is listed on the JSE. The shares were disposed of for R117 million during the 2025 financial year.
- Discovery Health purchased a 9.88% shareholding in RMed Online (Pty) Ltd (Recomed), an online healthcare booking platform. Recomed connects clients with quality healthcare providers and facilitates online bookings from any device. The Investment in Recomed was valued at R14 million in 2025. Following the increase in shareholding from 9.88% to 21.37% on 30 September 2025, and Discovery Health's significant influence over business decisions, the investment was derecognised and an Investment in associate measured at cost was recognised. Refer note 3.4.

2.5 Derivative financial instruments – financial asset

For the accounting policies relevant to the recognition and measurement of Derivatives, refer to Annexure A Accounting policy 8.

R million	2026	2025
Derivatives not designated as hedging instruments:		
Equity price risk derivatives	**5**	36
Total derivative financial instruments	**5**	36
Current	**5**	33
Non-current	**–**	3

Refer to note 2.15.2 Credit exposure for a detailed description of the derivative financial instruments listed above.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.6 Contract receivables and other receivables

R million	Notes	2026	2025
Contract receivables:		**1 221**	1 119
– Discovery Health: Closed scheme debtors		**143**	135
– Discovery Health: Discovery Health Medical Scheme debtors		**1 068**	973
– Vitality Group receivables		**10**	11
Other financial receivables:		**230**	234
– Loans to BEE initiatives		**122**	132
– Security deposit on derivatives		**11**	–
– Expired hedge receivables		**20**	6
– Other debtors		**61**	87
– Payroll debtors		**16**	9
Gross financial receivable		**1 451**	1 353
Expected credit losses	2.10.2	**(61)**	(62)
Net financial receivables		**1 390**	1 291
Non-financial receivables[1]		**17**	11
– Prepayments		**16**	11
– Value-added tax asset		**1**	–
Total contract receivables and other receivables		**1 407**	1 302
Current		**1 389**	1 253
Non-current		**18**	49

[1] *These non-financial assets have been excluded from the risk disclosures presented in note 2.15.*

2.6.1 CONTRACT RECEIVABLES MOVEMENT ANALYSIS

R million	2026	2025
Opening balance	**1 119**	907
Income recognised in the year	**10 556**	9 761
Payments received	**(10 454)**	(9 549)
Foreign exchange valuation	*****	*
Closing balance	**1 221**	1 119

* *Amount is less than R500 000.*

2.7 Cash and cash equivalents

For the accounting policies relevant to the recognition and measurement of Cash and cash equivalents, refer to Annexure A Accounting policy 9.

R million	2026	2025
Cash at bank and in hand	**647**	838
Short-term deposits	**206**	285
Money market investments	**52**	447
Total cash and cash equivalents	**905**	1 570

The carrying value of cash and cash equivalents approximates the fair value due to the relatively short-term nature of the instrument.

Discovery Health conducts assessments of its money market instruments. These instruments will only be classified as cash equivalents if they meet the following criteria:

(1) The purpose of the investment is to fulfil short-term cash commitments
(2) The instrument demonstrates high credit quality within the relevant jurisdiction, as indicated by its credit rating
(3) The primary objective of the investment is to protect capital and provide liquidity
(4) The investment can be readily converted into known amounts of cash, similar to bank balances
(5) The fund is invested solely in interest-bearing instruments, similar to deposits, with institutions of high credit quality.

Additionally, the investment must not introduce speculative grade or equity-type risks and exposures. This can be demonstrated by the yield returns relative to other deposit-type investments within the same jurisdiction. The Company's money market investments meet the above criteria.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.8 Borrowings at amortised cost

For the accounting policies relevant to the recognition and measurement of Borrowings, refer to Annexure A Accounting policies 11.

R million	2026	2025
INTEREST BEARING LOANS		
Discovery Limited	**4 654**	4 616
Balance at end of the year	**4 654**	4 616
Current	**4 171**	–
Non-current	**483**	4 616

Movement analysis of interest-bearing loans:

R million	2026	2025
Balance at beginning of the year	**4 616**	4 169
Interest accrued (note 2.14)	**460**	447
Interest paid (note 2.14)	**(422)**	–
Balance at end of the year	**4 654**	4 616

TERMS OF INTEREST- BEARING LOANS FROM DISCOVERY LIMITED

R million	Principal loan amount	Variable rate	Interest rate per annum	Capital repayment and maturity date	Carrying value (R million) 2026	2025
Discovery Limited	727	3-Month JIBAR +240bps	At maturity	At maturity – 1 Sept 2026	**1 619**	1 607
Discovery Limited	93	Fixed	10.2%	At maturity – 30 Sept 2026	**229**	227
Discovery Limited	282	Fixed	10.2%	At maturity – 30 Sept 2026	**694**	562
Discovery Limited	235	Fixed	10.2%	At maturity – 15 Dec 2026	**567**	402
Discovery Limited	173	Fixed	10.2%	At maturity – 28 March 2027	**405**	651
Discovery Limited	288	Fixed	10.2%	At maturity – 30 June 2027	**657**	688
Discovery Limited	212	Fixed	10.2%	At maturity – 3 July 2027	**483**	479
Total Discovery	2 010				**4 654**	4 616

2.9 Loans from fellow Group Companies[1]

R million	2026	2025
Discovery Bank Limited	**9**	–
Discovery Central Services (Pty) Ltd	**363**	485
Discovery Insure Limited	**–**	*
Discovery Medical Suppliers (Pty) Ltd	**1**	*
Digital Therapeutics Xpress (Pty) Ltd	**	–
Discovery Partner Markets Services (Pte) Ltd	**25**	4
Discovery Vitality (Pty) Ltd	**40**	62
Medical Services Organisation International	**1**	–
Southern RX Distributors (Pty) Ltd	**–**	*
Vitality Corporate Services Limited	**3**	21
Vitality Group International Inc.	**–**	18
Total loans	**442**	590

[1] The transactions recorded in intercompany loans from fellow group companies are unsecured, interest free and repayable on demand.
** Amounts below R500 000.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.10 Financial guarantee contracts (FGC)

Investments in group contracts consist of Financial guaranteed contracts (FGC). Discovery Health issued financial guarantee contracts, to the value of R10 million (2025: R9 million), for Discovery Limited's syndicate and Domestic Term Note programme loans totalling R11 040 million (2025: R9 995 million).

Discovery Health issued other financial guarantee contracts to the value of R1 million (2025: R20 million) for Discovery Central Services' Investec loans amounting to R1 550 million (2025: R2 873 million).

For the accounting policies relevant to the recognition and measurement of Financial guarantee contracts refer to Annexure A, Accounting policy 3.

R million	2026	2025
Discovery Limited has accrued for financial guarantees for the following subsidiary:		
– Discovery Limited	10	9
– Discovery Central Services Proprietary Limited	1	20
Total	11	29

All Financial guarantee contracts are classified as current. During the year, the FGC was amortised by R21 million (2025: R18 million). The FGC valuation subsequently decreased by R1 million (2025: increased by R5 million).

2.10.1 MOVEMENT ANALYSIS

R million	2026	2025
Balance at the beginning of the year	**29**	42
New guarantee contracts	**4**	–
Fee income released	**(21)**	(18)
Expected credit losses (valuation)	**(1)**	5
Financial guarantee contract	**11**	29

2.10.2 EXPECTED CREDIT LOSS

R million	2026	2025
Contract receivables and other receivables		
Provision for bad debts	*	(9)
Financial guarantee contract	**1**	(5)
– Discovery Limited	**1**	(5)
– Discovery Central Services Proprietary Limited	*	*
Movement in allowance for expected credit losses	**1**	(14)

* *Amount less R500 000.*

2.11 Other financial payables at amortised cost

For the accounting policies relevant to the recognition and measurement of other Financial payables at amortised cost, refer to Annexure A Accounting policy 7.2.

R million	2026	2025
Expired hedge payables	**16**	–
Payables and accrued liabilities	**152**	97
Payroll creditors	**419**	534
Security deposits on derivatives	**15**	12
Other creditors	**134**	78
Balance at end of the year	**736**	721
Current	**733**	714
Non-current	**3**	7

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.12 Derivative financial instruments – financial liability

For the accounting policies relevant to the recognition and measurement of Derivatives, refer to Annexure A Accounting policy 8.

R million	2026	2025
Derivatives used as cashflow hedges:		
Equity price risk derivatives	**1**	–
Derivatives not designated as hedging instruments:		
Equity price risk derivatives	**3**	11
Total derivative financial instruments	**4**	11
Current	**3**	9
Non-current	**1**	2

2.13 Net fair value gains on financial assets at fair value through profit or loss

For the accounting policies relevant to the recognition and measurement of Net fair value gains on financial assets through profit and loss, refer to Annexure A Accounting policy 17.2.

R million	2026	2025
Fair value of non- hedge derivatives	**2**	7
Cashflow hedge ineffectiveness	*****	–
Net fair value gains on derivatives	**–**	22
Total	**2**	29

* *Amounts less than R500 00.*

2.14 Interest expense on borrowings

For the accounting policies relevant to the recognition and measurement of interest expense on Borrowings, refer to Annexure A Accounting policy 19.

R million	2026	2025
INTEREST EXPENSE ON:		
– Interest on borrowings using the effective interest method	**460**	447
– Interest on bank overdraft	**1**	2
– Interest paid on credit support	**–**	*
Finance costs	**461**	449
Interest paid	**423**	2
Interest accrued	**38**	447

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk

Discovery Health's activities exposes itself to a variety of financial risks. Financial risks include market risk, credit risk and liquidity risk.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and investment return. Market risk that could impact future cash flows and hence the value of a financial instrument arises from:

- *Equity price risk*: The impact of changes in equity prices and dividend income.
- *Interest rate risk*: The impact of changes in market interest rates.
- *Currency risk*: The impact of changes in foreign exchange rates.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

LIQUIDITY RISK

Liquidity risk is the risk that Discovery Health will encounter difficulty in meeting obligations associated with financial liabilities due to insufficient cash or other financial assets being available to meet commitments as and when they become due.

Financial risks are managed by the Company as follows:

- Reputable external asset managers have been appointed to manage its investments.
- The Actuarial Committee reviews the overall matching of shareholder assets to their respective liabilities.
- The Capital, Currency, and Investment Committee (CCIC) is a sub-committee of the Group Executive Committee and meets quarterly to focus on shareholder assets and the performance of asset managers responsible for managing these assets. The CCIC also sets exposure limits for exposures to individual counterparties.
- External consultants are periodically engaged to review past investment decisions.
- The Investment Committee is a sub-committee of the CCIC and meets monthly to make operational decisions regarding the Company's liquidity and foreign currency exposure.

THE COMPANY'S APPROACH IN MONITORING CREDIT RISK

The Company's credit risk rating systems and processes differentiate and quantify credit risk across counterparties and asset classes. The Company uses different credit rating approaches to monitor credit risk dependent on the financial assets. For financial assets with external ratings (e.g. Moody's), the external rating is always used. For non-Moody's-rated instruments, the following approaches will apply:

Rating scales for funds

A credit rating, being a ranking of creditworthiness, is allocated to the obligor. Where external ratings are unavailable, internal rating assessments are conducted through analysis of the latest financial and other relevant information, in a consistent and systematic manner.

Where external ratings are available, the standard rating classifications used by the external rating agencies have been applied and mapped to the internal categories per the Company's internal rating scale.

The internal rating scale is based on internal definitions and influenced by definitions published by the external ratings agency, Moody's. Where applicable, internal ratings are mapped to equivalent external Moody's rating scales.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

THE COMPANY'S APPROACH IN MONITORING CREDIT RISK *continued*

The Company's Internal Rating Scale categories for disclosure purposes are defined below:

Company internal grading for disclosures	Moody's Investors Service international rating equivalent of internal rating	S&P Global International Ratings equivalent of internal rating	Discovery internal risk weighting (RW) grading for internal credit risk assessment[1]
Investment grade			
Grade Aaa	Aaa	AAA	RW1
Grades Aa1, Aa2, Aa3	Aa1, Aa2, Aa3	AA+, AA, AA-	RW2-RW4
Grades A1, A2, A3	A1, A2, A3	A+,A,A-	RW5-RW7
Grades Baa1, Baa2, Baa3	Baa, Baa1, Baa2, Baa3	BBB+,BBB,BBB-	RW8-RW10
Sub-investment grade			
Grades Ba1, Ba2, Ba3	Ba1, Ba2, Ba3	BB+, BB, BB-	RW11-RW14
Grades B1, B2, B3	B1, B2, B3	B+, B, B-	RW15-RW19
Grades Caa1, Caa2, Caa3	Caa1, Caa2, Caa3	CCC+, CCC, CCC-	RW20-RW23
Grades Ca1, Ca2, Ca3	Ca1, Ca2, Ca3	CC	RW24
Default			
Grade C	C	RD	RW25

1 *The Discovery group utilises an internal risk weighting (RW) scale, calibrated to external rating agencies to develop internal credit ratings for financial guarantee contracts and its internal borrowings amongst Discovery Group entities. It is a 25-point rating scale. The ratings are mapped to their probability of default, which is then calibrated to a similar range of S&P Global Ratings and Moody's Investors Service ratings.*

Where a short-term rating is unavailable, for example, short-term cash deposits, the Company includes, for the purpose of credit risk disclosures the financial instrument as per the respective entity's long-term credit rating.

The Company's internal grading for disclosures aligns with Moody's Investors Service definitions of their respective ratings as follows:

Investment grade	Aaa	Obligations rated Aaa are judged to be of the highest quality, subject to minimal credit risk.
	Aa	Obligations rated Aa are judged to be of the highest quality, subject to the lowest level of credit risk.
	A	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.
	Baa	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
Sub-investment grade	Ba	Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.
	B	Obligations rated B are considered speculative, and are subject to high credit risk.
	Caa	Obligations rated Caa are judged to be speculative, of poor standing and are subject to very high credit risk.
	Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
Default	C	Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

A numerical modifier may be added to each generic rating classification. Each modifier indicates the following:

- The modifier 1 indicates that the obligation ranks at the higher end of its generic rating category
- The modifier 2 indicates a mid-range ranking; and
- The modifier 3 indicates a ranking in the lower end of that generic rating category.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

2.15.1 MARKET RISK

Discovery Health's exposure to market risk is discussed in more detail in the pages to follow.

2.15.1.1 Currency risk

The currency risk is the impact of changes in foreign exchange rates on future cash flows and hence the value of a financial instrument. Discovery Health has exposure to currency risk arising from various foreign currency transactions, primarily from the US dollar. The Company determined that a 10% change is a reasonable expected strengthening/(weakening) of the US dollar (USD) against the functional currency, South African Rand (ZAR). Sensitivity to currency risk is summarized below.

