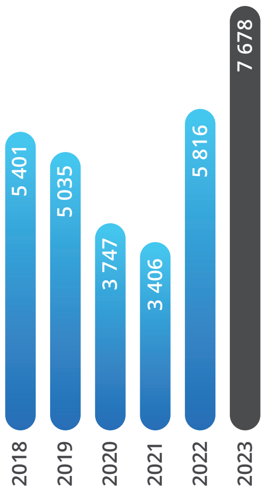
AUDITED RESULTS

for the year ended 30 June 2023

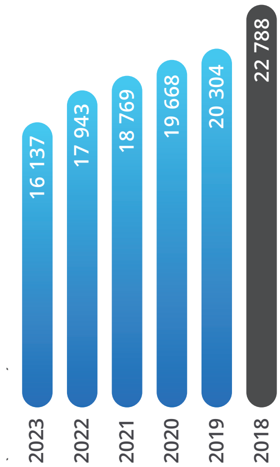
CONTENTS

DISCOVERY LIMITED
Registration number 1999/007789/06

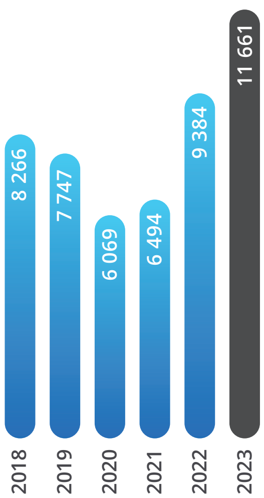
Normalised headline earnings
(R million)



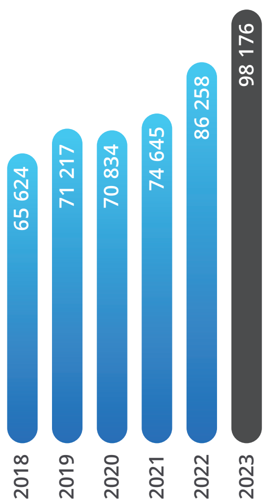
Core new business, excl products in run down of VitalityInvest and PAHI reinsurance (restated)
(R million)



Normalised profit from operations
(R million)



Embedded value
(R million)



Commentary

Discovery Group delivered a robust performance for the 2023 financial year, with its three business composites – South Africa (SA), United Kingdom (UK), and Vitality Global (VG) – all performing well. At a Group level, normalised operating profit increased 24% to R11 661 million; headline earnings increased 5% to R5 490 million; normalised headline earnings increased 32% to R7 678 million; and core new business annualised premium income (API) increased 12% to R22 788 million.

GROUP OVERVIEW AND SALIENT GROUP RESULTS

The year under review was characterised by significant macroeconomic uncertainty, with several issues coalescing. The period saw prolonged inflationary pressures, rising interest rates, a remarkably strong US dollar, increasing consumer pressure, and a cost-of-living crisis in many regions. These pressures have constrained economic growth, following short-lived economic rebounds experienced by many countries after the COVID-19 pandemic, with severe energy shortages in South Africa posing a further challenge.

The Group's focus in the period centred on the following, as explored in the sections that follow:

01 **Delivering growth in quality earnings and cashflow with a robust balance sheet.**

02 **A clear growth strategy for each composite, evolving the Vitality Shared-value model, and intensifying the focus on key initiatives while closing those with marginal benefits.**

Salient Group results

for the year ended 30 June 2023

	Unit	June 2023	June 2022	% Change
Group earnings				
Normalised profit from operations	R million	**11 661**	9 384	24
Normalised headline earnings	R million	**7 678**	5 816	32
Headline earnings	R million	**5 490**	5 204	5
Basic earnings per share	Cents	**785.4**	825.5	(5)
Basic headline earnings per share	Cents	**834.3**	792.4	5
Basic normalised headline earnings per share	Cents	**1 166.7**	885.5	32
Group net asset value and embedded value				
Net asset value	R million	**63 974**	53 555	19
Embedded value	R million	**98 176**	86 258	14
Annualised ROEV	%	**13.2**	14.8	
Basic embedded value per share	R	**149.11**	131.29	14
Financial leverage and capital management				
Financial leverage ratio (FLR)	%	**20.4**	23.8	
Shareholder free cash increase	R million	**397**	(1 225)	
Business volume				
Total income from non-insurance lines	R million	**4 940**	3 439	44
Core new business premium income[1]	R million	**22 788**	20 304	12
Lives impacted	Million	**40.5**	39.7	2

1 *Excluding products of VitalityInvest and Ping An Health Insurance (PAHI) reinsurance business in run down. The prior year has been restated accordingly (refer Annexure A).*

Commentary *continued*

Delivering growth in quality earnings and cashflow with a robust balance sheet

The Group generated normalised operating profit growth of 24%. The businesses delivered strong premium and revenue growth, with core new business API increasing 12% and positive customer retention and indexation, while total non-insurance income increased 44%. Normalised operating profit growth was strong across each composite, as SA increased 22%, UK increased 21%, and VG increased 74%, with the UK and VG benefitting from a weaker rand during the year. New business growth was strong in SA and the UK, with core new business API increasing 11% and 26% respectively, while VG declined 1% as new business growth in Ping An Health Insurance (PAHI) was constrained in a complex environment.

The headline earnings volatility caused by economic assumption changes is the rationale behind Discovery's stated policy of normalising for the impact of long-term interest rate movements in the presentation of normalised headline earnings. Although the interest rate changes impact headline earnings, they have no impact on the operations of the Group, with little impact on the Group's liquidity, cash flows, and solvency.

The sharp rise in both nominal and real interest rates across Discovery's main insurance markets (SA and UK) negatively affected headline earnings growth, and predominantly explains the difference between the 5% growth in headline earnings and the 32% growth in normalised headline earnings. The impact of interest rates in the UK was more muted over the reporting year, as the hedging strategy proved effective, with some gains resulting in increased discretionary margins. There was a more pronounced impact in SA, with the Discovery Life economic assumptions adjustments amounting to R2 811 million, gross of tax.

The Group demonstrated continued financial resilience over the year as central liquidity remained strong, notwithstanding a R600 million reduction in debt, and the financial leverage ratio (FLR) improved to 20%. Organic cash generation was robust during the year following growth in quality earnings, a significant recovery in Discovery Life's cash generation following elevated COVID-19-related claims in the prior period, and the reduction in the cost of new initiatives. The robust balance sheet and cash positions support the recommencement of dividends.

The Group's embedded value increased to R98 176 million, which represented a 13.2% return on embedded value (RoEV). The RoEV benefited from R2.6 billion positive non-economic variances over the year, reflecting the positive dynamics of the Vitality Shared-value model. The weaker rand exchange rate had a positive impact on the RoEV. This was offset by higher long-term interest rates in SA and the UK, which also decreased new business margins.

A clear growth strategy per composite, evolving the Vitality Shared-value model, and intensifying the focus on key initiatives while closing those with marginal benefits

High levels of engagement in the Vitality Shared-value model, together with the efficacy of the model, underpinned the strong growth in profit and cash generation, retention of customers, and robust levels of new business. This demonstrates the model's resilience in a challenging and volatile macroeconomic environment. The Group is now focused on evolving the model into an integrated value chain with bespoke modules to drive growth and market leadership across each of the composites.

Spend on new initiatives reduced significantly from 18%* of normalised operating profit in the prior year to 10.6% in the current year for continuing operations, excluding the impairment and closure costs of certain UK initiatives. The reduction in spend has tracked that of Discovery Bank, the Group's most significant initiative, as spend remained well within plan despite accelerated client acquisition.

The following table provides a summary of the earnings and new business performance by composite:

	Normalised profit from operations (Current year, in ZAR million)	% change (Current year vs prior year)	Core new business API (Current year, in ZAR million)	% change (Current year vs prior year)
Discovery Health	3 854	7	8 678	19
Discovery Life	4 807	19	2 838	12
Discovery Invest	1 560	30	3 050	4
Discovery Insure – Personal[1]	62	(138)	1 249	0
Discovery Bank	(767)	(23)		
Other SA initiatives	(312)	28	631	(25)
Central costs	(124)	n/a		
SA Composite[2]	**9 096**	**22**	**16 818**	**11**
VitalityHealth	1 283	(3)	2 064	19
VitalityLife	1 039	55	1 721	37
Closure costs of VitalityInvest and Vitality Car	(455)	(1)	[3]	[3]
Other UK initiatives and head office costs	(79)	32		
UK Composite	**1 788**	**21**	**3 785**	**26**
Vitality Network	411	26		
VHI – Ping An Health Insurance (PAHI)	596	76	2 185	(1)[3]
VHI – Other	(195)	1		
Other VG	(35)	46		
Vitality Global	**777**	**74**	**2 185**	**(1)[3]**
Normalised profit from operations[2]	**11 661**	**24**		
Normalised headline earnings	**7 678**	**32**		
Core new business API[2,3]			**22 788**	**12**

** As a percentage of normalised profit from operations before new initiatives.*
1 Includes Discovery Insure's share of equity accounted losses of its associates of R19 million (prior loss: R13 million).
2 Includes for SA Vitality: normalised profit from operations of R16 million (prior: R9 million); core new business API of R372 million (prior: R256 million).
3 Core new business API excludes products of VitalityInvest and PAHI reinsurance business in run down (refer Annexure A).