	Profit or loss		Equity	
R million	Strengthening	Weakening	Strengthening	Weakening
30 June 2026				
USD	**43**	**(43)**	**43**	**(43)**
30 June 2025				
USD	59	(59)	59	(59)

The exchange rates at year-end are detailed in the table below (quoted as Rand per foreign currency at the closing spot rate):

	GBP	USD	RMB
30 June 2026	**21.73**	**16.37**	**2.09**
30 June 2025	24.34	17.77	2.48

R million	Total	Rand	GBP	USD	RMB
30 June 2026					
Loans to fellow group companies at amortised cost	**4 493**	**4 493**	**–**	**–**	**–**
Derivative financial instruments at fair value through profit or loss	**5**	**5**	**–**	**–**	**–**
Contracts Receivables and Other receivables[1]	**1 390**	**1 380**	**–**	**–**	**10**
Cash and cash equivalents	**905**	**448**	**2**	**455**	**–**
Total financial assets	**6 793**	**6 326**	**2**	**455**	**10**
Borrowings at amortised cost	**4 654**	**4 654**	**–**	**–**	**–**
Loans from fellow group companies at amortised cost	**442**	**413**	**3**	**1**	**25**
Financial Guarantee contracts	**11**	**11**	**–**	**–**	**–**
Other financial payables at amortised cost	**736**	**717**	**–**	**12**	**7**
Derivative financial instruments at fair value through profit or loss	**4**	**4**	**–**	**–**	**–**
Total financial liabilities	**5 847**	**5 799**	**3**	**13**	**32**

R million	Total	Rand	GBP	USD	RMB
30 June 2025					
Loans to fellow group companies at amortised cost	3 885	3 881	1	3	–
Investments at fair value through OCI	14	14	–	–	–
profit or loss	36	36	–	–	–
Contract receivables and other receivables[1]	1 291	1 280	–	–	11
Cash and cash equivalents	1 570	946	2	622	*
Total financial assets	6 796	6 157	3	625	11
Borrowings at amortised cost	4 616	4 616	–	–	–
Loans from fellow group companies at amortised cost	590	547	21	18	4
Financial guarantee contracts	29	29	–	–	–
Other financial payables at amortised cost	721	698	–	19	4
Derivative financial instruments at fair value through profit or loss	11	11	–	–	–
Total financial liabilities	5 967	5 901	21	37	8

1 Contract receivables and other receivables excludes Prepayments and VAT of R17 million (2025: R11 million).

** Amounts less than R500 00.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

2.15.1 MARKET RISK *continued*

2.15.1.2 Interest rate risk

Interest rate risk is the impact of changes in market interest rates on future cash flows and hence the value of a financial instrument. Interest rate risk is managed by the Investment Committee.

For financial assets with a floating rate, a 1% increase or decrease in the local interest rate would result in an impact on profit or loss (investment income) and equity before tax of R9.4 million (2025: R15.8 million).

While financial liabilities with a floating interest rate, a 1% change in the interest rate would result in an increase or decrease of R16.2 million (2025: R16.2 million) in profit or loss (interest on borrowings) and equity before tax.

The sensitivity is based on the assumption that the interest rate has increased or decreased by 1% with all other variables held constant. The table below details the specific interest rate risk that Discovery Health is exposed to:

R million	Carrying amount	Fixed	Floating	Non-interest bearing
30 June 2026				
Loans to fellow group companies	**4 493**	**–**	**23**	**4 470**
Derivative financial instruments at fair value through profit or loss	**5**	**–**	**–**	**5**
Contract receivables and other receivables[1]	**1 390**	**–**	**14**	**1 376**
Cash and cash equivalents	**905**	**–**	**905**	**–**
Total financial assets	**6 793**	**–**	**942**	**5 851**
Borrowings at amortised cost	**4 654**	**–**	**1 619**	**3 035**
Loans from fellow group companies	**442**	**–**	**–**	**442**
Financial guarantee contracts	**11**			**11**
Other financial payables at amortised cost	**736**	**–**	**–**	**736**
Derivative financial instruments at fair value through profit or loss	**4**	**–**	**–**	**4**
Total financial liabilities	**5 847**	**–**	**1 619**	**4 228**

R million	Carrying amount	Fixed	Floating	interest bearing
30 June 2025				
Loans to fellow group companies at amortised cost	3 885	–	17	3 868
Investment at fair value through OCI	14	–	–	14
Derivative financial instruments at fair value through profit or loss	36	–	–	36
Contract receivables and other receivables[1]	1 291	–	16	1 275
Cash and cash equivalents	1 570	27	1 543	–
Total financial assets	6 796	27	1 576	5 193
Borrowings at amortised cost	4 616	3 009	1 607	–
Loans from fellow group companies at amortised cost	590	–	–	590
Financial guarantee contracts	29	–	–	29
Other financial payables at amortised cost	721	–	12	709
Derivative financial instruments at fair value through profit or loss	11	–	–	11
Total financial liabilities	5 967	3 009	1 619	1 339

1 Contract receivables and other receivables excludes Prepayments and VAT of R17 million (2025: R11 million).

2.15.1.3 Equity price risk

INVESTMENTS IN THE PRIOR YEAR

Discovery Health held shares in RMed Online Proprietary Limited which is not listed. For this investment a 10% decrease in equity would result in a loss of R1.4 million and a 10% increase in the equity would result in a gain of R1.4 million.

On sale or derecognition of these investments, the gains or losses were recognised directly in equity.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

2.15.2 CREDIT RISK

Discovery Health is exposed to credit risk through its financial investments, cash and cash equivalents and contract receivables and other receivables.

CREDIT RISK EXPOSURE TO CASH AND CASH EQUIVALENTS

This risk is managed by monitoring exposure to external financial institutions against approved limits per institution. Credit ratings are provided below.

Cash and cash equivalents have a high credit quality based on the rating of counterparties and have relatively short-term maturities. Impairment based on the expected credit loss approach was assessed and considered insignificant. There are no amounts within these balances which are credit impaired or where there has been a significant increase in credit risk since initial recognition.

R million	Total	Aa123	Baa123	Ba123
As at 30 June 2026				
Cash and cash equivalents	**905**	**48**	**856**	**1**
As at 30 June 2025				
Cash and cash equivalents	1 570	150	1 278	142

CREDIT EXPOSURE FOR DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Discovery Health is exposed to equity price risk through its cash-settled share incentive schemes, namely the Acquisition share scheme, the details of which is described in note 5.2. To manage this risk, Discovery Health has purchased various instruments from Baa3 rated South African banks to hedge a portion of its exposure to changes in the Discovery Limited share price.

CREDIT RISK RELATING TO CONTRACT RECEIVABLES AND OTHER RECEIVABLES[1]

R million	Notes	2026	2025
Closed scheme debtors		**143**	135
Discovery Health Medical Scheme[2]		**1 068**	973
Security deposit on derivatives		**11**	–
Expired hedge receivables		**20**	6
Loans to BEE initiatives		**122**	132
Payroll debtors		**16**	9
Vitality Group receivables		**10**	11
Other financial receivables		**61**	87
Less allowance for expected credit losses		**(61)**	(62)
Total	2.6	**1 390**	1 291

1 Contract receivables and other receivables excludes Prepayments and VAT of R17 million (2025: R11 million).

2 Discovery Health Medical Scheme (DHMS) has been rated AAA by Global Credit Ratings. The closed schemes have not been rated. Amounts due from DHMS and the closed schemes are paid the following month.

Discovery Health ages and pursues unpaid accounts on a monthly basis. The ageing of the components of contract receivables and other receivables at year end was:

R million	Gross 2026	ECL 2026	Gross 2025	ECL 2025
Not past due (current)	**1 424**	**(50)**	1 312	(52)
30 days	**5**	**–**	4	–
60 days	**1**	**–**	2	–
90 days	**1**	**–**	12	–
120 days	*****	**–**	5	–
150 days	*****	**–**	–	–
>150 days	**20**	**(11)**	18	(10)
Balance at year end	**1 451**	**(61)**	1 353	(62)

** Amount less than R500 000.*

The Company establishes an allowance for expected credit losses that represents its estimate of expected losses with respect to loans and other receivables that are financial assets. The allowance comprises of a specific loss component that relates to individually significant exposures, and a collective loss component, established for groups of similar assets. The loss allowance is determined based on historical data of payment statistics for similar financial assets, and where available without undue cost or effort, incorporates forward-looking information.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

2.15.2 CREDIT RISK *continued*

CREDIT EXPOSURE

Management have considered the level of impairments specifically those relating to past due loans and receivables and consider the level ECL adequate. The movement in ECL during the year was as follows:

R million	Movement
Balance at beginning of 1 July 2024	**(56)**
Additional provision raised	**(9)**
Provision reversed	*****
Provision utilised	**3**
Closing balance at 30 June 2025	**(62)**
Balance at beginning of 1 July 2025	(62)
Additional provision raised	(3)
Provision reversed	2
Provision utilised	2
Closing balance at 30 June 2026	(61)

* *Amount less than R500 000.*

EXPECTED CREDIT LOSS RECONCILIATION

R million	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL/credit impaired)	90 days past due/ credit impaired	Total
30 June 2026					
Balance at beginning of the year	**–**	**(25)**	**(26)**	**(11)**	**(62)**
Provision raised	**(1)**	**(2)**	**–**	**–**	**(3)**
Provision reversed	**–**	**2**	**–**	*****	**2**
Provision utilised	**(3)**	**(6)**	*****	**11**	**2**
Balance end of the year	**(4)**	**(31)**	**(26)**	**–**	**(61)**
30 June 2025					
Balance at beginning of the year	–	(26)	(25)	(5)	(56)
Provision raised	–	(1)	(1)	(7)	(9)
Provision reversed	–	–	–	*	*
Provision utilised	–	2	–	1	3
Balance end of the year	**–**	(25)	(26)	(11)	(62)

* *Amounts less than R500 000.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

2.15.3 LIQUIDITY RISK

Cash flow forecasting is performed by the Company, and it monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to always meet operational needs.

Cash held by the Company is managed by Group treasury. Group treasury invests in interest-bearing accounts, time deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

Discovery Health has provided several guarantees over the long-term external borrowings of Discovery Limited. In terms of IFRS 7, the liquidity risk disclosure reflects the maximum exposure under these guarantees, being the gross carrying amount of the external loans guaranteed, as if payable on demand. While this presentation is required by IFRS 7, the Directors note that the likelihood of Discovery Health being required to settle the full guaranteed amount is assessed as remote, given Discovery Limited's strong liquidity profile and covenant compliance.

The table below examines the Company's financial assets and liabilities in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

R million	Total	<1 year	1 – 2 years	3 – 5 years
30 June 2026				
Loans to fellow group companies at amortised cost[1]	**4 500**	**4 474**	**8**	**18**
Derivative financial instruments at fair value through profit or loss	**5**	**5**	**–**	**–**
Contract receivables and Other receivables	**1 390**	**1 374**	**2**	**14**
Cash and cash equivalents	**905**	**905**	**–**	**–**
Total financial assets	**6 800**	**6 758**	**10**	**32**
Borrowings at amortised cost[2]	**4 860**	**4 324**	**536**	**–**
Loans from fellow group companies	**442**	**442**	**–**	**–**
Other payables at amortised cost	**736**	**733**	**3**	**–**
Financial Guarantee contracts	**12 590**	**12 590**	**–**	**–**
Derivative financial instruments at fair value through profit or loss	**4**	**4**	*****	*****
Total financial liabilities	**18 632**	**18 093**	**539**	*****
30 June 2025				
Loans to fellow group companies at amortised cost[1]	3 891	3 871	3	17
Investments designated fair value through other comprehensive income	14	14	–	–
Derivative financial instruments at fair value through profit or loss	36	33	3	–
Contract receivables and Other receivables	1 291	1 242	49	–
Cash and cash equivalents	1 570	1 570	–	–
Total financial assets	6 802	6 730	55	17
Borrowings at amortised cost[2]	5 361	–	3 494	1 867
Loans from fellow group companies	590	590	–	–
Other payables at amortised cost	721	714	6	1
Financial Guarantee contracts	12 868	12 868	–	–
Derivative financial instruments at fair value through profit or loss	11	9	2	–
Total financial liabilities	19 551	14 181	3 502	1 868

* *Amount less than R500 000.*

1 Loans to fellow group companies include future interest to reflect maturity on an undiscounted basis R8 million (2025:5.3million).

2 Borrowings at amortised cost include future interest to reflect maturity on an undiscounted basis R206 million (2025: R745 million).

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

2.15.4 FAIR VALUE ESTIMATION

Discovery Health'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:

- Quoted prices for similar instruments or identical instruments in markets which are not considered to be active, or
- 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. The valuation method used is the Enterprise Value/EBITDA based of the entity's business case projection and regression analysis based on a metrics of monthly sale, and where at least one input (which could have a significant effect on instruments' valuation) cannot be based on observable market data. In addition to the above the valuation was influenced by investments made by external parties.

R million	Level 1	Level 2	Level 3	Total
30 June 2026				
Financial assets				
Derivative financial instruments at fair value:	**–**	**5**	**–**	**5**
Total financial assets	**–**	**5**	**–**	**5**
Financial liabilities				
Derivative financial instruments at fair value:	**–**	**4**	**–**	**4**
Total financial liabilities	**–**	**4**	**–**	**4**

R million	Level 1	Level 2	Level 3	Total
30 June 2025				
Financial assets				
Investments at fair value through OCI	–	–	14	14
Derivative financial instruments at fair value:	–	14	22	36
Total financial assets	–	14	36	50
Derivative financial instruments at fair value:	–	11	–	11
Total financial liabilities	–	11	–	11

FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

R million	Investments at fair value through OCI	Derivative financial assets	Total
30 June 2026			
Balance at the beginning of year	**14**	**22**	**36**
– Other movements[1]	**(14)**	**(22)**	**(36)**
Balance at the end of the year	**–**	**–**	**–**

R million	Investments at fair value through OCI	Derivative financial assets	Total
30 June 2025			
Balance at the beginning of year	16	–	16
– Included in profit or loss	–	22	22
– Included in other comprehensive income	(2)	–	(2)
Balance at the end of the year	14	22	36

1 The derecognition of the RMed Online (Pty) Ltd investment and the derivative thereof due to the change in shareholding and recognition of an associate impacted the balance sheet only.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 2: Financial instruments and management of financial risk *continued*

2.15 Management of financial risk *continued*

2.15.4 FAIR VALUE ESTIMATION *continued*

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.

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

Instruments	Valuation technique	Main inputs and assumptions for level 2 fair value hierarchy
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	■ discount rate ■ spot prices of the underlying ■ correlation factors ■ volatilities ■ earnings yield ■ valuation multiples

2.15.5 CAPITAL MANAGEMENT

Discovery Health's objective when managing capital (which includes share capital, working capital and cash and cash equivalents) is to safeguard the Company's ability to continue as a going concern.

The Company monitors capital utilising several measures, including debt: assets and the gearing ratio. The gearing ratio is calculated as liabilities divided by shareholders' equity.

R million	2026	2025
– All assets excluding intangible assets, intercompany loans and deferred tax	**2 422**	2 980
– Financial liabilities less intercompany loans and borrowings	**752**	761
– Total equity	**1 817**	1 587
Debt : Asset	**0.31**	0.26
Gearing ratio	**0.41**	0.48

03

Other assets, liabilities, equity and items of income and expense

- Introduction and overview
- Primary financial statements and information analysed in this section
- Intangible assets
- Investments in associates and joint ventures
- Investment in subsidiaries
- Deferred tax asset
- Ordinary share capital and share premium
- Other payables
- Current tax liability
- Fee income from administration business
- Investment income
- Other income
- Marketing and administration expenses
- Income tax expense



Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 3: Other assets, liabilities, equity and items of income and expense

3.1 Introduction and overview

This section provides information on equity, the remainder of the assets, liabilities, income and expense in the annual financial statements.

3.2 Primary financial statements and information analysed in this section

R million		Note(s)	2026	2025
Statement of financial position	**Assets**			
	Intangible assets	3.3	**935**	900
	Investment in associates and joint ventures	3.4	**36**	*
	Investment in subsidiaries	3.5	**69**	69
	Deferred tax asset	3.6	**92**	64
	Equity			
	Share capital and share premium	3.7	**271**	271
	Liabilities			
	Other payables	3.8	**225**	234
	Current tax liability	3.9	**53**	52
Statement of profit or loss	Fee income from administration business	3.10	**10 319**	9 745
	Investment income	3.11	**88**	90
	Other income	3.12	**1 855**	1 884
	Marketing and administration expenses	3.13	**8 023**	7 765
	Income tax expense	3.14	**1 014**	937

3.3 Intangible assets

For the accounting policies relevant to the recognition and measurement of Intangible assets, refer to Annexure A Accounting policy 5. Intangible assets consist of software and core systems.

R million	2026	2025
Opening balance	**900**	827
Additions	**237**	280
Impairments	**–**	(20)
Derecognition[1]	**–**	(1)
– Cost	**(88)**	(22)
– Accumulated amortisation	**88**	21
Amortisation charge	**(202)**	(186)
Closing balance	**935**	900
Cost	**1 688**	1 539
Accumulated amortisation	**(753)**	(639)

[1] *Various intangible assets that were no longer in use were derecognised. These assets had a book value of R nil in the current year (2025: R1 million book value).*

3.4 Investments in associates and joint ventures

	Issued ordinary capital R		Effective percentage holding %		Investment in joint ventures R	
	2026	2025	**2026**	2025	**2026**	2025
Quantium Health SA (Pty) Ltd	**1 000**	1 000	**50 %**	50 %	**5 000**	5 000
RMed Online (Pty) Ltd[1]	**6 737**	–	**21.37 %**	–	**35 786 730**	–
Balance at the end of the year	**7 737**	1 000			**35 791 730**	5 000

1 *RMed Online (Pty) Ltd (Recomed) is now an equity-accounted associate in Discovery Health, following an increase in shareholding from 9.88% to 21.37% conferring significant influence. The shareholding is effective from 30 September 2025. Recomed is an online healthcare booking platform. It connects clients with quality healthcare providers and facilitates online bookings from any device. The investment is initially recognised at cost and tested for impairment annually.*

Investments in joint ventures and associates are initially recognised at cost and tested for impairment annually. Refer to Annexure A, Accounting policy 2 for details on the accounting method applied.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 3: Other assets, liabilities, equity and items of income and expense *continued*

3.5 Investment in subsidiaries

	Issued ordinary capital		Effective percentage holding %[1]		Investment in subsidiaries R	
	2026	2025	**2026**	2025	**2026**	2025
Discovery Third Party Recovery Services Proprietary Limited	**1**	1	**100**	100	**1**	1
Discovery Health Care Services Proprietary Limited	**1**	1	**100**	100	**10 100**	10 100
Medical Services Organisation International	**1 010**	1 010	**100**	70	**20 337 509**	20 337 509
– MSOI Limited	**10**	10	**100**	70	**7 846 928**	7 846 928
– MSOI Proprietary Limited	**1 000**	1 000	**100**	70	**12 490 581**	12 490 581
Discovery Administration Services Proprietary Limited	**320**	320	**100**	100	**33 472 840**	33 472 840
NanoLabs Health Services Proprietary Limited	**1 639**	1 639	**52**	52	**15 295 500**	15 295 500
Balance at the end of the year	**2 971**	2 971			**69 115 950**	69 115 950

1 Effective percentage holding is the same as the voting power.

During the year, the Company purchased the remaining 30% shareholding of MSOI Limited and MSOI Proprietary Limited. The increase in Discovery Health's ownership interest in the MSO entities from 70% to 100% was accounted for as an equity transaction with non-controlling shareholders, as Discovery Health already controlled the entities before and after the transaction.

Accordingly, there was no change in control and no additional consideration was paid to acquire the remaining 30% interest. Consequently, no gain or loss was recognised in profit or loss and there was no impact on the statement of financial position.

The investments in subsidiaries are initially recognised at cost and tested for impairment annually. Refer to Annexure A Accounting policy 2 for details on the accounting method applied.

Investments are held in companies incorporated in South Africa except for Medical Services Organisation International Limited, which was incorporated in Isle of Man, United Kingdom.

3.6 Deferred tax asset

The deferred tax assets and liabilities relate to income taxes levied by the same tax authority and the Company intends to settle on a net basis, therefore the net position of deferred tax is presented on the statement of financial position.

Deferred tax assets and liabilities are classified as non-current.

For the accounting policies relevant to the recognition and measurement of Deferred tax asset refer to Annexure A Accounting policy 12.2.

R million	**2026**	2025
Deferred tax asset	**145**	132
Deferred tax liability	**(53)**	(68)
Balance at end of the year	**92**	64
Movement summary:		
Balance at beginning of the year	**64**	42
Statement of profit or loss	**5**	2
Statement of comprehensive income	**–**	18
Deferred tax charge to equity	**23**	–
Deferred tax on cash flow hedge charged to other comprehensive income	**–**	2
Balance at end of the year	**92**	64

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 3: Other assets, liabilities, equity and items of income and expense *continued*

3.6 Deferred tax asset *continued*

Deferred tax comprises:

R million	Balance at beginning of the year	Recognised in profit or loss	Recognised in equity	Balance at end of year	Deferred tax assets	Deferred tax Liability
Year ended 30 June 2026						
Difference between wear and tear and depreciation/amortisation and leases	**(36)**	**(10)**	**–**	**(46)**	**–**	**(46)**
Prepayments	**(2)**	*****	**–**	**(2)**	**–**	**(2)**
Other financial payables	**118**	**2**	**–**	**120**	**120**	**–**
Share based payments	**(21)**	**(1)**	**19**	**(3)**	**–**	**(3)**
Unrealised gain on derivative financial instrument	**2**	**(2)**	**–**	**–**	**–**	**–**
Other	**(2)**	**2**	**–**	**–**	**–**	**–**
Income received in advance	**12**	**13**	**–**	**25**	**25**	**–**
Financial Instruments	**(7)**	**1**	**4**	**(2)**	**–**	**(2)**
Total	**64**	**5**	**23**	**92**	**145**	**(53)**

R million	Balance at beginning of the year	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Balance at end of year	Deferred tax assets	Deferred tax Liability
Year ended 30 June 2025							
Difference between wear and tear and depreciation/ amortisation and leases	(30)	(6)	–	–	(36)	–	(36)
Prepayments	(3)	1	–	–	(2)	–	(2)
Other financial payables	109	9	–	–	118	118	–
Share based payments	(16)	(7)	–	2	(21)	–	(21)
Unrealised gain on derivative financial instrument	(16)	–	18	–	2	2	–
Other	(2)	*	–	–	(2)	–	(2)
Income received in advance	–	12	–	–	12	12	–
Financial Instruments	–	(7)	–	–	(7)	–	(7)
Total	42	2	18	2	64	132	(68)

* *Amount less than R500 000.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 3: Other assets, liabilities, equity and items of income and expense *continued*

3.7 Ordinary share capital and share premium

For the accounting policies relevant to the recognition and measurement of Share capital and share premium, refer to Annexure A Accounting policy 10. The company has 1100 authorised ordinary shares at R1 per share. No changes were made to the authorised ordinary shares during the year.

R million	Issued Share capital	Share premium	Total outstanding
At 1 July 2024	1 032	270 999 968	271 001 000
Share movements:			
– shared issued	–	–	–
At 30 June 2025	1 032	270 999 968	271 001 000
At 1 July 2025	**1 032**	**270 999 968**	**271 001 000**
Share movements:			
– shared issued	**–**	**–**	**–**
At 30 June 2026	**1 032**	**270 999 968**	**271 001 000**

3.8 Other payables

For the accounting policies relevant to the recognition and measurement of Other payables, refer to Annexure A Accounting policy 14.1 and for Employee benefits refer to Annexure A, Accounting policy 13. Employee benefits above only relate to leave pay provision.

R million	2026	2025
Value-added tax	**79**	90
Employee leave pay benefit	**146**	144
Balance at end of the year	**225**	234
Current	**202**	214
Non-current	**23**	20

3.8.1 EMPLOYEE BENEFITS MOVEMENT ANALYSIS

R million	2026	2025
At the beginning of the year	**144**	135
Additional provision raised	**167**	167
Used during the year	**(155)**	(149)
Paid to terminated employees	**(10)**	(9)
Balance at end of the year	**146**	144
Current	**123**	124
Non-current	**23**	20

3.9 Current tax liability

R million	2026	2025
Balance at the beginning of the year	**52**	68
Current tax expense	**1 019**	939
Current tax -OCI	**–**	22
Taxation paid	**(1 018)**	(977)
Closing balance	**53**	52

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 3: Other assets, liabilities, equity and items of income and expense *continued*

3.10 Fee income from administration business

For the accounting policies relevant to the recognition and measurement of Revenue, refer to Annexure A Accounting policy 16.

R million	2026	2025
Discovery Health Medical Scheme	**8 802**	8 349
Closed Schemes	**1 517**	1 396
Administration and Managed care fee income	**10 319**	9 745

3.11 Investment income

For the accounting policies relevant to the recognition and measurement of Investment income, refer to Annexure A Accounting policy 17.1.

R million	2026	2025
Investment income at amortised cost		
– Interest income on cash and cash equivalents at amortised cost	**74**	87
– Interest income on third-party loans at amortised cost	**14**	3
Investment income	**88**	90
Investment income received	**84**	89
Investment income accrued	**4**	1

3.12 Other income

For the accounting policies relevant to the recognition and measurement of Other income, refer to Annexure A Accounting policy 17.3.

R million	2026	2025
Financial guarantee contract fee income	**21**	18
Operational services rendered to fellow group companies	**1 192**	1 249
Other administration services	**642**	617
Other income	**1 855**	1 884

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 3: Other assets, liabilities, equity and items of income and expense *continued*

3.13 Marketing and administration expenses

For the accounting policies relevant to the recognition and measurement of Marketing and administration expenses, refer to Annexure A Accounting policy 18.

R million	2026	2025
Audit fees	7	7
Fees for other services	*	1
Prior year	1	*
Auditors remuneration	8	8
Salaries, wages and allowances	2 667	2 669
Medical aid fund contributions	211	212
Defined contribution provident fund contributions	195	189
Social security levies	10	11
Share-based payment expenses	158	171
– equity-settled	157	160
– cash-settled	1	11
Staff training	22	19
Recruitment fees	5	6
Temporary staff	30	17
Leave pay expense	2	9
Other	199	272
Staff costs including executive directors	3 499	3 575
Administration expenses	450	402
Amortisation of software	202	186
Building related and office costs	318	308
Loss on derecognition of assets	*	1
Impairment expenses	–	20
Allowance for expected credit loss on loans and receivables	1	–
Insurance	7	7
IT systems and consumables	1 940	1 867
Marketing and distribution costs	316	256
Professional fees	263	286
Vitality service fees	557	459
Travel expenses	109	62
Other operating expenses	353	328
Total operating expenses	4 516	4 182
Marketing and administration expenses	8 023	7 765

* *Amount is less than R500 000.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 3: Other assets, liabilities, equity and items of income and expense *continued*

3.14 Income tax expense

For the accounting policies relevant to the recognition and measurement of the Income tax expense, refer to Annexure A Accounting policy 12.

R million	2026	2025
Charge for the year:		
Current taxation		
Normal taxation	**1 019**	939
– current year charge	**1 023**	876
– prior year (over)/under provision	**(4)**	*
– Capital gains tax	**–**	63
Deferred taxation	**(5)**	(2)
– prior year under provision	**1**	–
– current year charge	**(6)**	(2)
Total income tax expense recognised in profit or loss	**1 014**	937

* *Amount is less than R500 000.*

	%	%
Taxation rate reconciliation		
Statutory rate	**27.00**	27.00
Non-taxable income	**-0.16**	0.00
Non-deductible expenditure	**0.07**	-0.07
Controlled foreign companies (CFCs)	**0.04**	0.00
Additional tax allowances	**-0.04**	-0.04
Other additional income	**0.00**	-0.14
Other taxes or adjustments expected to impact the tax line	**-0.10**	0.00
Effective tax rate	**26.81**	26.75

04
Cash flow information

Introduction and overview

Cash generated from operations

Taxation paid

Net movements in operating assets and liabilities



Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 4: Cash flow information

4.1 Introduction and overview

This section provides more information on the Statement of cash flows

4.2 Cash generated from operations

R million	2026	2025
Profit before income tax	**3 781**	3 505
Adjusted for items presented separately in statement of cash flows:		
– Interest received	**(88)**	(90)
– Interest paid	**461**	449
Adjusted for non-cash items:		
– Gains / Loss from derivative financial instruments	**(2)**	(18)
– (Gain)/ Loss on financial assets at fair value through profit or loss	**(21)**	(7)
– Cash flow hedge losses/(gains) from derivative financial instruments	**–**	(22)
– Marketing and administration expenses	**359**	392
– Share-based payment expenses cash settled	**1**	160
– Share-based payment expenses equity settled	**157**	11
– Amortisation of software	**202**	186
– Loss on derecognition of intangible assets	**–**	1
– Impairment of intangible assets	**–**	20
– Allowance for expected credit losses financial receivables	**(1)**	14
– Foreign exchange losses/(gains)	**46**	14
Cash generated from operations	**4 536**	4 223

4.3 Taxation paid

R million	2026	2025
Balance at beginning of the year	**(52)**	(68)
Taxation charged for the year in the income statement	**(1 014)**	(937)
Adjustment for movement in deferred taxation	**(5)**	(2)
Reallocation to separately disclosable items	**–**	(22)
Balance at end of the year	**53**	52
Taxation paid	**(1 018)**	(977)

4.4 Net movements in operating assets/liabilities

4.4.1 (INCREASE)/DECREASE IN OPERATING ASSETS

R million	2026	2025
– Loans to fellow group companies[1]	**(3 207)**	(2 887)
– Contract receivables and other receivables	**(118)**	(187)
– Derivative instruments	**3**	(5)
(Increase) in operating assets	**(3 322)**	(3 079)

[1] *In the prior year, "Loans to Holding company" R 2 727 million and "Loans to fellow group companies" R160 million were disclosed separately. In the current year, the comparative has been aggregated to align with the Group.*

4.4.2 INCREASE/(DECREASE) IN OPERATING LIABILITIES

R million	2026	2025
– Loans from fellow group companies	**(147)**	324
– Other financial payables at amortised cost	**(5)**	53
– Other payables	**(10)**	15
– Share based payment reserves	**(94)**	(139)
Increase in operating liabilities	**(256)**	253



05
Additional disclosures

- Introduction and overview
- Share based payment expenses
- Related parties
- Contingencies
- Subsequent events

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures

5.1 Introduction and overview

This section provides information on other disclosures that are non-recurring:

Additional information	Notes
Share base payment expenses	5.2
Related parties	5.3
Contingencies	5.4
Subsequent events	5.5

5.2 Share based payment expenses

INCENTIVE SCHEMES

Discovery Health operates various share-based payment and long-term incentive arrangements. The details of these arrangements are described below:

5.2.1 BEE STAFF TRUST (EQUITY-SETTLED)

In 2005, 5 290 000 Discovery Limited shares were issued to the BEE staff share trust for current and future employees. These shares had all been allocated during prior years. Additional shares have been purchased, for future allocation to employees. The trusts consist of two components; the allocation scheme and the option scheme as described below.