BUSINESS-SPECIFIC PERFORMANCE

South Africa, including new initiatives

The SA composite's normalised operating profit increased by 22% to R9 096 million and new business by 11% to R16 818 million. Discovery Health showed strong growth across all metrics with prior investment in technology driving efficiencies and continued innovation. Discovery Life had a resilient performance with positive variances, with Group Life returning to profit. Discovery Invest generated significant growth in profit, given higher investment markets and other in-period gains. Discovery Insure delivered on its profit turnaround, following actions taken in previous periods. Discovery Bank continued with excellent progress across all metrics, as acquisition of quality clients accelerated over the year. Further investment in product innovation and digital capabilities continues to evolve the Bank into a composite-maker in the Discovery retail ecosystem. Investment into other initiatives increased for the year, as Discovery Business Insurance and Umbrella Funds improved slightly, while Vitality Health International (Africa) expanded from a low prior base.

Discovery Bank

	Unit	June 2023	June 2022	% Change
Net non-interest revenue (NIR)	R million	**943.1**	632.9	49
Net interest income (NII)	R million	**573.7**	317.6	81
Normalised loss from operations	R million	**767.3**	990.3	23
Retail deposits	R billion	**14.3**	10.6	36
Advances	R billion	**5.2**	4.3	22
Credit loss ratio (CLR)	%	**3.04**	2.18	39
Number of accounts	Number	**1 625 912**	1 023 790	59
Number of clients	Number	**702 131**	470 220	49

Discovery Bank's (DB) operating loss was 23% better than the prior year and the operating loss before new business acquisition costs was 39% better than the prior year, as growth continued to exceed expectations. DB has accelerated client acquisition and improved credit penetration through a quality-focused credit strategy. DB delivered on the medium-term target of averaging 1,000 new clients a day for January to June 2023, which was 50% higher than the equivalent prior year period, with quality remaining excellent. Total clients exceeded 700,000 by the end of June 2023, with significant progress towards the target of one million clients by 2026.

Advances have grown steadily given increased credit application volumes (+56% compared to prior year) and increased card usage. DB's share of new credit issued was 15.7% (by value) of credit card facilities in the second quarter of 2023, up from 10.9% the prior year. The quality-focused credit strategy was evidenced by the credit loss ratio remaining within the long-term targets, despite the challenging macroeconomic environment. Continuous operational enhancements have been implemented with a focus on improving collections, as macroeconomic challenges are expected to continue.

Non-interest revenue grew strongly with increasing interchange and fee income per client, higher upgrades than the prior year, and increased transactions, debit orders and salary deposits. Clients' utilisation of DB's transaction capabilities grew, with total payments increasing 56%, by value, and total spend increasing by 48%.

Discovery Health

	Unit	June 2023	June 2022	% Change
Normalised operating profit	R million	**3 854**	3 600	7
New business API	R million	**8 678**	7 292	19
Revenue	R million	**10 211**	9 340	9
Non-scheme as revenue % of total revenue	%	**14.7**	14.0	
Lives under administration	Number	**3 827 895**	3 772 435	1

Discovery Health (DH) experienced robust operating profit growth, despite elevated costs during the first half of the reporting year for technology and infrastructure spend. The investment in technology continues to drive efficiencies through increased digital engagement, further differentiating and widening the efficiency of DH's services.

DH continued to deliver on top-line growth metrics with solid new business API and revenue growth despite a challenging market environment. Non-medical scheme products – Flexicare, Gap Cover and Healthy Company – performed well and total non-scheme revenue now represents almost 15% of total DH revenue.

In addition to the open medical scheme, Discovery Health Medical Scheme (DHMS), DH also administers 17 closed medical schemes that performed well during the year. DH has successfully secured the administration of the Sasolmed Medical Scheme, commencing 1 January 2024. DHMS's market share has continued to grow, achieving 57.8%, and it remains in a strong financial position with solvency of 35.1% at December 2022, well over the 25% regulatory requirement.

Commentary *continued*

Discovery Life

	Unit	June 2023	June 2022	% Change
Normalised operating profit	R million	**4 807**	4 028	19
New business API	R million	**2 838**	2 543	12
Premium income	R million	**16 620**	15 041	10
Solvency ratio (including Invest)	%	**188**	173	
RoEV (including Invest)	R million	**8**	10	
VNB margin	%	**2.5**	5.3	

Discovery Life's (DL) normalised operating profit increased 19%, driven by a resilient operational performance in Individual Life, and Group Life returning to profit following the severe impact of COVID-19 in the prior year. Claims experience was in line with expectations for the year, moderating in the second half from the slightly elevated morbidity claims in the first half of the reporting year. Customer retention was solid, despite increasing consumer pressure: lapse experience was impressive, although policy alterations worsened as clients adjusted to the environment.

New business API increased by 12%, aided by solid automatic contribution increases, leading to DL's market share gain from 28.4% for Q2 2022 to 30.2% for Q2 2023. Embedded value growth was impacted by material movements in the shape and level of yield curves combined with a short-term strengthening of lapse assumptions in anticipation of the continued macroeconomic challenges. The value of new business (VNB) was impacted similarly, with higher unit costs, following a slight decline in new business production, being a further contributor to the reduction in margin.

Financial resilience was reaffirmed as the solvency cover ratio improved and there was a strong recovery in cashflow to R2 126 million, from a negative R245 million cashflow in the prior year, given elevated COVID-19-related claims. The liquidity coverage was significantly above 100%.

Discovery Invest

	Unit	June 2023	June 2022	% Change
Assets under administration	R billion	**140.3**	121.7	15
Assets under management	R billion	**95**	81	17
% linked assets in Discovery funds	%	**80**	80	0
Net client cash flows	R billion	**5.9**	5.8	2
New business API	R million	**3 050**	2 920	4
Fee income	R million	**3 099**	2 834	9
Normalised operating profit from operations	R million	**1 560**	1 204	30

Discovery Invest's normalised operating profit increased 30%, following improved growth in underlying assets and additional gains over the year. Assets under management ended the year 17% higher, with average monthly assets 9% higher than the prior year, lifting asset-based revenues. The result further benefited from in-period gains through the implementation of an optimised asset-liability matching strategy on the guaranteed return plan and life annuity portfolios, supported by higher yields. The release of a previously raised tax reserve, relating to the 1 July 2022 implementation of a tax amendment, boosted operating profit, countered by a corresponding increase in tax payable. New business and net flows were impacted by lower net flows into discretionary savings products across the industry, however, increased demand for guaranteed products, as well as improved sales of compulsory savings products, partially offset this trend.

Discovery Insure

	Unit	June 2023	June 2022	% Change
Personal lines	R million	**81**	(149)	(154)
Equity accounted losses	R million	**(19)**	(13)	46
Normalised operating profit/(loss)	R million	**62**	(162)	(138)
Operating margin personal lines	%	**1.53**	(3.13)	
New business API personal lines	R million	**1 249**	1 246	0.3
Gross written premiums	R million	**5 259**	4 762	10.4

Discovery Insure (DI) personal lines continued to deliver on its margin recovery plan, with further improvement in the second half of the reporting period. Increased power surge claims driven by loadshedding and increased severity of vehicle theft made for a challenging environment. These have been mitigated by selective repricing initiated in January 2022, claims cost reduction initiatives, and various risk mitigations applied over the past year. Further, operational changes to reduce the cost of power surge claims and vehicle theft risk have been implemented. New business was largely unchanged as DI remains focused on growth of quality new business. Enhancements to the Vitality Drive programme have further emphasised the focus on driving behaviour, and appropriate risk-based pricing initiatives have ensured that top-line written premium growth remained strong.

UNITED KINGDOM, INCLUDING NEW INITIATIVES

The UK composite's normalised operating profit increased by 14% to £83.4 million (up 21% to R1 788 million). Earned premiums increased by 11% year-on-year to £989.2 million (up 17% to R21 199 million), and total lives insured increased by 11% to 1.72 million. Core new business API was strong, increasing by 19% to £177 million (26% to R3 785 million), excluding VitalityInvest (VI), following the prior decision to close the business.

The UK composite has continued its focus on actions that position it for strong sustainable growth, without recourse to funding from the Group. The decision to close VI, and more recently the decision to terminate Vitality Car (VC), will allow the composite to focus its attention on continuing to drive success in the core health and life insurance market. VitalityHealth has seen significant success from its evolution into a comprehensive, digital-first health insurer as it builds healthcare capabilities in an environment of continued healthcare demand and strain in the UK. VitalityLife is now largely self-funding and the agreed deferral of the part VII agreement with Prudential in May 2022, provides greater financial flexibility at a significantly reduced cost from May 2023. This positive outlook and significantly improved financial position culminated in the UK composite recently receiving an independent credit rating of 'A' from Fitch.

VitalityLife's profit was boosted by positive operating variances, benefiting from significantly higher premium inflation indexation. VitalityHealth's profits declined slightly off a strong prior result, given elevated new business strain from strong sales and the industry-wide return of private medical insurance (PMI) claims post the COVID-19 pandemic. Other UK costs were elevated by the tail-end of closure costs relating to VI and a £8.8 million (R189 million) impairment of VC's intangible assets following a decision to terminate the business, given the challenging market environment. VI's closure will be completed in this calendar year, with the regulatory approval now in place.