ALLOCATION SCHEME

Shares have been allocated to senior black employees based on level of seniority and length of past service. The shares vest to employees two, three, four and five years after allocation at a rate of 25% per annum. On each vesting date, the trustees distribute to the employees the allocated shares to which the employees may be entitled.

OPTION SCHEME

Options granted to black employees may be exercised two, three, four and five years after the option is granted at a rate of 25% per annum. Any options not exercised by the end of the fifth year from the grant date shall lapse. On exercise of the option, the employee pays cash to the trust for the full purchase price of the option.

5.2.2 PHANTOM SHARE SCHEME (CASH-SETTLED)

Participants earn a cash bonus based on allocation of bonus scheme units which in turn are linked to the Discovery Limited share price. The bonus is earned if the participant is employed on each vesting date, with the vesting dates ranging between one and five years after allocation of the bonus units. The bonus may not be carried forward.

5.2.3 ACQUISITION SCHEMES (CASH AND EQUITY-SETTLED)

There are various schemes offered to franchise directors, agents and employees. Prior to the financial year ended 30 June 2024, participants were allocated share units which replicate the economics of a Discovery Limited share. The share units are settled as a cash bonus on vesting. Awards granted in subsequent years, are equity-settled awards.

The vesting periods on the schemes vary from two to five years. The participants will earn the cash bonus (for cash-settled awards) or receive Discovery Limited shares (for equity-settled awards) if the participant is employed by Discovery or Discovery's contracted affiliates on the vesting date.

During the financial year the Group modified the method of settlement for certain acquisition share scheme awards from equity settlement to cash settlement. The affected tranches relate to the awards granted between September 2024 and November 2024, with the first tranche scheduled to vest on 30 September 2026.

The fair value of the awards at the date of the modification was determined to be R7.5 million, with an incremental fair value of R2.5 million. In line with the Group's accounting policy, where the fair value of the share-based payment liability at the modification date exceeded the amount previously recognised in equity, the full liability was reclassified from equity, with no gain or loss recognised in profit or loss.

The fair value of the modified options was determined using the same models and principles as described in the valuation of share-based payments and long-term incentives table below.

5.2.4 DISCOVERY'S LONG-TERM INCENTIVE PLAN (EQUITY-SETTLED)

DISCOVERY LONG-TERM INCENTIVE PLAN (LTIP)

The LTIP was introduced in the financial year ended 30 June 2020 and replaced (with limited exceptions) the cash-settled Discovery Phantom scheme (see point 5.2.2 above) with an equity-settled scheme.

Participants will receive Discovery Limited shares subject to performance criteria and if the participant is employed on each vesting date. For LTIP awards granted prior to the introduction of the Single Incentive Plan (SIP), the performance conditions are aligned to the organic growth methodology of the Group and will vest from between the third and fifth anniversary of these awards.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.2 Share based payment expenses *continued*

5.2.4 DISCOVERY'S LONG-TERM INCENTIVE PLAN (EQUITY-SETTLED) *continued*

SINGLE INCENTIVE PLAN (SIP)

During the financial year ended 30 June 2022, Discovery Limited replaced its management short-term incentive scheme and long-term incentive schemes with a single incentive scheme (SIP), consisting of a cash incentive (short-term incentive) and deferred share awards (long-term incentive). The SIP is based on the annual award of a single total incentive relating to the performance of the Group, business unit and the individual, and is assessed against financial and non-financial measures as outlined by the Group scorecard as well as business unit and individual scorecards.

These performance measures are used to determine the value of the awards granted. The vesting of the deferred share awards is conditional on the participant still being employed on each vesting date, and not subject to any performance conditions.

The first deferred share awards were granted in November 2022. These shares will vest between one and three years after allocation of the shares for senior management and between three and five years for executive directors and prescribed officers.

The schemes mentioned in point 5.2.2 and 5.2.3 have been classified as cash-settled and a liability is raised in terms of IFRS 2 Share based payments. The other long-term incentives schemes have been accounted for in terms of IAS 19 Employee Benefits.

SUMMARY OF UNITS GRANTED UNDER SHARE-BASED PAYMENT ARRANGEMENTS

The following is a summary of the terms and conditions of the units granted:

Date granted	Final vesting date	Shares under option at beginning of year	Share/ Options granted during year	Share/ Options vesting during year	Share/Options cancelled or adjusted during year	**Shares under option at end of year**
1. BEE Staff share trust						
01/07/2020 - 30/06/2021	30/09/2025	1 193	–	(1 193)	–	**–**
01/07/2020 - 30/06/2021	31/03/2026	2 852	–	(2 852)	–	**–**
01/07/2021 - 30/06/2022	30/09/2026	11 221	–	(10 276)	–	**945**
01/07/2022 - 30/06/2023	30/04/2028	6 587	–	(2 356)	–	**4 231**
01/07/2023 - 30/06/2024	30/04/2029	7 420	–	(2 942)	–	**4 478**
01/07/2024 - 30/06/2025	30/09/2029	4 070	–	–	–	**4 070**
2. The Discovery Limited phantom scheme						
01/07/2022 - 30/06/2023	30/09/2027	39 958	–	(32 610)	–	**7 348**
01/07/2023 - 30/06/2024	30/09/2026	28 294	–	(20 795)	–	**7 499**
3. Discovery LTIP and SIP						
01/07/2020 - 30/06/2021	30/09/2025	283 065	–	(282 910)	(155)	**–**
01/07/2021 - 30/06/2022	30/09/2026	556 780	–	(282 654)	(2 997)	**271 129**
01/07/2022 - 30/06/2023	30/09/2027	410 673	–	(391 296)	(785)	**18 592**
01/07/2023 - 30/06/2024	30/09/2028	673 581	–	(354 710)	(14 221)	**304 650**
01/07/2024 - 30/06/2025	30/09/2027	761 169	–	(250 329)	(35 066)	**475 774**
01/07/2025 - 30/06/2026	30/09/2028	–	812 427	(19 052)	(15 568)	**777 807**
4. Acquisition schemes						
01/07/2019 - 30/06/2020	30/06/2025	1 570	–	(1 570)	–	**–**
01/07/2020 - 30/06/2021	30/06/2026	7 129	–	(5 652)	(236)	**1 241**
01/07/2021 - 30/06/2022	30/06/2027	32 565	–	(11 816)	(944)	**19 805**
01/07/2023 - 30/06/2024	30/09/2028	82 095	–	–	(19 460)	**62 635**
01/07/2024 - 30/06/2025	30/09/2029	54 626	–	–	(3 468)	**51 158**

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.2 Share based payment expenses *continued*

VALUATION OF SHARE-BASED PAYMENTS

The Phantom schemes and Acquisition schemes are cash-settled, and a liability is raised in terms of IFRS 2 Share-based payments. The liability is repriced at each reporting date. The closing share price at 30 June 2026 was R264.23.

Discovery determines the grant date fair value of its equity-settled schemes at the date of allocating the grant to the employee. The grant date fair value is then recognised over the vesting period and share-based payment reserve is recognised in terms of IFRS 2.

	Fair value	Valuation methodology
Discovery LTIP and SIP		
01/07/2021 - 30/06/2022	135.94	
01/07/2022 - 30/06/2023	127.58	
01/07/2023 - 30/06/2024	117.16 - 133.04	
01/07/2024 - 30/06/2025	192.69	Unconditional fair value is equal to the underlying share price in Discovery at grant dates.
01/07/2025 - 30/06/2026	219.52	
BEE Staff share trust		
01/07/2021 - 30/06/2022	118.85	
01/07/2022 - 30/06/2023	119.94 - 135.95	Unconditional fair value is equal to the share price at grant date, less the present value of estimated dividends paid prior to the time of exercise.
01/07/2023 - 30/06/2024	109.75 - 137.96	
01/07/2024 - 30/06/2025	183.87 - 190.02	
Acquisition Share Scheme		
01/07/2020 - 30/06/2021	109.36	
01/07/2021 - 30/06/2022	117.27 - 119.62	
01/07/2023 - 30/06/2024	146.46	
01/07/2024 - 30/06/2025	192.69	Unconditional fair value is equal to the underlying share price in Discovery at grant dates.
01/07/2025 - 30/06/2026	219.52	

5.3 Related parties

The Company is a wholly-owned subsidiary of Discovery Limited and undertakes certain transactions with related parties within the Discovery Limited Group, details of which are set out below. For purposes of this section, Discovery Health will be referred to as the Company and where relevant, amounts are excluding VAT.

DISCOVERY LIMITED

Discovery Health entered into a long-term loan agreement with Discovery Limited. The loans were advanced to Discovery Health in 2016 and 2017. The principal amount is R2 010 million. The loan for R727 million is repayable on 1 September 2026. The loan amounting to R1 283 million was taken out in tranches and repayable dates per tranche ranges between 30 September 2026 and 3 July 2027. Interest will accrue at the relevant interest rate on a day-to-day basis. The balance at year-end was R4 654 million (2025: R4 616 million). Interest for the year was R460 million (2025: R447 million) and R422 million of interest was repaid in the current year.

In the prior year Discovery Health sold 680 268 shares in Discovery Limited to Discovery Connect.

Discovery Health declared a dividend of R2.6 billion (2025: R5.23 billion) to the holding company, Discovery Limited, in the current year.

DISCOVERY VITALITY PROPRIETARY LIMITED

The Vitality Wellness programme is integrated with products offered by the Company. Vitality charges a service fee for this integration, which is determined on an annual basis and agreed upon contractually. Service fees paid amounted to R557 million (2025: R480 million).

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.3 Related parties *continued*

DISCOVERY CONSULTING SERVICES PROPRIETARY LIMITED

The Company has established a network of 27 franchises (2025: 29 Franchises) to sell its products. The Company has paid R67.6million (2025: R66 million) in fees to the franchises. Discovery Consulting Services participate in the Acquisition Scheme. During the year R14.4 million (2025: R7.6 million) was accrued for in terms of this scheme. Refer to note 5.2 for further details.

DISCOVERY ADMINISTRATION SERVICES PROPRIETARY LIMITED

The Company provides operational services to Discovery Administration Services for which it charges an administration fee. The fees received during the year amounted to R15.6 million (2025: R15.4 million).

THE DISCOVERY FUND AND TRUST

The fund supports sustainable non-governmental healthcare projects, especially in primary healthcare. These projects complement the delivery of primary and preventative care in the public sector and help to relieve the burden on state facilities. The Company also paid The Discovery Fund a management fee of R1.3 million (2025: R4.6 million).

The Discovery Trust received contributions from the Company of R25 million during the year (2025: R25 million).

THE DISCOVERY FOUNDATION

The Discovery Foundation, which is independent of Discovery Limited, aims to invest in the education and training of medical specialists and the development of academic and research centres, with particular focus on those areas with greatest need.

DISCOVERY RETIREMENT FUNDS

The Discovery Life Pension Umbrella Fund and the Discovery Life Provident Umbrella Fund ("the Funds") are underwritten and administered by Discovery Life and are the retirement funds used by all the Discovery Staff employed by the Group in South Africa.

Contributions to the Funds by the Company's staff during the year amounted to R195 million (2025: R189 million). The Funds have R7 872 million (2025: R6 836 million) of assets under administration on behalf of Discovery Staff, R7 519 million is invested in unit linked insurance policies issued by Discovery Life (2025: R6 538 million). R5 097 million (2025: R4 650 million) of the unit linked insurance policies are in turn linked to unit trusts managed by Discovery Life Collective Investments.

FELLOW GROUP COMPANIES AND SUBSIDIARIES:

INTERCOMPANY DERIVATIVES

The Discovery Group is exposed to equity price risk through its cash-settled share incentive schemes. To manage its risk, the Discovery Group has purchased total return swap (TRS) derivative instruments to hedge a portion of its exposure to changes in Discovery Limited's share price. Discovery Health is the principal counterparty to all TRS derivatives for the Discovery Group.

Separately, Discovery Health has back-to-back arrangements with fellow group companies for their position of the TRS derivatives purchased to mitigate the risk in each respective entity.

R'000	Derivative liability	Expired hedge payable	Security deposit asset
30 June 2026			
Discovery Life Limited	**(3 153)**	**(13 219)**	**9 377**
Discovery Insure Limited	**(484)**	**(2 638)**	**1 781**
Total	**(3 637)**	**(15 857)**	**11 158**
30 June 2025			
Discovery Life Limited	(4 351)	(25 652)	34 253
Discovery Insure Limited	(1 763)	(9 210)	6 564
Discovery Life Investment Services (Pty) Ltd	(4 852)	(11 954)	–
Total	(10 966)	(46 816)	40 817

Notes to the annual financial statements *continued*
for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.3 Related parties *continued*

OTHER INTERCOMPANY SERVICES

Discovery Health provides administrative services and system development to its fellow group companies. Certain group companies also incur costs on behalf of the Company. The transactions are recorded in intercompany loans which are unsecured, interest free and are repayable on demand.

DISCOVERY GROUP ASSOCIATES AND JOINT VENTURES

The table below summarises the payables and receivables between related parties at year end.

	Receivable		Payable	
R million	**2026**	2025	**2026**	2025
Other related parties				
Glucode (Pty) Ltd[1]	*****	*	**(1)**	(1)
Ping An Health Insurance Company of China Limited[1]	**10**	11	**–**	–
Quantium Health South Africa (Pty) Ltd[1]	*****	*	**(4)**	–
RMed Online (Pty) Ltd	*****	–	**–**	–
Balances with other related parties[2]	**10**	11	**(5)**	(1)

1 These entities are associates and joint ventures in the Discovery Group. Discovery Health has direct shareholding in Quantium Health SA.
2 The balance forms part of contract receivables and other receivables or other financial payables at amortised cost.
** Amounts less than R500 000.*

DISCOVERY GROUP FELLOW SUBSIDIARIES AND HOLDING COMPANY

The table below summarises the payables and receivables between related parties at year end.

R million	Notes	**2026**	2025
Loans to fellow group companies	2.3	**4 493**	3 885
Loans from fellow group companies	2.9	**442**	590

DISCOVERY GROUP ASSOCIATES AND JOINT VENTURES

The table below summarises the income statement transactions (excluding interest received or paid) between related parties.

	Net fees received		Net fees paid	
R million	**2026**	2025	**2026**	2025
Glucode (Pty) Ltd	**–**	3	**(13)**	(11)
Ping An Health Insurance Company of China Limited	**10**	16	**–**	–
Quantium Health South Africa (Pty) Ltd	**1**	1	**(44)**	–
RMed Online (Pty) Ltd	**–**	–	*****	–
Transactions with other related parties	**11**	20	**(57)**	(11)

** Amounts less than R500 000.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.3 Related parties *continued*

DISCOVERY GROUP FELLOW SUBSIDIARIES AND HOLDING COMPANY

The table below summarises the income statement transactions (excluding interest received or paid) between related parties.

	Net fees received		Net fees paid	
R million	**2026**	2025	**2026**	2025
Intercompany				
Discovery Administration Services (Pty) Ltd	**16**	15	**–**	–
Discovery Bank Limited	**–**	*	**(8)**	–
Discovery Central services (Pty) Ltd	**–**	–	**(2 116)**	(1 970)
Discovery Connect Distribution Services (Pty) Ltd	**9**	17	**–**	–
Discovery Green (Pty) Ltd	**	–	**–**	–
Discovery Health Care Services (Pty) Ltd	**–**	–	**(3)**	(5)
Discovery Insure Limited	**69**	52	**–**	–
Discovery Life Limited	**4**	–	**–**	–
Discovery Life Investment Services (Pty) Ltd	**10**	9	**–**	–
Discovery Medical Suppliers (Pty) Ltd	**1**	–	**–**	–
Discovery Partner Markets Services (Pty) Ltd	**–**	–	**(60)**	(63)
Discovery Third Party Recovery Services (Pty) Ltd	**	*	**–**	–
Digital Therapeutic Xpress (Pty) Ltd	**1**	–	**–**	–
Discovery Vitality (Pty) Ltd	**–**	–	**(573)**	(432)
Grove Nursing Services (Pty) Ltd	**5**	5	**–**	–
Medical Services Organisation International (Pty) Ltd	**–**	–	**(15)**	(12)
Medical Services Organisation Isle of Man	**–**	–	**(15)**	(10)
Nanolabs Health Services (Pty) Ltd	**2**	1	**–**	–
Southern RX Distributors (Pty) Ltd	**11**	14	**–**	–
Vitality Corporate Services Limited	**71**	45	**–**	–
The Vitality Group LLC	**	*	**–**	–
Vitality Group International Inc.	**720**	840	**–**	–
Vitality International Health Insurance Company	**26**	15	**–**	–
Intercompany transactions	**945**	1 013	**(2 790)**	(2 492)

* *Amounts less than R500 000.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.3 Related parties *continued*

KEY MANAGEMENT PERSONNEL OF DISCOVERY HEALTH, FAMILIES OF KEY MANAGEMENT (AS DEFINED IN IAS 24) AND ENTITIES SIGNIFICANTLY INFLUENCED OR CONTROLLED BY KEY MANAGEMENT.

During the current financial year, the following transactions occurred between Discovery Limited, and entities significantly influenced or controlled by key management:

Corporate Social Investment (CSI) donations and management fees of R26.4 million (2025: R29.6 million) were paid to the Discovery Fund and Trust. Certain executive directors of Discovery Limited have significant influence in these entities.

DISCOVERY HEALTH MEDICAL SCHEME (DHMS)

The Company administers DHMS and provides managed care services for which it charges an administration fee and a managed care fee respectively. These fees are determined on an annual basis and approved by the trustees of DHMS. The fees amounted to R8 802 million (2025: R8 349 million).

The Company provides a Diabetes care program to DHMS and received fees for this service to the value of R26 million (2025: R37 million).

DHMS owes the Company R1 068 million (2025: R973 million) at year-end.

MANAGED MEDICAL SCHEMES

During the year, the Company administered the following 17 restricted membership medical schemes:

- Anglo Medical Scheme
- Anglovaal Group Medical Scheme
- Bankmed Medical Scheme
- BMW Employees Medical Aid Society
- Engen Medical Benefit Fund
- Glencore Medical Scheme
- LA Health Medical Scheme
- Malcor Medical Scheme
- MediPos Medical Scheme
- Multichoice Medical Aid Scheme
- Netcare Medical Scheme
- Remedi Medical Scheme
- Retail Medical Scheme
- Sasolmed Medical Scheme
- TFG Medical Scheme
- Tsogo Sun Group Medical Scheme
- University of KwaZulu Natal Medical Scheme

Discovery Health charges these schemes administration and manage care fees which are determined on an annual basis and approved by the trustees of the respective closed schemes. The fees totalled R1 517 million (2025: R1 396 million). R143 million (2025: R135 million) is due to the Company from the Schemes at year end. The Company provides a Diabetes Care program and other primary services to some of the In-House Schemes. The fees received for these services in the current year amounted to R269 million (2025: R204 million).

DIRECTORS' SERVICE CONTRACTS

All executive directors are employed on employment contracts that can be cancelled with one month's notice by either the executive or the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No material contracts involving director's interests were entered into in the current financial year. The directors had no interest in any third party or company responsible for managing any of the business activities of Discovery Health.

DIRECTORS' REMUNERATION

Remuneration packages for executive directors consist of the following components:

- Guaranteed component: cost to company element which comprises a fixed cash portion and compulsory benefits.
- Short-term incentives: consists of an annual personal incentive linked to individual, business unit and group goals for each director and a "profit pool" element, which allows senior management to share in the profit of the Discovery Limited Group's performance if certain profit hurdles are met.
- Long-term incentives: Executive directors take part in the Discovery Limited share-based incentive scheme. This scheme is described in detail in note 5.2 to the Annual Financial Statements.

Non-executive directors receive a fixed fee for their participation on the Board and Board committees. Non-executive directors' fees are reviewed annually and benchmarked against industry standards to ensure the fees remain competitive.

The Remuneration Committee, which is a sub-committee of the Discovery Limited Board, and the shareholder is responsible for approving the remuneration packages for executive directors and recommending the non-executive directors' fees to the Board for approval.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.3 Related parties *continued*

PAYMENTS TO DIRECTORS FOR THE YEAR ENDED 30 JUNE 2026 FOR SERVICES RENDERED:

R'000	Services as directors	Basic salary	Performance bonus	Long-term incentives[1]	Provident fund contributions	Other benefits[2]	Total
Executive							
F Chothia	–	4 212	3 196	4 127	344	372	12 251
N Pitje	–	4 400	3 193	5 146	464	154	13 357
Dr RM Whelan	–	5 976	6 402	7 547	458	135	20 518
Executive subtotal	–	14 588	12 791	16 820	1 266	661	46 126
Non-executive							
A Gore	–	10 086	13 266	14 984	751	311	39 398
Dr A Ntsaluba	–	5 581	6 904	17 341	691	331	30 848
Dr J Broomberg	–	14 474	8 618	12 424	573	42	36 131
R Farber[3]	4 060	–	–	–	–	4 226	8 286
FN Khanyile	2 617	–	–	–	–	–	2 617
SV Zilwa[4]	113	–	–	–	–	–	113
K Klintworth	331	–	–	–	–	–	331
Dr RN Noach	331	–	–	–	–	–	331
T Gamedze[5]	1 564	–	–	–	–	–	1 564
N Kader[6]	729	–	–	–	–	–	729
Non-executive subtotal	9 745	30 141	28 788	44 749	2 015	4 910	120 348
Total director fees	9 745	44 729	41 579	61 569	3 281	5 571	166 474
Less: paid by the Company	–	(5 976)	(6 402)	(7 547)	(458)	(135)	(20 518)
Paid by the Group	9 745	38 753	35 177	54 022	2 823	5 436	145 956

1 "LTIP" comprises cash-settled and equity-settled incentives.
2 "Other benefits" comprise medical aid contributions, gym benefits, meal benefits and fringe benefits.
3 Director's fees for services and fees for other consulting services rendered by R Farber were paid in AUD. Director's fees for consulting services are included as part of other benefits.
4 Resigned 15 September 2025
5 Appointed 1 July 2025
6 Appointed 1 January 2026. Fees include directors services rendered for other group companies.

PAYMENTS TO DIRECTORS FOR THE YEAR ENDED 30 JUNE 2025 FOR SERVICES RENDERED:

R'000	Services as directors	Basic salary	Performance bonus	Long-term incentives[1]	Provident fund contributions	Other benefits[2]	Total
Executive							
F Chothia	–	4 070	2 758	3 461	330	327	10 946
N Pitje	–	4 101	2 767	4 642	533	95	12 138
Dr RM Whelan	–	5 738	5 534	6 113	440	126	17 951
Sub-total	–	13 909	11 059	14 216	1 303	548	41 035
Non-executive							
A Gore	–	9 346	10 623	10 984	922	422	32 297
NS Kooperwitz[3]	–	27 201	21 472	39 673	235	631	89 212
Dr A Ntsaluba	–	5 544	6 265	11 773	416	372	24 370
J Broomberg[4]		13 371	15 639	9 224	798	77	39 109
R Farber[5]	4 045	–	–	–	–	4 178	8 223
FN Khanyile	2 511	–	–	–	–	–	2 511
SV Zilwa	888	–	–	–	–	–	888
K Klintworth[6]	160	–	–	–	–	–	160
RN Noach	318	–	–	–	–	–	318
Sub-total	7 922	55 462	53 999	71 654	2 371	5 680	197 088
Total director fees	7 922	69 371	65 058	85 870	3 674	6 228	238 123
Less: paid by the Company	–	(5 738)	(5 534)	(6 113)	(440)	(126)	(17 951)
Paid by the Group	7 922	63 633	59 524	79 757	3 234	6 102	220 172

1 "Other benefits" comprise medical aid contributions, travel, other allowances and fees from group subsidiaries.
2 "LTIP" comprises cash-settled and equity-settled incentives.
3 Salary and Incentives are paid in GBP. Resigned 1 July 2025.
4 Salary paid in GBP.
5 Director's fees for services and fees for other consulting services rendered by R Farber were paid in AUD. Director's fees for consulting services are included as part of other benefits.
6 Appointed 20 February 2025.

Notes to the annual financial statements *continued*

for the year ended 30 June 2026

Section 5: Additional disclosures *continued*

5.4 Contingencies

Discovery Health has provided guarantees in respect of the borrowing facilities for the following companies:

- Discovery Limited;
- Discovery Central Services Proprietary Limited; and
- Discovery PropCo Proprietary Limited

The guarantees for Discovery Limited and Discovery Central Services Proprietary Limited are detail in note 2.10, Financial Guarantee Contracts.

During the year Discovery Health has provided a guarantee in favour of lenders relating to debt facilities obtained by Discovery PropCo Proprietary Limited. Under the guarantee, Discovery Health is required to make payments on demand in respect of amounts not paid by Discovery PropCo when due. Management obtained an independent valuation and concluded that the initial fair value of the guarantee was not material, taking into account the secured nature of the facilities, expected cash flows supporting the debt obligations and the low probability of default.

There are no material claims that have been instituted against Discovery Health for the year under review.

5.5 Subsequent events

On 21 August 2026, the directors approved a final ordinary dividend of R1.53 billion for the financial year end 30 June 2026.

Discovery Health has been appointed as the Administrator and Managed Care provider for the South African Breweries Medical Scheme, with effect from 1 September 2026.

There were no other events after reporting date.

2026

DISCOVERY HEALTH

Discovery

Annexures

for the year ended 30 June 2026



Annexure A – Discovery Health Accounting Policies

for the year ended 30 June 2026

Summary of material accounting policies

1. Basis of presentation

The Annual Financial Statements have been prepared in accordance with JSE Limited Debt and Specialist Securities Listing Requirements , IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the South African Companies Act. The Company Annual Financial Statements have been prepared in accordance with the going concern principle using the historical cost basis, except where otherwise stated in the accounting policies below.

The preparation of the Company Annual Financial Statements, in conformity with the IFRS Accounting Standards, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying The Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements, are outlined in the following notes to the Annual Financial Statements:

Notes	Topic
1.1	Financial guarantee contracts
1.2	Expected credit losses

All monetary information and figures presented in these financial statements are stated in millions of Rand (R million), unless otherwise indicated.

Discovery Health applied the IFRS 10 exemption from presenting the consolidated financial statements due to the Company being a wholly owned subsidiary of Discovery Limited. Discovery Limited, incorporated in the Republic of South Africa, produces the group consolidated financial statements which are available for public use.

The group consolidated financial statements can be accessed on the Discovery website or at the head office, 1 Discovery Place, Sandhurst, Gauteng.

1.1 NEW STANDARDS AND AMENDMENTS THAT BECAME EFFECTIVE DURING THE FINANCIAL YEAR

- The Company has not early adopted any IFRS Accounting Standards, amendments, or interpretations that have been issued but have yet to be effective.
- The Company does not expect other new IFRS Accounting standards, amendments, or interpretations that became effective during the financial year to have a material impact on recognised or disclosed amounts.

1.2 NEW STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS NOT YET EFFECTIVE

The Company does not expect any IFRS Accounting Standards, amendments, or annual improvements issued but not yet effective, other than those listed below, to have a material impact on the amounts recognised or disclosed.

IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 supersedes IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027. For the Company it will be effective from 1 July 2027. IFRS 18 provides additional requirements for the presentation and disclosure of information in the primary financial statements and the notes to improve transparency and comparability of information. IFRS 18 introduces the following key requirements: ■ The income and expenses in the income statement are required to be classified into 5 categories as applicable, namely operating, investing, financing, discontinued operations and income tax categories. Entities are required to present a newly defined operating profit subtotal. ■ Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. MPMs are subtotals of income and expenses not specified by IFRS Accounting Standards that are used by management to communicate its view of the Group's financial performance and are used in public communications outside the financial statements. ■ Additional guidance is provided on how to group information in the financial statements IFRS 18 will impact the Company's Income statement, the statement of cash flows and related note disclosures including the additional disclosures required for MPMs and how information is grouped in the financial statements, including for items currently labelled as 'other'.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

1. Basis of presentation *continued*

1.2 NEW STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS NOT YET EFFECTIVE *continued*

IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits disclosure elections for subsidiaries, as defined in IFRS 10 Consolidated Financial Statements, which do not trade debt or equity instruments in a public market or hold assets in a fiduciary capacity. Subsidiaries may elect to apply IFRS 19 for reporting periods beginning on or after 1 January 2027. The Company is assessing the operational impacts of this IFRS Accounting Standard and the implementation requirements.

INTEREST RATE BENCHMARK REFORMS (IBOR)

In recent years, major interest rate benchmarks have been reformed globally, including the replacement of certain interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The Company has financial instruments that have been or will be affected by these market-wide changes, most notably the transition from LIBOR to Sterling Overnight Index Average (SONIA) in the UK and the upcoming replacement of Johannesburg Interbank Average Rate (JIBAR) with South African Rand Overnight Index Average Rate (ZARONIA).

JIBAR will be replaced by the ZARONIA. Following an observation period from 1 November 2022 to 31 October 2023, ZARONIA was identified and endorsed as JIBAR's successor. The South African Reserve Bank (SARB) has confirmed that the JIBAR will be permanently discontinued after its final publication on 31 December 2026. Several key milestones leading up to the cessation are outlined in the industry timeline published by the SARB, including:

- November 2024 – ZARONIA-first for derivatives
- June 2025 – ZARONIA-first for the cash market
- March 2026 – No new JIBAR

The Company will apply the same transition relief under IFRS Accounting Standards as it did when transitioning from LIBOR to SONIA.

IBOR reforms generally result in changes to the basis for determining the contractual cash flows of financial assets and liabilities, including derivatives.

For financial assets and liabilities measured at amortised cost, the entity will update the effective interest rate without recognising a gain or loss, provided that:

- The change is a direct consequence of IBOR reform, and
- The new basis for determining contractual cash flows is economically equivalent to the previous basis.

For cash flow hedges, when assessing whether a forecast transaction remains highly probable, an entity will assume that the interest rate benchmark on which the hedged cash flows are based remains unchanged as a result of IBOR reform.

2. Investment in subsidiaries, associates and joint ventures

The company is, directly and indirectly, the holding company of subsidiaries, equity-accounted associates and joint ventures as set out in the Group structure in Annexure B.

Investments in subsidiaries and associates are accounted for at cost less impairment. Cost includes the fair value of any asset or liability resulting from a contingent consideration arrangement on initial recognition.

The Company assesses whether there is objective evidence that the investment in subsidiaries, equity-accounted associates and joint ventures is impaired at each reporting date. If such evidence of impairment exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value.

2.1 ASSOCIATES AND JOINT VENTURES

Associates are entities over which the Company has the ability to exercise significant influence but not control over the financial and operational policies. Significant influence is primarily based on the percentage of voting rights, generally between 20% and 50%, together with other factors such as board participation and participation in the policy-making process. In certain instances, the Company holds less than 20% equity interests but holds rights that still give it significant influence (activities that allow for significant influence, such as board participation).

A joint venture is a joint arrangement in which the parties have joint control and rights to the net assets.

The company recognises its interest in an associate or joint venture investment and accounts for the investment at cost less impairment.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

2. Investment in subsidiaries, associates and joint ventures *continued*

2.1 ASSOCIATES AND JOINT VENTURES *continued*

Changes in ownership

An investor may reduce its ownership interest in an associate or joint venture by selling a portion of its share or through an investee transaction such as a dilution. When an investor disposes of a portion of an investment, the investor will need to determine the applicable gain or loss on the disposal. The gain or loss on the dilution of an equity-accounted investee is calculated as the difference between:

- The entity's ownership interest in the new assets received by the investee for the subscription of the new shares (eg. the cash paid by the other party), and
- The reduction in ownership interest in the previous carrying amount.

The Company assesses whether there is objective evidence that an associate or a joint venture is impaired at each reporting date. If such evidence of impairment exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value. For impairment, please refer to accounting policy 6.

3. Financial guarantee contracts (FGC)

The Company accounts for financial guarantee contracts (FGCs) in accordance with IFRS 9 Financial Instruments. The Company issues FGCs to assist in securing funding for its subsidiaries.

FGCs are contracts which require the Company, as the issuer of the contract, to make specified payments to reimburse the holder for a loss that the holder incurs because the specified debtor fails to make payment when it is due under the original or modified terms of the debt instrument.

The Company measures the FGC:

- Initially at fair value and
- Subsequently, at the higher of:
- The amount of expected credit losses (ECL) determined under IFRS 9 (calculation 1), and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised under the principles of IFRS 15 Revenue from Contracts with Customers (calculation 2)

Where the Company issues FGCs for the debt of a related entity in the Group, the Company determines the fair value. These FGCs are seen as transactions in a capacity as the shareholder and are treated as capital contributions.

In instances where the Company issues FGCs for the debt of its parent, Discovery Limited, or another related entity within the Group where the issuer of the FGC does not have a direct parent or subsidiary relationship, the Company shows this as a capital distribution to its parent company, Discovery Limited.

In some instances, the Group entity can also pay a premium to the issuer of the FGCs. The Company then determines if the premium paid represents the fair value, or whether there is an additional cost that exceeds the fair value, incurred in the issuance of the FGC that the Company should recognise.

In the instance where the Company does not receive all the premiums upfront, it recognises the FGC using a net approach. The net approach requires that the Company presents the financial guarantee as its fair value less all future premiums.

The Company subsequently recognises financial guarantee fee income as follows:

- Amortises the fair value recognised on initial recognition over the period that the FGC is outstanding, generally the period of the underlying debt
- Recognises any premiums received for issuing the FGC as financial guarantee fee income and
- Where the Company has applied the net approach, the Company adjusts for the premiums subsequently received to ensure it takes into account all premiums in using calculation 2

The Company calculates the 12 month expected credit losses for purposes of calculation 1. Where the outcome is that calculation 1 is more than calculation 2, differences are recognised and presented as part of expected credit losses. Where the outcome is such that calculation 2 is more than calculation 1, no adjustments are required. Any previously recognised expected credit losses can be reversed but limited to the total value previously recognised.

The Company derecognises FGCs when the FGC is extinguished, expires, or the underlying debt is extinguished. At the date of derecognition:

- Where the FGC is extinguished in exchange for a new FGC to the same holder and in respect of the same guaranteed entity, the FGC derecognised is seen as compensation for the new FGC, or
- In all other instances, the FGC is derecognised with an associated gain or loss in profit or loss

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

4. Foreign currency translation

4.1 FUNCTIONAL AND PRESENTATION CURRENCY

The Company measures items included in the financial statements of its entities using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Rand, the Company's presentation currency.

4.2 TRANSACTIONS AND BALANCES

The Company translates foreign currency transactions into the functional currency using the exchange rates prevailing at the dates of the transactions. The Company includes foreign exchange gains and losses as follows:

- The settlement of trading transactions in profit or loss
- The settlement of financing transactions and the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies in profit or loss as foreign exchange gains and losses, and
- Qualifying cash flow hedges are deferred in the Statement of other comprehensive income. Subsequently, the Company reclassifies these foreign exchange gains and losses to profit or loss in the periods in which the hedged item affects profit or loss.

Foreign exchange gains and losses are recognised in the same income statement category as the underlying income or expense to which the foreign exchange gain or loss relates, except for structured long-term intercompany loans, where foreign exchange gains and losses are recognised consistently with the related interest income or expense.

5. Intangible assets

5.1 COMPUTER SOFTWARE EQUIPMENT COSTS

The Company measures items of software development costs at cost, less accumulated amortisation and any accumulated impairment losses. The Company does not capitalise internally generated intangibles, excluding capitalised development costs, and it reflects the related expenditure in profit or loss in the period in which the expenditure is incurred.

The Company recognises development costs that are directly attributable to the design and testing of identifiable software products which the Company controls as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- The Company can demonstrate the software product will generate probable future economic benefits
- Adequate technical, financial, and other resources to complete the development and to use or sell the software product are available, and
- The Company can reliably measure expenditure attributable to the software product during its development

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads. For cloud computing arrangements, implementation costs that do not meet the requirements to be capitalised as an asset are expensed as incurred.

The Company expenses the following items as incurred:

- Costs associated with maintaining computer software programmes
- Other development expenditures that do not meet the criteria noted above

The Company does not recognise development costs previously recognised as expenses, as assets in a subsequent period. The Company recognises computer software development costs as assets from the point where the recognition criteria above are satisfied and the Company amortises the asset when it is available for use, over its useful life. The Company presents amortisation as part of marketing and administration expenses in profit or loss.

If significant parts of computer software development costs have different useful lives, the Company accounts for the components as separate items (major components) of computer software development costs. Computer software development costs recognised as assets are amortised over their useful lives.

Software applications	3 – 7 years
Core Systems	12 – 16 years

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

5. Intangible assets *continued*

5.2 OTHER INTANGIBLE ASSETS

The Company measures purchased intangible assets at cost plus any directly attributable cost of preparing the asset for its intended use, less accumulated amortisation and any accumulated impairment losses. The Company amortises these intangible assets over their useful lives.

The Company capitalises intangible assets acquired as part of business combinations at their fair value. These fair values are represented by the estimated net present value of future cash flows relating to the existing business or at a value as determined by an independent valuer. The Company amortises these intangible assets over their useful lives, and the Company tests for impairment if an indication of impairment arises.

The Company reviews intangible assets' residual values and useful lives at least at each financial year-end and adjusts if appropriate. For the treatment of impairment of intangible assets, refer to accounting policy 7.

The Company derecognises intangible assets

- On disposal, or
- When no future economic benefits are expected from their use or disposal

The Company determines gains/ losses arising from the derecognition of an intangible asset as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The Company recognises such disposal gains/ losses in profit or loss when the asset is derecognised.

6. Impairment of non-financial assets

The Company tests intangible assets not yet brought into use annually for impairment or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

The Company reviews assets, including equity-accounted investments and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such indicators include continued losses and changes in technology, market, economic, legal, and operating environments.

The Company recognises an impairment loss for the amount by which the asset's carrying value exceeds its recoverable amount. The Company measures the recoverable amount using the higher of the value-in-use and the fair value less costs to sell. The Company immediately recognises the impairment loss in profit or loss in the period they are incurred.

The Company reviews other non-financial assets, other than goodwill, that suffered an impairment for possible reversal of the impairment at the end of each reporting period.

7. Financial instruments

The Company initially recognises financial instruments when it becomes party to the contract.

The Company measures financial instruments at initial recognition at the fair value net of directly attributable transaction costs unless the financial instrument is classified as fair value through profit or loss. For instruments the Company classifies at fair value through profit or loss, attributable transaction costs are immediately expensed.

7.1 FINANCIAL ASSETS

7.1.1 Recognition, classification, measurement and derecognition

At initial recognition, the Company considers the appropriate classification of financial assets as at Amortised cost (AC), Fair value through profit or loss (FVTPL), Fair value through other comprehensive income (FVOCI) for debt instruments, or Fair value through other comprehensive income (FVOCI) for equity instruments. The Company considers:

Whether the contractual cash flows of the financial asset are solely payments of principal and interest (SPPI). Such contractual cash flows are consistent with a basic lending arrangement and compensate the Company for the elements of the time value of money, credit risk and other basic lending risks and a profit margin. Examples of such instruments include Treasury Bills, Government Bonds, cash and cash equivalents, and fixed-term deposits. It excludes instruments such as equity-linked financial assets or puttable investments in unit trusts, and

Whether the business model of the Company is to hold to collect contractual cash flows or a business model that results in collecting contractual cash flows and selling the financial assets

Based on the criteria above, the Company will classify a debt instrument as:

- Amortised cost, if the financial asset meets the SPPI criterion and is held for the purpose to collect the contractual cash flows.
- Fair value with changes in other comprehensive income (debt instruments) if the financial asset meets the SPPI criterion and is held either to collect contractual cash flows or for sale. The Company currently does not hold financial assets in this category. However, specified equity-accounted associates have certain debt instruments in the category
- Fair value through profit or loss for all other financial assets that do not meet the criteria above are mandatorily classified as financial instruments at fair value through profit and loss. In addition, the Company can irrevocably designate financial assets into this category if this will reduce measurement inconsistencies (ie 'accounting mismatch').

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

7. Financial instruments *continued*

7.1 FINANCIAL ASSETS *continued*

7.1.1 Recognition, classification, measurement and derecognition *continued*

For equity instruments, the Company is permitted to make the irrevocable election to present changes in fair value in other comprehensive income. However cumulative gains or losses recognised cannot be reclassified to profit or loss on disposal. This election is available on an instrument-by-instrument basis. All other equity instruments are measured at FVTPL.

	Subsequent measurement
Amortised cost (AC)	The Company measures these instruments at amortised cost using the effective interest method. Movements in the balance of the instrument relate to expected credit losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
Fair value through profit or loss (FVTPL)	The Company measures these instruments at fair value with gains and losses recognised in profit or loss. Movements in this balance are due to fair value gains or losses, interest or dividends, and foreign exchange gains or losses. The Company has elected to present the entire fair value gains and losses on a net basis as a single amount.
Fair value through other comprehensive income (FVOCI) – equity	The Company measures these instruments at fair value with gains and losses recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss. Dividends are recognised in profit or loss.
Fair value through other comprehensive income (FVOCI) – debt	The Company measures these instruments at fair value with changes in fair value recognised in other comprehensive income. Movements in the balance relate to expected credit losses, interest income and translation differences are recognised in profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

The Company has not designated financial assets at fair value through profit or loss.

The Company expects the business model for managing a group of financial instruments to remain stable. In rare instances where the business model changes, there can be a reclassification of the business model. Any reclassifications are applied prospectively from the first day of the first reporting period after the change in business model, with no restatement of any previously recognised gains, losses or interest. The Company has not had any changes in business models in the current reporting period, and consequently, there have been no reclassifications.

The Company derecognises financial assets when the rights to receive cash flows from them expire or when they have been transferred and the Company has also transferred substantially all the risks and rewards of ownership with no retention of control of financial assets.

7.1.2 Expected credit losses

The Company measures expected credit losses on the following items:

- Debt instruments at amortised cost or fair value with changes in other comprehensive income, which include treasury bills. This also includes loan commitments for undrawn credit facilities
- Lease receivables
- Financial guarantee contracts
- Other receivables which are financial assets at amortised cost
- Contract receivables and contract assets with non-insurance customers and cash and cash equivalents

The Company has a multitude of different debtors and loans included in other receivables, which are financial assets which do not represent a homogeneous group of assets. The approach to determining expected credit losses varies according to the asset type, past bad debt experience and the potential to incorporate forward-looking information. In certain instances, the Company aggregates financial assets based on shared characteristics (ie debt payment pattern similarities, financial instruments with collateral, debtor type), and the Company determines expected credit losses on a collective basis.