Vitality Health

	Unit	June 2023	June 2022	% Change
Normalised operating profit	GBP million	**59.9**	65.6	(9)
	R million	**1 283**	1 328	(3)
Earned premiums[1]	GBP million	**623.6**	560.2	11
	R million	**13 364**	11 345	18
New business API	GBP million	**96.3**	85.8	12
	R million	**2 064**	1 738	19
Lives covered	Number	**959 075**	845 224	13

1. Excluding the UPR adjustment.

VitalityHealth's (VH) normalised operating profit declined slightly off a strong prior year result as strong new business resulted in elevated new business strain and PMI claims returned to pre-COVID-19 levels with higher inflation. Higher PMI claims were partly offset by the release of the remaining £15.2 million (R326 million) unearned premium reserve (UPR) overlay. This was set up in the prior year to cover the expected additional claims in the current year. There has also been increased investment into business and service capabilities to further capitalise on the opportunity created by continued healthcare demand and strain in the UK.

Claims authorisations increased 27% in the second half of the reporting year as compared with the equivalent prior year. The impact of higher claims authorisations has been balanced by a lower cost per claim, through a combination of lower severity from new conditions and continued effective risk management and servicing. Lives covered increased 13% and earned premiums grew by 11% reflecting the strong new business and excellent retention. Cash generation was robust, with the back book generating £99.4 million (R2 130 million) in cash. After new business acquisition costs and investment initiatives, the book generated a £5.6 million (R120 million) cash surplus.

The rapid rise in industry claims follows an extended period of reduced healthcare utilisation, caused by the COVID-19 pandemic. Through this period, VitalityHealth applied its modelling capabilities to ensure it had provided appropriately for the expected catch-up in claims. This was enabled through setting up UPR overlays in the 2021 and 2022 reporting years, as well as by accelerating the repayment of reinsurance arrangements by £40 million (R823 million) in the 2021 reporting year. As explained in prior reporting, the benefit of the accelerated repayment was evenly spread in both the 2022 and 2023 reporting years and will not recur in the 2024 period.

Vitality Life

	Unit	June 2023	June 2022	% Change
Normalised operating profit	GBP million	**48.5**	33.1	47%
	R million	**1 039**	671	55%
Earned premium	GBP million	**365.6**	333.3	10%
	R million	**7 835**	6 750	16%
New business API	GBP million	**80.3**	62.0	30%
	R million	**1 721**	1 256	37%
Lives covered	Number	**764 699**	702 879	9%
VNB margin	%	**(1%)**	1.4%	n/a

VitalityLife's (VL) normalised operating profit grew by 47%, in GBP. The result was particularly strong given positive operating experience variances over the year, most notably the exceptional benefit of improved premium indexation in the higher inflationary environment. The result had an overall £18.3 million (R392 million) net favourable benefit for the year. This benefit is a combination of a multi-year focus on continuous improvement of the quality of the portfolio, including an increase in the proportion of index-linked policies, as well as implementation of persistency initiatives. New business API increased by 30%, strongly supported by the new pricing engine, the launch of simplified product enhancements, incorporating deeper shared value and the high take up of indexation increases. At the same time, higher long-term interest rates negatively impacted VNB margins. Earned premiums and insured lives increased 10% and 9%, respectively, highlighting the strong sales and solid retention performance, despite the higher inflationary environment.

Commentary *continued*

VITALITY GLOBAL, INCLUDING NEW INITIATIVES

Vitality Global (VG) includes Vitality Network (VN), as well as Ping An Health Insurance (PAHI) within Vitality Health International (VHI). VG increased operating profits by 49% to US$44 million (74% to R777 million).

Vitality Network

	Unit	June 2023	June 2022	% Change
Revenue	US$ million	**69.5**	67.7	3
	R million	**1 236**	1 031	20
Normalised operating profit	US$ million	**23.1**	21.4	8
	R million	**411**	325	26
Integrated API by insurance partners	US$ million	**1 414**	1 424	(1)
	R million	**25 155**	21 673	16
Number of lives	Million	**3.7**	3	23

VN grew normalised operating profits 8% to US$23 million. Revenues were curtailed by slow post-pandemic recoveries in Asia Pacific markets and significant US dollar strength against most global currencies over the reporting year, in particular relative to the Yen.

Increased insurance partner membership was supported by growth in existing markets and new market launches, as new growth opportunities emerged over the year with the launch of TATA AIA Vitality in India, a more comprehensive roll-out of Vitality in Manulife Canada, and the expansion of the partnership in Latin America with Prudential. The business continues to drive product innovation and delivery through Vitality1, enhancing the platform's performance and driving operating efficiencies.

Vitality Network continues to positively impact its partner businesses through the Vitality Shared-value model, growing policy sales, reducing lapse rates and making people healthier. At the highest level, the model has been shown to create a profit margin up to three times that of traditional insurance models, while decreasing the cost of insurance for clients. Among partners, longitudinal analyses have shown mortality improvements above expectations of over 40% for most engaged Vitality members. The success of the model is driving deeper growth within existing markets and continued opportunity for expansion.

Vitality Health International

	Unit	June 2023	June 2022	% Change
PAHI (25%)	R million	**596**	338	76
Other VHI	R million	**(195)**	(193)	1
Normalised operating profit-total	R million	**401**	145	177
PAHI				
New business PAHI own licence	R million	**2 185**	2 214	(1)
New business PAHI reinsurance	R million	**184**	669	(72)
New business PAHI total (25%)	R million	**2 369**	2 883	(18)
Written premium-own licence	R million	**36 533**	29 944	22
Written premium reinsurance	R million	**13 558**	15 251	(11)
Total written premium (100%)	R million	**50 091**	45 196	11
PAHI profit before income and gains (100%)	R million	**2 114**	1 853	14
PAHI pre-tax profit (100%)	R million	**3 398**	2 453	39

VHI's profit increased by 177% as the Group's share of PAHI's after-tax operating profit, less Discovery's costs to support the business, increased 76%. PAHI performed well in a complex operating environment in China, with a solid operational performance and significantly improved investment returns, and maintained its robust balance sheet, with a comprehensive solvency ratio of 267%. The business continues to invest into globalising its unique healthcare capabilities, with additional investment this year into the US to upgrade product capabilities and to expand sales and marketing capacity, with some positive early traction already achieved.

New business on the PAHI insurance licence declined 1% (declined 9% in RMB), constrained by widespread lockdowns in the first half of 2023 reporting year, a complex economic backdrop, the impact of the first major COVID-19 wave, and challenges experienced by several channels. Written premium on the PAHI insurance licence increased 22% (13% in RMB), whereas total written premiums increased 11% (2% in RMB), given the gradual run-down of Ping An Life's business reinsured by PAHI, which was anticipated. As of June 2023, PAHI insurance licence premiums grew faster than the relatively flat market, by 10 percentage points, supported by continued retention initiatives.

Amplify Health continued to invest in technology and analytics to build its integrated health solutions for the pan-Asian market. It acquired AiDA Technologies, a leading provider of artificial intelligence solutions to companies across Asia Pacific, to accelerate the deployment of the Fraud Waste and Abuse solution and develop new products such as Smart Claims+. Amplify Health made its first solution sale to AIA Malaysia, aimed at automating claims processing and detecting fraud and waste in health insurance claims. Strong income generated from the accounting treatment of the Amplify Health transaction exceeded Amplify Health's equity-accounted losses for the year, resulting in a profit for the Group overall.

TRANSITION TO IFRS 17 – WITH OVERALL VALUE LARGELY UNCHANGED, EFFECTIVELY REALLOCATED FROM EQUITY TO MARGIN AS A STORE OF VALUE FOR FUTURE PROFITS

Discovery Group is adopting the IFRS 17 accounting standard for Insurance Contracts, which will replace the previous standard, IFRS 4 Insurance Contracts. The new standard will be adopted for Discovery Group's 2024 financial year, and as a result, earnings will be reported under this standard for the first time at its interim reporting for the 2024 financial year. At its interim reporting for the 2023 financial year, the Group highlighted the expected increase in reserves under IFRS 17 because of an increase in the IFRS 17 margins compared with the IFRS 4 margins, leading to a reduced equity position on transition.

While the new standard affects the timing of profit recognition, applied retrospectively, it does not result in any direct change to cashflow, nor the underlying risk and reward of contracts. There is no material impact on embedded value, regulatory or economic solvency, the capital position or capital management; and the ability to pay a dividend is unaffected. The change in standard will impact the disclosures pertaining to insurance contracts in the financial statements.

The major impact of the change from IFRS 4 to IFRS 17 arises from the long-term life insurance businesses. Discovery's life businesses, both Discovery Life and particularly VitalityLife in the UK, are relatively young, high-growth, long-term, largely individual protection businesses with high upfront acquisition costs. For Discovery, the most significant impact resulting from the transition is that IFRS 17 is both narrower and more specific in the definition of which expenses can be directly attributed as part of the measurement of the insurance contract. The impact of the change in definition of directly attributable expenses results in the earlier recognition of expenses, resulting in higher profit recognised under IFRS 4 than under IFRS 17 in earlier years, and lower in later years.

IFRS 17 also has a more granular grouping of contracts into cohorts, as opposed to a broader portfolio under IFRS 4, where margins on profitable business would be used to offset the valuation losses of onerous business. Under IFRS 17, losses from onerous contracts are immediately expensed in profit and loss. This further reduces equity on transition, leaving the higher unencumbered margin on profitable business to emerge in the future.