In calculating the expected credit losses, the general expected credit loss approach requires that the Company assess the credit risk of the instrument and determine whether there has been a significant increase in credit risk since initial recognition.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

7. Financial instruments *continued*

7.1 FINANCIAL ASSETS *continued*

7.1.2 EXPECTED CREDIT LOSSES *continued*

The Company measures the loss allowance using the following approach:

- The Company refers to financial assets that have not had a significant increase in credit risk since initial recognition as Stage 1 financial assets. The Company measures loss allowances on Stage 1 financial assets at an amount equal to the 12-month expected credit losses
- The Company refers to financial assets that have had a significant increase in credit risk since initial recognition as Stage 2 and 3 financial assets. If the financial assets have had a significant increase in credit risk since initial recognition and are credit impaired or in default, the Company refers to these as Stage 3 financial assets. Company recognises lifetime expected credit losses in measuring the loss allowance for Stage 2 and 3 financial assets

The Company measures expected credit losses on:

- Financial assets that are not credit-impaired at the reporting date as the present value of all cash shortfalls (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive)
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows, and
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive (adjusted using a credit conversion factor)

The Company measures assets that are trade receivables, contract assets, and lease receivables using the simplified approach, should there be no significant financing component. The simplified approach does not require the Company to track changes in credit risk but instead requires the entity to recognise a loss allowance based on lifetime expected credit loss at each reporting date.

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

At each reporting date, the Company assesses whether the credit risk on a financial asset has increased significantly since initial recognition. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

CREDIT IMPAIRED AND DEFAULT

The Company considers a financial instrument to be credit-impaired when current circumstances and economic conditions indicate that the expected future cash flows from a financial instrument may not be recoverable. These circumstances include but are not limited to evidence of financial or operational challenges for the debtor and missed contractual payments.

WRITE-OFF

The Company will reduce the gross carrying amount of a financial asset when it has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

7. Financial instruments *continued*

7.2 FINANCIAL LIABILITIES

At initial recognition, the Company considers the appropriate classification as at Amortised cost (AC) or Fair value through profit or loss (FVTPL).

Financial liabilities are measured at FVTPL if:

- They are held for trading
- The financial liabilities are part of a group of financial assets and financial liabilities which are managed and performance evaluated on a fair value basis. These include financial liabilities held within the portfolios of unit-linked insurance and unit-linked investments

The Company measures all other financial liabilities that are within the scope of IFRS 9 at amortised cost.

	Subsequent measurement
Amortised cost (AC)	The Company measures these instruments at amortised cost using the effective interest method. Interest income and foreign exchange gains and losses are recognised in profit or loss.
Fair value through profit or loss (FVTPL)	The Company measures these instruments at fair value with gains and losses and any interest recognised in profit or loss.

The Company derecognises financial liabilities when the obligation is extinguished.

7.3 OFFSET

The Company offsets the financial assets and liabilities and it reports the net amount in the Statement of financial position when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the reporting entity or the counterparty.

7.4 MODIFICATIONS

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms or the terms of an existing financial asset or liability are substantially modified, the Company treats an exchange or modification as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The Company consequently considers the date of recognition of a new asset to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the Company recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments (for all other modifications).

In assessing whether a financial asset was substantially modified, the Company performs a qualitative assessment to determine if the terms were substantially modified. In assessing whether a financial liability has been substantially modified, the Company performs both a qualitative and quantitative (10% threshold) assessment to determine if the terms were substantially modified.

7.4.1 Modification of distressed restructures

Debt restructuring involves adjusting the terms of an account, such as lowering the interest rate, payment holidays etc, based on legal requirements. These revised terms are not the same as those offered commercially for a new product to a customer with a similar risk profile.

When the Company changes the terms of a contract due to the borrower's financial difficulties, the asset is not derecognised unless the contract undergoes substantial changes (eg, such as the introduction of equity participation or a significant change in the counterparty). If the asset is not substantially modified, the financial asset's carrying amount is recalculated based on the present value of the modified cash flows, discounted using the original EIR.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

7. Financial instruments *continued*

7.5 INTERBANK OFFERED RATES (IBOR) REFORMS

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative, nearly risk-free rates (referred to as 'IBOR reform'). The Company has exposures to IBORs on its financial instruments, such as Libor and JIBAR, that have been or will be replaced or reformed as part of these market-wide initiatives.

The United Kingdom has seen a change from the GBP Libor to the Reformed Sterling Overnight Index Average (SONIA) and the South African Rand Overnight Index Average (ZARONIA) has been designated as the preferred alternative near risk-free rate to succeed JIBAR. On 3 November 2023, the South African Reserve Bank (SARB) announced that ZARONIA may henceforth be used in financial contracts.

The IBOR reforms will result in changes in the basis for determining the contractual cash flows of financial assets and financial liabilities, including derivatives.

- For financial assets and liabilities measured at amortised cost, the Company will update the effective interest rate without recognising a gain or loss if:
  - The change is a direct consequence of reform, and
  - The new basis for determining the contractual cash flows is economically equivalent to the previous basis.

8. Derivative financial instruments

The Company classifies derivative financial instruments as held for trading unless they are designated as effective hedging instruments.

The Company initially recognises derivative financial instruments in the Statement of financial position at fair value on the date on which a derivative contract is entered into (the best evidence of fair value on day one is the transaction price). The Company subsequently remeasures these instruments to fair value.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Fair values are obtained from quoted prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. The Company presents all derivatives as assets when the fair value is positive and as liabilities when the fair value is negative.

Under general hedge accounting, the Company has assessed that derivatives that qualify for cash flow hedge accounting are those derivatives designated as hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction. The Company applies hedge accounting when the hedging relationship meets the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship, and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item

The Company documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedging relationships. The Company also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

8. Derivative financial instruments *continued*

8.1 CASH FLOW HEDGE

The Company recognises the effective portion of fair value changes of derivatives that are designated as cash flow hedges in OCI, and accumulated in the cash flow hedging reserve in the Statement of other comprehensive income. The Company recognises the gain or loss relating to the ineffective portion immediately in profit or loss, within net fair value gains on financial assets at fair value through profit or loss.

Amounts accumulated in the Statement of other comprehensive income are reclassified to profit or loss in the period in which the hedged item will affect profit or loss. Where the forecast transaction or a foreign currency firm commitment results in the recognition of a non-financial asset or liability, the gains and losses previously deferred are transferred from the Statement of other comprehensive income and included in the initial measurement of the cost of the non-financial asset or liability. Where the forecast transaction subsequently results in the recognition of a financial asset or liability, the Company transfers gains or losses deferred in equity from the Statement of other comprehensive income to the Income statement when the financial asset or liability is sold or impaired.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

8.2 DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Certain derivative instruments do not qualify for hedge accounting. The Company recognises changes in the fair value of all such derivative instruments immediately in profit or loss, within net fair value gains on financial assets at fair value through profit or loss.

8.3 HEDGING RESERVE

The hedging reserve includes the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss as follows:

- For the effective portion reclassified for hedges relating to share-based payments as part of marketing and administration expenses (staff costs)
- For the effective portion recycled for hedges relating to interest rate risk, as part of finance costs

For the purpose of cash flow hedges (see accounting policy 8.1), in determining whether a forecast transaction is highly probable, an entity will assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of IBOR reforms. The Company anticipates that ZARONIA will impact some of its JIBAR risk management and hedge accounting relationships in the longer term.

9. Cash and cash equivalents

Cash and cash equivalents comprise:

- Cash in hand
- Balances with banks, including bank overdrafts repayable on demand and that form an integral part of the cash management process
- Deposits held at call and short notice, including short-term highly liquid investments that are readily convertible into known amounts of cash and subject to insignificant risk of changes in value, e.g. certain money market investments

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months from the date of acquisition. Cash and cash equivalents are carried at amortised cost (or, in specified instances, at fair value through profit or loss), which, due to their short-term nature, approximates fair value.

Where the Company has sweeping arrangements with financial institutions, positive and negative cash balances subject to those arrangements are presented on a net basis in the Statement of cash flows as cash and cash equivalents. This presentation is applied where the Company has the legal right and intention to settle the balances on a net basis and the balances are managed as part of a centralised treasury function. Bank overdrafts that do not form part of such arrangements are presented separately as borrowings.

10. Share capital

The Company classifies shares as equity when there is no contractual obligation to transfer cash or other financial assets to the holder. Incremental costs directly related to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

11. Borrowings

The Company recognises borrowings initially at fair value, net of transaction costs incurred.

Subsequently, the Company measures borrowings at amortised cost. Any difference between the proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs against the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

12. Income taxes, direct and indirect taxes

12.1 CURRENT TAX

The Company calculates and measures current tax at the amount expected to be paid to or recovered from the taxation authorities. The Company uses the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

12.2 DEFERRED TAX

The Company calculates deferred tax on all temporary differences using the Statement of financial position approach. The Company calculates deferred tax liabilities or assets by applying corporate tax rates that have been substantively enacted to the temporary differences between the tax values of assets and liabilities and their carrying amount, where such temporary differences are expected to result in taxable or deductible amounts in determining taxable income for future periods when the carrying amount of the assets or liabilities are recovered or settled.

The Company recognises deferred tax assets if its directors consider it probable that future taxable income will be available against which the tax losses can be utilised.

Temporary differences arise primarily from the difference between accounting and tax balances arising from:

- Property and equipment
- Contract assets/liabilities
- The effect of accounting for lease liabilities and right-of-use assets
- The revaluation of financial assets and liabilities at fair value through profit or loss
- Provisions for leave pay
- Liabilities for share-based payments, and
- Tax losses carried forward

Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable income. Deferred tax related to cash flow hedges, which are charged or credited directly to the statement of other comprehensive income, is also credited or charged directly to the statement of other comprehensive income and is subsequently recognised in profit or loss when the gain or loss is realised.

The Company offsets deferred tax assets and liabilities when:

- There is a legally enforceable right to offset current tax assets against current tax liabilities, and
- When the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

If offsetting does not apply, the Company separately discloses the deferred tax asset and deferred tax liability.

The Company reviews the carrying amount of the deferred tax asset at each reporting date and it is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The Company reassesses unrecognised deferred tax assets at each reporting date and recognises them to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

12. Income taxes, direct and indirect taxes *continued*

12.3 DIRECT AND INDIRECT TAXES

Direct taxes include South African and foreign jurisdiction corporate tax payable and are disclosed as taxation in profit or loss.

Indirect taxes include various other taxes paid to central and local governments, including value-added tax and skills development levies. The Company includes those indirect taxes which it cannot reclaim directly as part of marketing and administration expenses in profit or loss. Alternatively, if the indirect taxes qualify to be capitalised, they are included as part of the cost of property, equipment, or intangible assets.

12.4 INTEREST ARISING FROM TAXES

The Company recognises interest arising from tax disputes and indirect taxes such as value-added tax as finance costs in the income statement.

13. Employee benefits

13.1 SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

13.2 POST-EMPLOYMENT BENEFITS

The Discovery Group operates defined contribution schemes, the assets of which are held in separate private trustee-administered funds. The Company pays contributions to these funds on a mandatory basis. These funds are registered in terms of the Pension Funds Act of 1956, and membership is compulsory for all Discovery employees. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

13.3 SHARE-BASED COMPENSATION

The Company operates equity-settled and cash-settled share-based compensation plans.

EQUITY-SETTLED SHARE-BASED COMPENSATION PLANS

The Company expenses the fair value of the employee services received in exchange for the grant of the options, over the vesting period of the awards, as employee costs, with a corresponding credit to a share-based payment reserve in the Statement of changes in equity. The total value of the services received is calculated with reference to the fair value of the options on the grant date.

The fair value of the options are determined, excluding non-market vesting conditions. The non-market vesting conditions are included in the assumptions of the number of options expected to vest. At each reporting date, the Company revises its estimate of the number of options expected to vest. Any changes to the estimated number of options are recognised in profit or loss immediately.

CASH-SETTLED SHARE-BASED COMPENSATION PLANS

The Company recognises employee services received in exchange for cash-settled share-based payments at the fair value of the liability incurred and expenses these services over the vesting period of the benefits, as employee costs.

The Company remeasures the liability at each reporting period to its fair value and recognises all changes immediately in profit or loss.

Where the Company modifies an equity-settled share-based payment award such that it is required to be settled in cash, the modification results in a change in classification from an equity-settled to a cash-settled share-based payment. The modification is accounted for as follows:

- At the modification date, the Company measures the fair value of the cash-settled liability and reclassifies from equity to liabilities an amount equal to the fair value of the liability related to services received up to that date.
- Where the fair value of the liability at the modification date is less than the amount previously recognised in equity, no gain is recognised. The difference remains in equity
- Where the fair value of the liability at the modification date is greater than the amount previously recognised in equity, the Company has elected to recognise the excess liability in equity.
- After the modification date, the liability is accounted for consistent with the accounting requirements for cash-settled share-based compensation plan

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

13. Employee benefits *continued*

13.3 SHARE-BASED COMPENSATION *continued*

CASH-SETTLED SHARE-BASED COMPENSATION PLANS *continued*

Two of the schemes that the Group operates, namely the BEE Staff Share Trust and Discovery Long-Term Incentive Plan (LTIP), are both equity-settled share-based payment arrangements in accordance with the requirements of IFRS 2 Share-based Payments. In these schemes, Discovery Limited grants the awards to the employees within the Discovery Group. The Company classifies the share-based payment transaction according to whether the entity has the obligation to settle. As Discovery Limited's shares are being awarded to employees, the Company classifies the transaction as equity-settled.

Under the IFRS Accounting Standards, the Group does not consider any repayment or recharge arrangements in determining the classification of these group share-based payments. Any recharge payments the Group receives from its subsidiaries are treated as a return on capital from the subsidiary. When the recharge made exceeds the charge recognised in accordance with IFRS 2, the excess is accounted for as dividend income.

Discovery Limited manages the two share trusts. Discovery Limited treats the share trusts set up to facilitate the share-based payment arrangements as an agent, i.e. an extension of Discovery Limited. In other words, shares held by the Trust are treated as treasury shares of Discovery Limited.