On transition from IFRS 4 to IFRS 17, the overall value is largely unchanged, such that the reduction in shareholder equity has a resulting increase in the contractual service margin (CSM), which should be seen as a store of value to be released as future profit. As at 1 July 2022, being the first balance sheet to be restated once the standard is fully adopted, shareholder equity is expected to decrease by between R12 billion and R13 billion (net of tax) on transition and the CSM concomitantly to increase by between R14.5 billion and R15.5 billion (gross of tax).

Considering the above for Discovery, at the point when IFRS 17 profits equal IFRS 4 profits, the differential in both the margin and equity impact under IFRS 17 versus IFRS 4 is theoretically at its highest. Notably, beyond this "cross-over" point, IFRS 17 earnings will be at a level higher than they would have been under IFRS 4 and would be expected to continue to be higher going forward, because of the higher CSM being released over time. Discovery Life, the larger life business, is expected to reach the cross-over point in the short term and in the interim, its IFRS 17 profits are not expected to differ significantly from its IFRS 4 normalised operating profit. In the case of VitalityLife, which is still relatively young and growing rapidly, the impact on earnings is expected to be more pronounced and it will take longer to reach its cross-over point. Given this dynamic, while Discovery Group's cross-over will lag that of Discovery Life, its earnings as a whole, under IFRS 17, are not expected to be significantly different to the IFRS 4 normalised operating profit in the interim, as the other businesses are largely unaffected. This broad expectation is subject to any potential volatility that may arise, particularly in respect of VitalityLife given its relative immaturity.

IFRS 17 is also expected to reduce economic volatility, through the election to treat insurance finance income and expense through the statement of other comprehensive income (OCI), most notably the impact of changes in interest rates on the valuation of insurance contracts. The strengthened IFRS 17 margins result in a higher release of profits over time and in less volatility due to its ability to absorb negative basis variances of non-economic events, while the election of OCI results in less volatility because of its ability to manage variances in financial risks. This is largely in line with Discovery's current presentation of normalised operating profit.

PROSPECTS AND DIVIDEND

Discovery's growth strategy is based on the efficacy, repeatability and scalability of its Vitality Shared-value model. Since this model is inherently a new business model, growth is pursued through organic growth and global partnerships. The performance during the period has enhanced the Group's confidence in this strategy and the Group is now focused on evolving the model to a platform with an integrated value chain to drive strong future growth.

The strong balance sheet and liquidity position at both the Group level and at the regulated entity levels, in addition to the cash generative capacity of the Group, support the recommencement of ordinary dividends, declared at 110 cents per share, in respect of the second half-year's earnings. In future, the Group anticipates annual ordinary dividends to be covered approximately 5 times by normalised headline earnings. Interim ordinary dividends are expected to be paid in the range of 30% to 40% of the expected total annual ordinary dividend, in line with market practice, with the remainder of the dividend to be paid as a final dividend.

NOTES TO ANALYSTS

Any forecast financial information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Discovery has published supplemental unaudited information on the website. For this and other results information, visit **https://www.discovery.co.za/corporate/investor-relations** and go to Financial and annual reports.

On behalf of the Board

ME Tucker	**A Gore**
Chairperson	Group Chief Executive

Sandton
20 September 2023

Group statement of financial position

at 30 June 2023

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

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

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

Group income statement

for the year ended 30 June 2023

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

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

Group statement of other comprehensive income

for the year ended 30 June 2023

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

Group statement of cash flows

for the year ended 30 June 2023

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

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

Group statement of changes in equity

for the year ended 30 June 2023

R million	Attributable to equity holders of the Company				Attributable to equity holders of the Company					
	Share capital and share premium	Preference share capital	Share-based payment reserve	Investment reserve[1]	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Group 2023										
At beginning of the year	**10 178**	**779**	**798**	**35**	**2 823**	**(35)**	**38 972**	**53 550**	**5**	**53 555**
Total comprehensive income for the year	**–**	**69**	**–**	**(16)**	**4 549**	**76**	**5 258**	**9 936**	**(7)**	**9 929**
Profit for the year	**–**	**69**	**–**	**–**	**–**	**–**	**5 258**	**5 327**	**(7)**	**5 320**
Other comprehensive income	**–**	**–**	**–**	**(16)**	**4 549**	**76**	**–**	**4 609**	**–**	**4 609**
Transactions with owners	**173**	**(69)**	**392**	**–**	**–**	**–**	**(12)**	**484**	**6**	**490**
Share issue	**514**	**–**	**–**	**–**	**–**	**–**	**–**	**514**	**–**	**514**
Increase in treasury shares	**(514)**	**–**	**–**	**–**	**–**	**–**	**–**	**(514)**	**–**	**(514)**
Delivery of treasury shares	**173**	**–**	**(161)**	**–**	**–**	**–**	**(12)**	**–**	**–**	**–**
Acquisition of subsidiaries with non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**6**
Employee share option schemes:										
– Value of employee services, net of tax	**–**	**–**	**553**	**–**	**–**	**–**	**–**	**553**	**–**	**553**
Dividends paid to preference shareholders	**–**	**(69)**	**–**	**–**	**–**	**–**	**–**	**(69)**	**–**	**(69)**
At end of the year	**10 351**	**779**	**1 190**	**19**	**7 372**	**41**	**44 218**	**63 970**	**4**	**63 974**
Group 2022										
At beginning of the year	10 151	779	489	18	1 772	(344)	33 550	46 415	4	46 419
Total comprehensive income for the year	–	56	–	17	1 051	309	5 422	6 855	1	6 856
Profit for the year	–	56	–	–	–	–	5 422	5 478	1	5 479
Other comprehensive income	–	–	–	17	1 051	309	–	1 377	–	1 377
Transactions with owners	27	(56)	309	–	–	–	–	280	–	280
Share issue	443	–	–	–	–	–	–	443	–	443
Increase in treasury shares	(443)	–	–	–	–	–	–	(443)	–	(443)
Delivery of treasury shares	27	–	(17)	–	–	–	–	10	–	10
Employee share option schemes:										
– Value of employee services	–	–	326	–	–	–	–	326	–	326
Dividends paid to preference shareholders	–	(56)	–	–	–	–	–	(56)	–	(56)
At end of the year	10 178	779	798	35	2 823	(35)	38 972	53 550	5	53 555

1 This relates to fair value adjustments on those equity instruments designated at fair value through other comprehensive income (FVOCI) and those debt instruments measured at FVOCI, in terms of IFRS 9 Financial Instruments.

Disclosure

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

A.1. Segment information

R million	SA Health	SA Life	SA Invest	SA Insure[2]	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments[3]	IFRS total
Group 2023												
Income statement												
Insurance premium revenue	245	16 620	15 104	5 177	–	–	13 670	7 835	1 808	60 459	(788)	59 671
Reinsurance premiums	(1)	(3 852)	–	(414)	–	–	(2 149)	(4 277)	(231)	(10 924)	788	(10 136)
Net insurance premium revenue	244	12 768	15 104	4 763	–	–	11 521	3 558	1 577	49 535	–	49 535
Fee income from administration businesses	8 571	–	3 099	17	–	–	46	–	3 024	14 757	–	14 757
Vitality income	–	–	–	–	2 573	–	462	238	618	3 891	–	3 891
Net banking fee and commission income	–	–	–	–	–	943	–	–	22	965	–	965
Banking fee and commission income	–	–	–	–	–	1 292	–	–	–	1 292	–	1 292
Banking fee and commission expense	–	–	–	–	–	(349)	–	–	22	(327)	–	(327)
Net bank interest and similar income	–	–	–	–	–	574	–	–	–	574	–	574
Bank interest and similar income using the effective interest rate	–	–	–	–	–	1 318	–	–	–	1 318	–	1 318
Bank interest and similar expense using the effective interest rate	–	–	–	–	–	(744)	–	–	–	(744)	–	(744)
Investment income earned on assets backing policyholder liabilities	–	8	–	159	–	–	81	199	15	462	(462)	–
Net fair value gains/(losses) on financial assets at fair value through profit or loss	(6)	678	10 904	–	(1)	–	–	(1 213)	1 839	12 201	2 172	14 373
Other income	1 395	3	–	–	1	–	48	–	97	1 544	–	1 544
Finance income/(charge) on negative reserve funding	–	–	–	–	–	–	–	1 098	–	1 098	(1 098)	–
Intersegment funding[1]	–	(492)	492	–	–	–	–	–	–	–	–	–
Net income	10 204	12 965	29 599	4 939	2 573	1 517	12 158	3 880	7 192	85 027	612	85 639
Net claims and policyholders' benefits	(74)	(8 182)	(13 304)	(2 810)	–	–	(5 370)	(973)	(9 422)	(40 135)	–	(40 135)
Claims and policyholders' benefits	(75)	(11 452)	(13 304)	(3 153)	–	–	(7 138)	(2 514)	(9 668)	(47 304)	558	(46 746)
Insurance claims recovered from reinsurers	1	3 270	–	343	–	–	1 768	1 541	246	7 169	(558)	6 611
Acquisition costs	(35)	(1 833)	(1 262)	(784)	(119)	–	(1 146)	(2 449)	317	(7 311)	1 098	(6 213)
Expected credit losses	–	–	–	–	–	(139)	–	–	–	(139)	–	(139)
Marketing and administration expenses												
– depreciation and amortisation	(140)	(6)	(12)	(64)	(9)	(314)	(420)	(49)	(794)	(1 808)	(169)	(1 977)
– derecognition of intangible assets and property and equipment	(4)	–	–	(3)	–	–	(241)	(19)	(57)	(324)	–	(324)
– impairment of intangible assets and property and equipment	–	–	–	–	–	–	(45)	–	–	(45)	–	(45)
– other expenses	(6 097)	(2 347)	(1 267)	(1 100)	(2 429)	(1 831)	(4 998)	(2 453)	(3 937)	(26 459)	(100)	(26 559)
Recovery of expenses from reinsurers	–	–	–	–	–	–	1 320	2 272	1	3 593	–	3 593
Transfer from assets/liabilities under insurance contracts												
– change in assets arising from insurance contracts	–	4 412	–	–	–	–	–	768	–	5 180	680	5 860
– change in assets arising from reinsurance contracts	–	49	–	–	–	–	61	18	10	138	(3)	135
– change in liabilities arising from insurance contracts	–	(230)	(10 868)	(100)	–	–	(226)	(31)	7 376	(4 079)	87	(3 992)
– change in liabilities arising from reinsurance contracts	–	(18)	–	–	–	–	–	73	–	55	(383)	(328)
Fair value adjustment to liabilities under investment contracts	–	(3)	(1 326)	–	–	–	–	–	(1 264)	(2 593)	(2 979)	(5 572)
Share of net profits from equity-accounted investments	–	–	–	(16)	–	–	1	2	574	561	(46)	515
Normalised profit/(loss) from operations	3 854	4 807	1 560	62	16	(767)	1 094	1 039	(4)	11 661	(1 203)	10 458
Economic assumptions adjustments net of discretionary margins and interest rate derivatives	–	(2 811)	–	–	–	–	–	147	–	(2 664)	667	(1 997)
Economic assumptions adjustments net of discretionary margins	–	(2 811)	–	–	–	–	–	1 120	–	(1 691)	(306)	(1 997)
Fair value losses on Vitality Life interest rate derivatives	–	–	–	–	–	–	–	(973)	–	(973)	973	–
Investment income earned on shareholder investments and cash	89	20	71	–	32	–	9	28	75	324	448	772
Intercompany investment income	–	–	–	–	–	–	–	–	1 184	1 184	(1 184)	–
Net fair value gains/(losses) on financial assets at fair value through profit or loss	–	122	95	–	–	–	–	(204)	(3)	10	(10)	–
Loss on dilution of equity-accounted investments	–	–	–	(5)	–	–	–	–	–	(5)	–	(5)
Impairment of goodwill	–	–	–	–	–	–	–	–	(9)	(9)	–	(9)
Expenses related to PAC book transfer	–	–	–	–	–	–	–	(177)	–	(177)	177	–
Amortisation of intangibles from business combinations	–	–	–	(46)	–	–	–	–	(56)	(102)	46	(56)
Market rentals related to Head Office building adjusted for finance costs and depreciation	–	–	–	–	–	–	–	–	(134)	(134)	134	–
Finance costs	(2)	(1)	–	–	–	–	(8)	(216)	(1 423)	(1 650)	(291)	(1 941)
Intercompany finance costs	(362)	–	–	–	–	–	–	(316)	(520)	(1 198)	1 198	–
Foreign exchange gains/(losses)	(4)	33	36	–	–	–	1	–	84	150	–	150
Profit/(loss) before tax	3 575	2 170	1 762	11	48	(767)	1 096	301	(806)	7 390	(18)	7 372
Income tax expense	(972)	(576)	(573)	(21)	4	226	(267)	53	56	(2 070)	18	(2 052)
Profit/(loss) for the year	2 603	1 594	1 189	(10)	52	(541)	829	354	(750)	5 320	–	5 320

1 The intersegment funding of R492 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.

2 This segment relates to SA Insure – Personal lines.

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

– The Vitality Life results, for business written on the PAC licence, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4 Insurance contracts

– The Unit trusts which the Group controls in terms of IFRS10 Consolidated Financial Statements are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.

– The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.

– The effects of reclassifying items to align to IFRS results.

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.1. Segment information *continued*

R million	SA Health	SA Life	SA Invest[4]	SA Insure[2]	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total[4]	IFRS reporting adjustments[5]	IFRS total[4]
Group 2022 Restated[4]												
Income statement												
Insurance premium revenue	189	15 041	14 029	4 657	–	–	11 299	6 750	7 035	59 000	(688)	58 312
Reinsurance premiums	–	(3 523)	–	(103)	–	–	(1 556)	(3 600)	(168)	(8 950)	688	(8 262)
Net insurance premium revenue	189	11 518	14 029	4 554	–	–	9 743	3 150	6 867	50 050	–	50 050
Fee income from administration businesses	7 910	–	2 834	15	–	–	30	–	1 975	12 764	(12)	12 752
Vitality income	–	–	–	–	2 338	–	392	227	538	3 495	–	3 495
Net banking fee and commission income	–	–	–	–	–	633	–	–	12	645	–	645
Banking fee and commission income	–	–	–	–	–	853	–	–	–	853	–	853
Banking fee and commission expense	–	–	–	–	–	(220)	–	–	12	(208)	–	(208)
Net bank interest and similar income	–	–	–	–	–	318	–	–	–	318	–	318
Bank interest and similar income using the effective interest rate	–	–	–	–	–	811	–	–	–	811	–	811
Bank interest and similar expense using the effective interest rate	–	–	–	–	–	(493)	–	–	–	(493)	–	(493)
Investment income earned on assets backing policyholder liabilities	–	3	–	118	–	–	9	27	7	164	(164)	–
Net fair value gains/(losses) on financial assets at fair value through profit or loss	10	485	913	1	1	–	(52)	(1 390)	(1 195)	(1 227)	(598)	(1 825)
Other income	1 241	12	–	–	–	–	32	–	56	1 341	–	1 341
Finance income/(charge) on negative reserve funding	–	–	–	–	–	–	–	1 368	–	1 368	(1 368)	–
Intersegment funding[1]	–	(628)	628	–	–	–	–	–	–	–	–	–
Net income	9 350	11 390	18 404	4 688	2 339	951	10 154	3 382	8 260	68 918	(2 142)	66 776
Net claims and policyholders' benefits	(49)	(9 222)	(12 075)	(3 029)	–	–	(4 331)	(877)	(1 132)	(30 715)	–	(30 715)
Claims and policyholders' benefits	(49)	(14 013)	(12 075)	(3 151)	–	–	(5 652)	(2 231)	(1 346)	(38 517)	495	(38 022)
Insurance claims recovered from reinsurers	–	4 791	–	122	–	–	1 321	1 265	214	7 713	(495)	7 218
Recapture of reinsurance	–	–	–	–	–	–	–	89	–	89	–	89
Acquisition costs	(27)	(1 605)	(1 128)	(702)	(111)	–	(963)	(1 884)	294	(6 126)	1 368	(4 758)
Expected credit losses	–	–	–	–	–	(67)	–	–	–	(67)	–	(67)
Marketing and administration expenses												
– depreciation and amortisation	(106)	(7)	(11)	(60)	(12)	(277)	(458)	(63)	(739)	(1 733)	(169)	(1 902)
– derecognition of intangible assets and property and equipment	–	–	–	(18)	–	–	(1)	(14)	(17)	(50)	–	(50)
– other expenses	(5 568)	(2 147)	(1 156)	(988)	(2 207)	(1 597)	(4 091)	(2 047)	(3 032)	(22 833)	(424)	(23 257)
Recovery of expenses from reinsurers	–	–	–	–	–	–	1 041	1 818	–	2 859	–	2 859
Transfer from assets/liabilities under insurance contracts												
– change in assets arising from insurance contracts	–	5 299	–	–	–	–	–	3 606	(101)	8 804	(3 018)	5 786
– change in assets arising from reinsurance contracts	–	11	–	1	–	–	40	11	1	64	(1)	63
– change in liabilities arising from insurance contracts	–	662	(3 050)	(41)	–	–	(65)	(17)	(4 488)	(6 999)	261	(6 738)
– change in liabilities arising from reinsurance contracts	–	(351)	–	–	–	–	–	(3 244)	–	(3 595)	3 018	(577)
Fair value adjustment to liabilities under investment contracts	–	(2)	220	–	–	–	–	–	42	260	(228)	32
Share of net profits from equity-accounted investments	–	–	–	(13)	–	–	2	–	474	463	(41)	422
Reversal of impairment of equity-accounted investment	–	–	–	–	–	–	–	–	134	134	–	134
Normalised profit/(loss) from operations	3 600	4 028	1 204	(162)	9	(990)	1 328	671	(304)	9 384	(1 376)	8 008
Economic assumptions adjustments net of discretionary margins and interest rate derivatives	–	(651)	–	–	–	–	–	567	–	(84)	253	169
Economic assumptions adjustments net of discretionary margins	–	(651)	–	–	–	–	–	820	–	169	–	169
Fair value losses on VitalityLife interest rate derivatives	–	–	–	–	–	–	–	(253)	–	(253)	253	–
Investment income earned on shareholder investments and cash	37	11	38	–	28	–	–	8	18	140	156	296
Intercompany investment income	–	–	–	–	–	–	–	5	913	918	(918)	–
Net fair value gains/(losses) on financial assets at fair value through profit or loss	–	51	27	–	–	–	–	(454)	(1)	(377)	377	–
Gains from dilution of equity-accounted investments	–	–	–	19	–	–	–	–	14	33	–	33
Expenses related to PAC book transfer	–	–	–	–	–	–	–	(182)	–	(182)	182	–
Covid-19 vaccination programme	–	–	–	–	–	–	–	–	(157)	(157)	157	–
Amortisation of intangibles from business combinations	–	–	–	(41)	–	–	–	–	(59)	(100)	41	(59)
Market rentals related to Head Office building adjusted for finance costs and depreciation	–	–	–	–	–	–	–	–	(158)	(158)	158	–
Finance costs[3]	(1)	25	–	–	–	–	(6)	(104)	(1 290)	(1 376)	(282)	(1 658)
Intercompany finance costs	(297)	–	–	–	–	–	(4)	(230)	(396)	(927)	927	–
Foreign exchange gains	4	25	37	–	–	–	–	–	89	155	–	155
Profit/(loss) before tax	3 343	3 489	1 306	(184)	37	(990)	1 318	281	(1 331)	7 269	(325)	6 944
Income tax expense	(951)	(718)	(438)	43	(30)	218	(285)	224	147	(1 790)	325	(1 465)
Profit/(loss) for the year	2 392	2 771	868	(141)	7	(772)	1 033	505	(1 184)	5 479	–	5 479