BEE Staff Share Trust: Shares and options to acquire shares have been allocated to senior black employees based on their level of seniority and length of past service. The trust will hold shares until the date of vesting of the shares to the employee or the exercise date of the option

Discovery LTIP Trust: Participants will receive Discovery Limited shares subject to performance criteria and if the participant is employed on each vesting date. The trust will hold shares until the date of vesting of the shares to the employee. Per the LTIP Trust deed, the LTIP Trust recharges the costs of the shares acquired for the employees to the relevant subsidiary whose employees are awarded the shares

The Company capitalises to the investment in subsidiary the fair value of employee services received in exchange for the grant of the options, over the vesting period, with a corresponding credit to a share-based payment reserve in the statement of changes in equity. The subsidiary recognises the related share-based payment expense. The total value of the services received is calculated with reference to the fair value of the options on grant date.

The fair values of the options are determined excluding non-market vesting conditions. These vesting conditions are included in the assumptions of the number of options expected to vest.

At each reporting date, the Company revises its estimate of the number of options expected to vest. Any changes to the estimated number of options are recognised in profit or loss immediately.

13.4 PROFIT SHARE AND BONUS PLAN

The Company operates several other profit-sharing and bonus compensation arrangements and recognises these when a constructive obligation has been created by past practice. These are calculated with reference to predetermined formulae.

The Company has other deferred compensation schemes in place where employees are incentivised based on a variable other than the share price of Discovery Limited, such as embedded value, value of in-force and earnings multiples. The Company recognises a liability and the related expense is included in employee costs in profit or loss.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

14. Other payables and provisions

14.1 OTHER PAYABLES

Other payables consist of VAT payables, premiums and fees received in advance. These are not financial liabilities and are, accordingly, not measured at amortised cost.

The Company measures as management's best estimate of the amount required to settle VAT obligations and the present value of the cash consideration received in advance on premiums and fees.

14.2 PROVISIONS

The Company recognises provisions when it has a present legal or constructive obligation of uncertain timing or amount, as a result of past events and it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The Company measures provisions as the present value of management's best estimate of the amount required to settle the obligation at the reporting date. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

15. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

- The Company does not recognise contingent liabilities, but it discloses a contingent liability when:
- It has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- It has a present obligation that arises from past events but is not recognised because:
- It is not probable that an outflow of resources will be required to settle an obligation, or
- The amount of the obligation cannot be measured with sufficient reliability.

16. Revenue recognition

IFRS 15 Revenue from Contracts with Customers which is applicable to the Company's revenue from administration business.

IFRS 15 requires that once the Company identifies contracts, it identifies the performance obligations in the contract. The Company determines this on the basis of whether the customer can benefit from the promised good or service individually or together with other readily available resources and whether the performance obligation is distinct in the context of the contract. For the Company, most contracts contained a single performance obligation, or a contract that consists of a series of distinct goods or services that are substantially the same and transferred to the customer over the same pattern.

The timing of revenue recognition is dependent on whether the Company transfers control over the good or service over time or at a point in time. In determining the appropriate timing for revenue recognition, the Company considers whether the customer benefits as the entity performs. For most revenue types, the Company provides stand-ready services to customers, where customers benefit as the entity's services are consumed. In limited instances where revenue is not recognised over time, the Company recognises revenue at a point in time when control transfers. For revenue the Company recognises over time, the stand-ready service is recognised in a straight line over the term of the contract.

In determining the amount of revenue to recognise, the Company considers any uncertainty created through variable consideration contained in the contract and constrains the recognition of revenue in order to recognise revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is resolved. The Company also considers the impact of the timing of receiving payments for revenue transactions and determines whether a significant financing component should be taken into account in the measurement of the transaction price. As the Company's contracts routinely include single performance obligations, there is limited complexity in allocating transaction prices to performance obligations. Payment terms vary across the different revenue types earned by the Company.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

16. Revenue recognition *continued*

Where contracts with customers involve a third party, the Company considers whether it is acting as the principal or the agent in the delivery of the promised goods or services to the customer. This assessment is based on whether the Company controls the goods or services before it is transferred to the customer.

For certain contracts with customers, the Company receives income in advance of discharging the related performance obligation. In these instances, the amount is recognised as a contract liability incurred in the acquisition or fulfilment of a contract. The Company considers whether there are costs incurred for the acquisition or fulfilment of a contract. The Company recognises these costs as an asset and amortises the costs over the expected period over which performance obligations under the contract are satisfied. The Company expenses contract costs it incurs which are considered to be of a general and administrative nature and that are not explicitly recovered from the customer, as it incurs the cost.

Where the transaction price included in a contract is payable less than 12 months from the date of satisfying the related performance obligation, the practical expedient is applied in that a significant financing component is not recognised. Similarly, where the costs of obtaining a contract would be amortised over 1 year or less, the costs are not recognised as a separate asset.The Company presents any unconditional rights to consideration separately as a receivable.

	Fee income from administration business
Nature of performance obligations	The Company recognises fee income on health administration and managed care services it renders.
When does control pass – Point in time (PIT) vs over time	Performance obligations to provide administration services are considered stand-ready services, the customer obtains control over the service as the entity makes its services available on an "as and when" basis. As a result, the Company recognises revenue over time, as the respective entity makes the services available, based on the passage of time.
When are amounts payable?	Amounts are billed for health administration and managed care business at the end of the respective month, with amounts paid within 30 days.
Variable consideration and estimates	There is no potential for amounts of revenue to vary relating to discounts or rebates on the health administration business.
Costs to capitalise	Where costs are incurred directly to secure a new health administration customer, and the contract is expected to exceed 12 months, the Company capitalises and amortises costs over the expected term of contract.

The Company assesses a contract asset for impairment in accordance with IFRS 9. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. Any impairment losses the Company recognises on any receivables or contract assets arising from its contracts with customers are disclosed separately from impairment losses from other contracts.

COSTS OF OBTAINING CONTRACTS

The Company defers and recognises as an asset arising from its contracts with customers in the Statement of financial position the incremental costs of acquiring new contracts, which are expected to be recovered out of future revenue margins as an expense over the period in which the related performance obligations are satisfied.

Annexure A – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2026

Summary of material accounting policies *continued*

17. Other non-revenue income

17.1 INVESTMENT INCOME

Investment income comprises dividends as well as the interest the Company receives from assets held at amortised cost and cash and cash equivalents.

The Company recognises dividends when its right-to-receive payment is established. This is on the "last day to trade" for listed shares and on the "date of declaration" for unlisted shares. Dividend income includes scrip dividends, irrespective of whether there is an option to receive cash instead of shares.

The Company has elected to classify the cash flows arising from dividends received as investing activities as the dividends received are returns on investments.

Interest is accounted for on an accrual basis using the effective interest method.

17.2 NET FAIR VALUE GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net fair value gains/(losses) on financial assets at fair value through profit or loss include gains and losses arising from interest, dividends and net realised and unrealised gains or losses on financial assets held at fair value through profit or loss.

The Company has elected to present the entire fair value gains and losses; interest, dividends and the net realised and unrealised gains or losses on a net basis as a single amount.

17.3 OTHER INCOME

Other income includes the administration of various product offerings and services. Group administration services include system support, development and maintenance, consulting services and data science services. Product offerings and services include the administration of Flexicare, Healthy company and Discovery Gap cover. Other income is recognised as and when it is earned.

18. Marketing and administration expenses

Marketing and administration expenses include marketing and development expenditures, all other non-acquisition-related expenditures, and benefits paid under the Vitality programme.

19. Interest expense on borrowings

Interest expenses (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Company recognises all other interest as an expense in profit or loss on an accrual basis using the effective interest method.

In addition, interest expense includes any reclassified gains or losses from other comprehensive income arising from cash flow hedges of interest rates, amortisation of financing-related fees such as loan commitment fees and letter of credit fees, and modification gains and losses on borrowings.

20. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved.

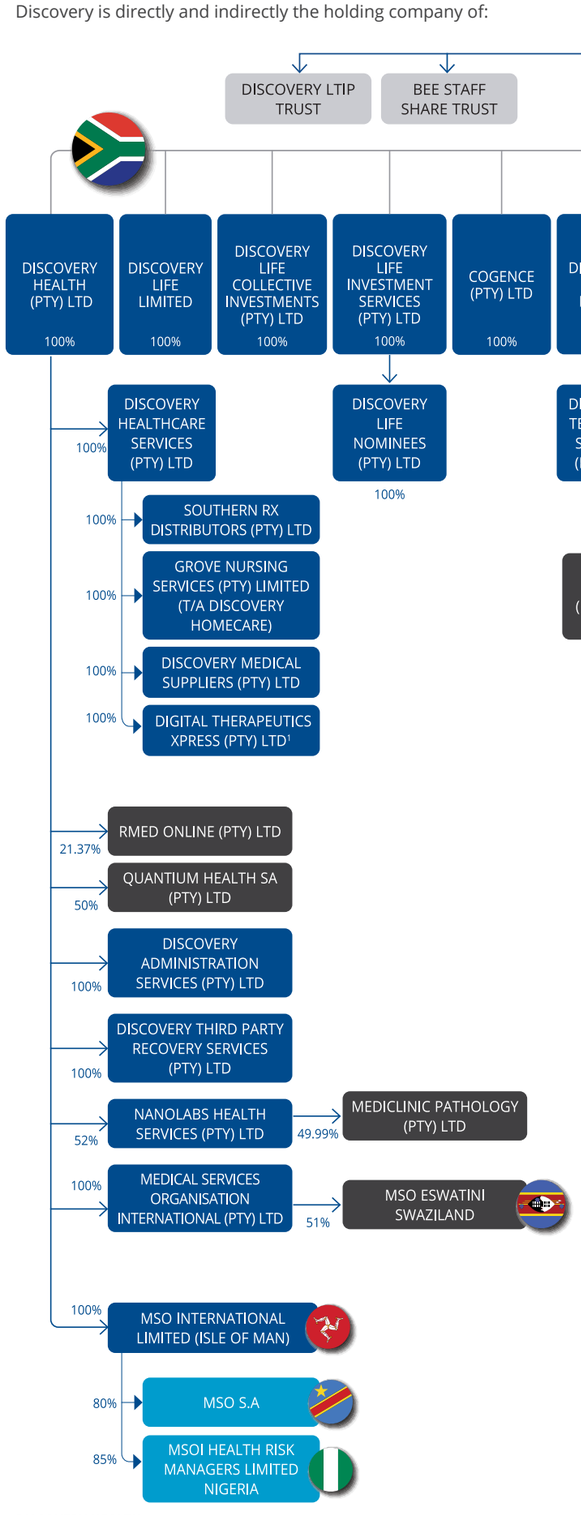
21. Government grants

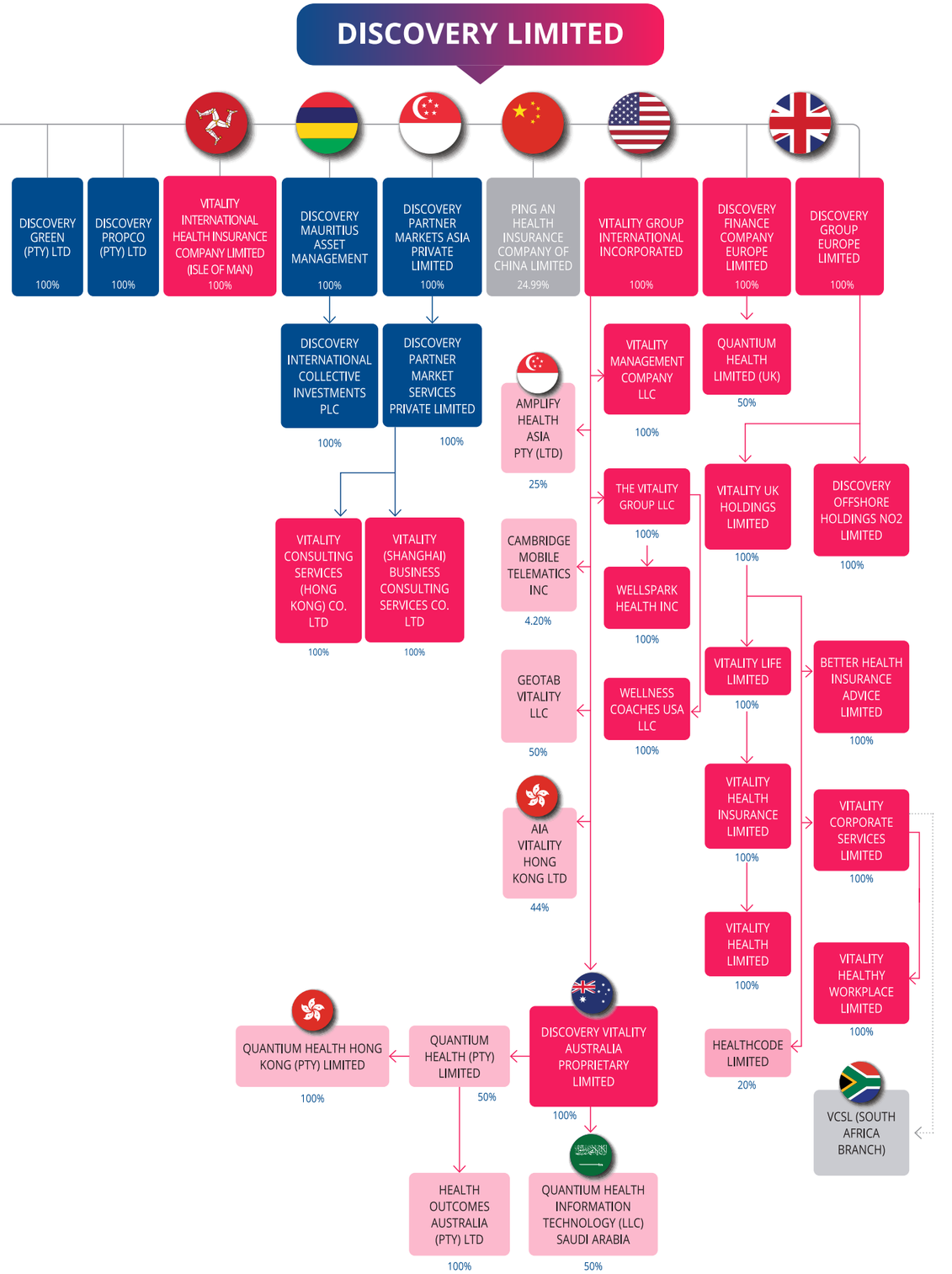
The Company obtains government grants, e.g. from the Sector Education and Training Authority (SETA), to access the Skills Development Levies imposed on its employees to encourage learning and development in South Africa. The Company includes government grants in profit or loss using the income approach, including costs for skills programs and deducting these from grants that cover specific expenses in profit or loss. The Company recognises government grants as income only if they are reasonably assured of receiving them and fulfilling all associated conditions. There are no other forms of government grants from which the Company has directly benefited, and there are no conditions that the Company has not fulfilled in recognition of the government grants.

Annexure B

for the year ended 30 June 2026

Discovery is directly and indirectly the holding company of:





Discovery

Discovery Limited | +27 11 529 2888 | askthecfo@discovery.co.za | www.discovery.co.za

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