1 The intersegment funding of R628 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.
2 This segment relates to SA Insure – Personal lines.
3 Finance costs in Discovery Life includes a reversal of interest payable to the South African Revenue Services provided for in the prior year.
4 The comparative information has been restated. Refer to note A.6. for detail.
5 The segment information is presented on the same basis as reported to the Chief Executive Officers of the reportable segments. The segment total is then adjusted for accounting reclassifications and entries required to produce IFRS compliant results. These adjustments include the following:
– The Vitality Life results, for business written on the PAC licence, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4 Insurance contracts.
– The Unit trusts which the Group controls in terms of IFRS10 Consolidated Financial Statements are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.
– The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.
– The effects of reclassifying items to align to IFRS results.

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.2. Normalised profit from operations

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

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

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

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

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

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

Weighted average number of shares

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

Earnings reconciliation

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

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

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

Headline earnings reconciliation

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

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

Normalised headline earnings reconciliation

Normalised headline earnings is calculated per Discovery's policy as set out in the Accounting Policies at the end of the results announcement. Management considers that Normalised headline earnings is an appropriate alternative performance measure to enhance the comparability and understanding of the financial performance of the Group.

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

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.4. Revenue from non-insurance activities

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

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

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

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

A.5. Borrowings

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

A.5.1 United Kingdom borrowings

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

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

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

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.5. Borrowings *continued*

A.5.2 South African borrowings

CREDIT RATING

In January 2023 Moody's Investors Service ("Moody's") reaffirmed Discovery Limited's global-scale long-term issuer rating of Ba3 and the national-scale long-term issuer rating at A1.za. The outlook was unchanged as stable, aligned to the outlook of the country.

A5.2.1 DISCOVERY LIMITED

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

1 *The interest rate has been fixed through interest rate swaps.*
2 *Interest is payable semi-annually in arrears.*
3 *Interest is payable quarterly in arrears.*
4 *DMTN refers to the R10 billion Discovery Domestic Medium Term Note (DMTN) program registered in 2017.*
5 *During the financial year ended 30 June 2020, Discovery Limited refinanced R3.6 billion bank syndicated loans through the issue of unlisted DMTN notes. The notes, although underwritten by a bank until maturity, are structured to enable short-term issuances into the commercial paper market on an ongoing basis.*

A5.2.2 DISCOVERY CENTRAL SERVICES

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

1 *Interest payable quarterly in arrears.*
2 *During the financial year, the rate was renegotiated from a fixed rate of 10.60%, to a floating interest rate.*
3 *Instalments of interest and capital is monthly.*

Total finance costs in respect of South African borrowings and related hedges for the year ended 30 June 2023 was R1 225 million (30 June 2022: R932 million).

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

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

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

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

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

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

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

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

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

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

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

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

A.7. Fair value hierarchy of financial instruments

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

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

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

(a) quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or

(b) valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

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

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

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

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

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

	Group 2022			
R million	Level 1	Restated[1] Level 2	Level 3	Restated[1] Total
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:				
– Equity portfolios	54 271	3 677	–	57 948
– Debt portfolios	46 672	920	–	47 592
– Money market portfolios	–	14 680	–	14 680
– Multi-asset portfolios	–	21 274	–	21 274
Derivative financial instruments at fair value:				
– used as cash flow hedges	–	17	–	17
– not designated as hedging instruments	–	259	–	259
Total financial assets	100 943	40 827	–	141 770
Non-financial assets				
Non-current assets held for sale	–	–	171	171
Total non-financial assets	–	–	171	171
Financial liabilities				
Investment contracts at fair value through profit or loss	–	38 637	–	38 637
Derivative financial instruments at fair value:				
– used as cash flow hedges	–	56	–	56
– not designated as hedging instruments	–	146	–	146
Total financial liabilities	–	38 839	–	38 839

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

Specific valuation techniques used to value financial instruments in level 2

If a quoted market price is not available on a recognised stock exchange or from a broker for non-exchange traded financial instruments, the fair value of the instrument is estimated by the asset managers, using valuation techniques including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Disclosure *continued*

for the year ended 30 June 2023

A. NOTES TO THE SUMMARISED FINANCIAL STATEMENTS *continued*

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

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

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

A.8. Cash generated by operations

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

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS

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

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

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

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

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

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

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

Financial leverage ratio

As part of the capital management process, the Group monitors its capital structure utilising various measures, one of which is the Financial Leverage Ratio (FLR). This ratio is calculated as total debt[1] divided by total debt plus total equity. The Group's strategy is to maintain a prudent FLR of 28.0% per the Group Risk Appetite statement. However, the 28.0% measure is merely a risk appetite indicator and does not necessarily indicate any form of a breach in terms of regulatory or covenant restrictions. The table below summarises the FLR position as at the end of the reporting period.

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

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

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

Disclosure *continued*

for the year ended 30 June 2023

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

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

Regulatory capital

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

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

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

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

Debt covenants

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

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

1 Group debt is contractually defined and means the aggregate consolidated financial indebtedness of the Group and excludes items such as the 1 Discovery Place (1 DP) lease and includes guarantees issued to third parties.
2 EBITDA is contractually defined and specifically includes items such as dividends from associates, rental paid on 1DP and excludes items deemed extraordinary, such as economic assumption adjustments, and specified FinRe arrangements.

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

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

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

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

Discovery Life SA – impact of economic assumptions

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

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

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

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

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

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

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

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

Disclosure *continued*

for the year ended 30 June 2023

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

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

Change in future hedge strategy – VitalityLife business

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

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

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

B.4. VitalityLife UK-impact of inflation rates

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

B.5. VitalityCar

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

B.6. VitalityInvest

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

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

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

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

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

B. OTHER SIGNIFICANT ITEMS IN THESE RESULTS *continued*

B.7. Consolidation of Discovery Unit Trusts

Unit trusts which the Group controls in terms of IFRS 10 are consolidated into Discovery's results for accounting purposes, which results in the recognition of the underlying assets and liabilities of each of the funds.

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

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

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

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

B.8. Material transactions with related parties

Discovery Long-term Incentive Plan Trust

At the annual general meeting held on 28 November 2019, the shareholders approved the establishment of the Discovery Long-term Incentive Plan Trust (Trust) with the purpose, inter alia, to subscribe, purchase and/or otherwise acquire and hold Discovery ordinary shares from time to time for the benefit of the share-based payment plan for employees, in accordance with the requirements of the Trust. During December 2022, 4 182 946 (2021: 3 194 870) new shares were issued by Discovery Limited to the Trust at a value of R514 million (2021: R443 million). In addition, during the year ended 30 June 2023, shares of 1 402 275 vested with participants. In terms of IFRS, while held in the Trust, these shares are treated as treasury shares and not treated as issued, for accounting purposes.

B.9. Major customers and other Discovery entities not part of Discovery group

Discovery Health Medical Scheme (DHMS)

Discovery Health administers DHMS and provides managed care services for which it charges an administration fee and a managed healthcare fee respectively. These fees are determined on an annual basis and approved by the trustees of DHMS. The fees totalled R7 414 million for the year ended 30 June 2023 (2022: R6 804 million). Discovery offers the members of DHMS access to the Vitality programme.

Disclosure *continued*

for the year ended 30 June 2023

B.10. Changes in directorate

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

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

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

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

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

B Preference share cash dividend declaration

On Tuesday, 5 September 2023, the directors declared a final gross cash dividend of 548.49315 cents (438.79452 cents net of dividend withholding tax) per B preference share for the period 1 January 2023 to 30 June 2023, payable from the income reserves of the Company. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

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

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 19 September 2023
Shares commence trading "ex" dividend	Wednesday, 20 September 2023
Record date	Friday, 22 September 2023
Payment date	Tuesday, 26 September 2023

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

Ordinary share cash dividend declaration

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

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

The salient dates for the dividend will be as follows:

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

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

C. ACCOUNTING POLICIES

C.1. New accounting standards effective

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

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

C.2. New accounting standards not yet effective

IFRS 17 Insurance Contracts

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

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

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

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

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

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

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

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

Transition to IFRS 17 and estimated impact

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

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

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

Disclosure *continued*

for the year ended 30 June 2023

C. ACCOUNTING POLICIES *continued*

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

Transition to IFRS 17 and estimated impact *continued*

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

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

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

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

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

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

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

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

C. ACCOUNTING POLICIES *continued*

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

Transition to IFRS 17 and estimated impact *continued*

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

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

Disclosure *continued*

for the year ended 30 June 2023

C. ACCOUNTING POLICIES *continued*

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

Estimated transitional impact

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

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

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

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

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

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

C.3. Normalised headline earnings

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

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

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

- Once-off transactions, for example restructuring costs, transaction costs related to interest rate derivatives and initial deferred tax assets raised on previously unrecognised assessed losses.
- Unusual items – Discovery considers items to be unusual when they have limited predictive value or it is reasonable that items of a similar nature would not necessarily arise for several future annual reporting periods. These adjustments include those gains or losses impacting profit or loss associated with changes in economic assumptions used by long-term insurers in the Group to the extent those are recognised in profit or loss, net of any gains or losses on derivatives to offset such changes in economic assumptions; or
- Income or expenses not considered to be part of Discovery's normal operations, for example amortisation of intangibles from business combinations and fair value gains or losses on foreign exchange contracts not designated as hedges.

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

C. ACCOUNTING POLICIES *continued*

C.4. Basis of preparation

Statement of compliance

Discovery Limited is a company incorporated in South Africa.

The summary consolidated financial statements for the year ended 30 June 2023 consolidate the results of Discovery and its subsidiaries (together the Group) and equity account the Group's interest in associates and joint ventures.

The annual results comprise the condensed consolidated statement of financial position at 30 June 2023, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended 30 June 2023 and selected explanatory notes.

The summary consolidated financial results are prepared in accordance with the JSE Limited Listings and Debt Listings Requirements, IFRS Accounting Standards, including IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council as well as the requirements of the South African Companies Act 71 of 2008. The accounting policies adopted are consistent with the accounting policies applied in the prior annual financial statements, except as noted in C.1. New accounting standards effective.

Amendments to standards effective from 1 July 2022 do not have a material effect on the Group's annual results. These annual results do not include all the notes typically included in the annual financial statements and should therefore be read in conjunction with the Group audited consolidated annual financial statements for the year ended 30 June 2023.

Audit

The summary consolidated financial statements are extracted from audited information but are not audited. The consolidated annual financial statements for the year ended 30 June 2023 have been audited by the Group's independent auditors PricewaterhouseCoopers Inc. and KPMG Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection on the Company's website. The directors of Discovery take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

Embedded value statement

for the year ended 30 June 2023

The embedded value of the Discovery Group consists of the following components:

- the adjusted net worth attributed to the business at the valuation date;
- plus: the present value of expected future shareholder cash flows from the in-force covered business;
- less: the cost of required capital.

The present value of future shareholder cash flows from the in-force covered business is calculated as the value of projected future after-tax shareholder cash flows of the business in-force at the valuation date, discounted at the risk discount rate.

The required capital are the assets attributed to the covered business above the amount required to back covered business liabilities, whose distribution to shareholders is restricted as they are allocated to cover regulatory and internal capital requirements.

The value of new business is the present value, at the point of sale, of the projected future after-tax shareholder cash flows of the new business written by the Discovery Group, discounted at the risk discount rate, less an allowance for the reserving strain, initial expenses and cost of required capital. The value of new business is calculated using the current reporting date assumptions.

The embedded value includes the insurance and administration profits of the covered business in the Discovery Group. Covered business includes business written in South Africa through Discovery Life ("Life"), Discovery Invest ("Invest"), Discovery Health ("Health") and Discovery Vitality ("Vitality"), and in the United Kingdom through VitalityLife and VitalityHealth. For Vitality Group, Ping An Health Insurance, Discovery Insure, Discovery Bank and Umbrella Funds, no published value has been placed on the current in-force business.

In August 2011, the Discovery Group raised R800 million through the issue of non-cumulative, non-participating, non-convertible preference shares. For embedded value purposes this capital, net of share issue expenses, has been excluded from the adjusted net worth.

From June 2022, the VitalityLife embedded value has been adjusted to allow for the agreement with the Prudential Assurance Company ("PAC") in May 2022 to defer the transfer of the VitalityLife business on the PAC licence to the Vitality Life Limited licence ("the Part VII transfer").

The 30 June 2023 embedded value results and disclosures were subjected to an external review.

TABLE 1: GROUP EMBEDDED VALUE

R million	**Group 2023**	Group 2022	% change
Shareholders' funds	**63 974**	53 555	19
Adjustment to shareholders' funds from published basis[1]	**(45 688)**	(39 764)	15
Adjusted net worth[2]	**18 286**	13 791	33
Value of in-force covered business before cost of required capital	**83 906**	76 077	10
Cost of required capital	**(4 016)**	(3 610)	11
Discovery Group embedded value	**98 176**	86 258	14
Number of shares (millions)	**658.4**	657.0	
Embedded value per share	**R149.11**	R131.29	14
Diluted number of shares (millions)	**672.5**	668.3	
Diluted embedded value per share[3]	**R145.99**	R129.07	13

1 A breakdown of the adjustment to shareholders' funds is shown in the table below. Note that where relevant, adjustments have been converted using the closing exchange rate of R23.99/GBP (June 2022: R20.00/GBP).

R million	***Group 2023***	*Group 2022*
Life net assets under insurance contracts	***(25 491)***	*(24 793)*
Vitality Life Limited net assets under insurance contracts	***(12 051)***	*(8 608)*
VitalityHealth financial reinsurance asset	***(4 465)***	*(3 021)*
VitalityHealth and Vitality Health Insurance Limited deferred acquisition costs (net of deferred tax)	***(536)***	*(450)*
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	***(13)***	*(11)*
Goodwill relating to the acquisition of Standard Life Healthcare and the PAC joint venture	***(2 969)***	*(2 475)*
Intangible assets (net of deferred tax) in covered businesses	***(893)***	*(864)*
Net preference share capital	***(779)***	*(779)*
Reversal of 1 Discovery Place IFRS 16 financial lease accounting	***1 333***	*1 170*
Equity settled share based payment mark-to-market adjustment	***176***	*67*
	(45 688)	*(39 764)*

The "equity settled share based payment mark-to-market adjustment" reflects the difference between the provision in the IFRS equity and the mark-to-market value of the equity settled share based payments.

2 *The following table sets out the capital position of the covered businesses with the required capital on a consistent basis to that used in the embedded value:*

R million	***Group 2023***	*Group 2022*
Shareholders' funds	***63 974***	*53 555*
Adjustment to shareholders' funds	***(45 688)***	*(39 764)*
Adjusted net worth	***18 286***	*13 791*
Excess of available capital over adjusted net worth	***40 336***	*35 342*
Available capital	***58 622***	*49 133*
Required capital	***41 987***	*38 658*
Excess available capital	***16 635***	*10 475*

The excess of available capital over adjusted net worth reflects the difference between the adjusted net worth and the available capital. This includes:

- *The net preference share capital of R779 million which is included as available capital.*
- *The difference between Vitality Life Limited's Solvency II Pillar 1 Own Funds and its adjusted net worth.*
- *The difference between Life's Pillar 1 Own Funds and its adjusted net worth.*

The following table sets out the required capital for each of the covered businesses:

R million	***Group 2023***	*Group 2022*
Health and Vitality	***1 108***	*1 000*
Life and Invest	***26 011***	*25 403*
VitalityHealth	***4 238***	*3 164*
VitalityLife	***10 630***	*9 091*
Total required capital	***41 987***	*38 658*

- *For Health and Vitality, the required capital was set equal to two times the monthly renewal expense and Vitality benefit cost.*
- *For Life and Invest, the required capital was set equal to 1.25 times the SAM Pillar 1 Solvency Capital Requirement.*
- *For VitalityHealth, the required capital amount was set equal to 1.35 times the Solvency II Pillar 1 Solvency Capital Requirement.*
- *For the VitalityLife business on the PAC licence, the required capital was set equal to 1.5 times the UK Solvency I long-term insurance capital requirement as per the agreement with PAC following the long-term delay of the Part VII transfer. For the business sold on the Vitality Life Limited licence, the required capital was set equal to 1.4 times the Solvency II Pillar 1 Solvency Capital Requirement. Note that for the prior period ended 30 June 2022, the total required capital for VitalityLife was incorrectly reported as R9 751 million resulting in a total required capital of R39 318 million and total excess available capital of R9 815 million. This misstatement has been corrected above, and did not affect the embedded value as at 30 June 2022.*

3 *The diluted embedded value per share adjusts for treasury shares held in the Discovery Group BEE Share Trust and as part of the Discovery Group's Long-term Incentive Plan where the impact is dilutive.*

TABLE 2: VALUE OF IN-FORCE COVERED BUSINESS

R million	Value before cost of required capital	Cost of required capital	Value after cost of required capital
at 30 June 2023			
Health and Vitality	**25 985**	**(512)**	**25 473**
Life and Invest[1]	**33 301**	**(1 665)**	**31 636**
VitalityHealth[2]	**12 797**	**(698)**	**12 099**
VitalityLife[2]	**11 823**	**(1 141)**	**10 682**
Total	**83 906**	**(4 016)**	**79 890**
at 30 June 2022			
Health and Vitality	24 528	(479)	24 049
Life and Invest[1]	32 073	(1 509)	30 564
VitalityHealth[2]	10 658	(583)	10 075
VitalityLife[2]	8 818	(1 039)	7 779
Total	76 077	(3 610)	72 467

1 *Included in the Life and Invest value of in-force covered business is R2 005 million (June 2022: R1 734 million) in respect of investment management services provided on off balance sheet investment business. The net assets of the investment service provider are included in the adjusted net worth.*
2 *The value of in-force has been converted using the closing exchange rate of R23.99/GBP (June 2022: R20.00/GBP).*

Embedded value statement *continued*

for the year ended 30 June 2023

TABLE 3: GROUP EMBEDDED VALUE EARNINGS

R million	Group 2023	Group 2022
Embedded value at end of period	**98 176**	86 258
Less: embedded value at beginning of period	**(86 258)**	(74 645)
Increase in embedded value	**11 918**	11 613
Net change in capital[1]	**–**	(10)
Dividends paid	**69**	56
Transfer to hedging reserve	**(76)**	(309)
Employee share option schemes	**(553)**	(326)
Increase in treasury shares	**–**	–
Acquisition of subsidiaries with non-controlling interest	**(6)**	–
Embedded value earnings	**11 352**	11 024
Annualised return on opening embedded value	**13.2%**	14.8%

1 The net change in capital reflects share issues (net of costs and proceeds) and an increase (decrease) in treasury shares in the period.

TABLE 4: COMPONENTS OF GROUP EMBEDDED VALUE EARNINGS

	Group 2023				Group 2022
R million	Net worth	Cost of required capital	Value of in-force covered business	Embedded value	Embedded value
Total profit from new business (at point of sale)	(5 213)	(302)	6 955	**1 440**	2 061
Profit from existing business					
– Expected return	7 196	(33)	1 426	**8 589**	6 799
– Change in methodology and assumptions[1]	1 989	172	(7 015)	**(4 854)**	867
– Experience variances	716	68	2 420	**3 204**	3 124
Impairment, amortisation and fair value adjustment[2]	(67)	–	–	**(67)**	(52)
Increase in goodwill and intangibles	(263)	–	–	**(263)**	(418)
Other initiatives[3]	–	–	24	**24**	(836)
Non-recurring expenses	(193)	–	–	**(193)**	(130)
Acquisition costs[4]	(50)	–	2	**(48)**	(41)
Finance costs	(2 848)	–	–	**(2 848)**	(2 318)
Foreign exchange rate movements[5]	1 365	(312)	4 017	**5 070**	1 171
Other[6]	89	1	–	**90**	(16)
Return on shareholders' funds[7]	1 208	–	–	**1 208**	813
Embedded value earnings	3 929	(406)	7 829	**11 352**	11 024

1 The changes in methodology and assumptions will vary over time to reflect adjustments to the model and assumptions as a result of changes to the operating and economic environment. The current period's changes are described in detail in Table 6 below (for previous periods refer to previous embedded value statements).

2 This item reflects the amortisation of the intangible assets reflecting the banking costs, Cambridge Mobile Telematics system spend and capital expenditure in Discovery Group Europe Limited.

3 This item includes the profits of non-covered businesses (including Discovery Insure, Vitality Group and Ping An Health Insurance) and costs of start-up businesses (including Discovery Bank, a commercial offering in Discovery Insure, and an Umbrella Fund offering in Invest). Head office costs which relate to non-covered business are also included in this item.

4 Acquisition costs relate to commission paid on the Life and Invest business and expenses incurred in writing Health and Vitality business that has been written over the period but will only be activated and on risk after the valuation date. These policies are not included in the embedded value or the value of new business and therefore the costs are not deducted from the value of new business.

5 This item includes foreign exchange gains/(losses) emerging through the income statement, in addition to translation impacts on the cost of required capital and value of in-force.

6 This item includes, among other items, the tangible tax impact from movements in covered business intangible assets, which are excluded from the net worth.

7 The return on shareholders' funds is shown net of tax and management charges.

TABLE 5: EXPERIENCE VARIANCES

R million	Health and Vitality Net worth	Health and Vitality Value of in-force	Life and Invest Net worth	Life and Invest Value of in-force	VitalityHealth Net worth	VitalityHealth Value of in-force	VitalityLife Net worth	VitalityLife Value of in-force	Total
Renewal expenses	67	–	32	2	(93)	–	(16)	–	**(8)**
Lapses and surrenders[1,2]	(4)	(78)	1	189	–	372	(161)	218	**537**
Mortality and morbidity	–	–	130	(79)	(93)	–	34	–	**(8)**
Policy alterations[2]	–	(5)	(521)	163	–	–	30	(54)	**(387)**
Backdated cancellations	–	–	–	–	–	–	–	–	**–**
Premium and fee income[3]	150	–	14	232	218	–	7	61	**682**
Inflation-linked indexation[2,4]	–	–	4	242	–	–	(107)	606	**745**
Economic[5]	–	–	260	284	64	–	(2)	–	**606**
Commission	–	–	–	–	(36)	–	–	–	**(36)**
Tax[6]	110	–	305	(307)	(33)	–	46	–	**121**
Reinsurance	–	–	–	–	84	–	(106)	46	**24**
Maintain modelling term[7]	–	335	–	137	–	117	–	–	**589**
Vitality benefits	(32)	–	–	–	–	–	(5)	–	**(37)**
Other[8]	161	(1)	(58)	35	19	–	247	(27)	**376**
Total	452	251	167	898	130	489	(33)	850	**3 204**

1 *For Health and Vitality, the lapse and surrender experience was driven by the termination of an in-house scheme for the period under review – excluding this impact would have resulted in a positive experience variance for the business. For VitalityHealth, the experience reflects improved retention rates from strong performance across all channels coupled with a continued focus on renewal pricing strategies. Better than expected lapse experience has been observed for the other covered businesses.*

2 *For Life and Invest, the policy alterations experience relates mainly to acquisition costs on positive servicing, but should be considered in the context of the overall positive lapse and surrender and economic experience variances given its correlation to current economic conditions and the high inflationary environment.*

3 *Other than higher than expected premium and fee income, this experience variance item includes the impact of positive integration experience for Individual Life, and an increased demand for private medical insurance in the United Kingdom improving premium retention for VitalityHealth.*

4 *This experience variance relates to premium and benefit increases for inflation-linked policies, net of increase holidays. During the period the actual inflation was higher than expected for those policies passing through an anniversary increase in-period. In previous embedded value statements, this experience variance was included under economic experience. Due to the significance of these experience variances in the current period as a result of the high inflationary environment, this amount has been shown separately.*

5 *For Life and Invest, the experience includes higher than expected growth in asset values in the Invest business.*

6 *The tax variance arises due to the timing difference between the expected tax payments and actual payments.*

7 *For Health and Vitality, Life and Invest and VitalityHealth, the projection term is rebased at each year-end. Therefore, an experience variance arises because the total term of the in-force covered business is effectively increased by twelve months.*

8 *The key Other experience relates to cash flow timing variances in Life and Invest, profits and losses from companies within the Health, VitalityHealth and VitalityLife segments which are not part of covered business, including the net impact of the VitalityLife swaption program, excluding gains or losses from the hedge which are included in the economic assumption changes item.*

Embedded value statement *continued*

for the year ended 30 June 2023

TABLE 6: METHODOLOGY AND ASSUMPTION CHANGES

	Health and Vitality		Life and Invest		VitalityHealth		VitalityLife		
R million	Net worth	Value of in-force	Net worth	Value of in-force	Net worth	Value of in-force	Net worth	Value of in-force	**Total**
Modelling changes[1]	41	–	(121)	202	–	–	48	(190)	**(20)**
Expenses[2]	–	(495)	5	(133)	–	–	–	–	**(623)**
Lapses[3]	–	–	(170)	(1 115)	–	–	–	–	**(1 285)**
Mortality and morbidity[4]	–	–	–	–	–	–	81	(219)	**(138)**
Benefit changes	–	(18)	–	–	–	–	–	–	**(18)**
Vitality	–	–	–	–	–	–	–	–	**–**
Tax	–	–	–	–	–	–	–	(13)	**(13)**
Economic assumptions[5]	–	(1 318)	23	(2 126)	–	(1 072)	106	(293)	**(4 680)**
Premium and fee income[6]	–	1 084	108	454	–	–	–	–	**1 646**
Reinsurance and financing[7]	–	–	1 867	(1 735)	–	63	–	–	**195**
Other	–	–	1	81	–	–	–	–	**82**
Total	41	(747)	1 713	(4 372)	–	(1 009)	235	(715)	**(4 854)**

1 *For Health and Vitality and Life and Invest, the item reflects refinements to the data and models. For VitalityLife, the item reflects modelling improvements related to commission and reinsurance.*
2 *For Health and Vitality and Life and Invest, the expense assumption update reflects an alignment to the expense budget for the next financial year.*
3 *For Life and Invest, the long-term decrement basis was reviewed and updated in line with lower exit rates observed on certain Invest product lines, and a short-term allowance for elevated expected lapse and policy alterations experience on the Life business.*
4 *For VitalityLife, the mortality basis, with respect to future mortality improvements, and the serious illness cover basis was reviewed. The existing shared value model was reviewed and replaced with a new model to more appropriately capture the impact that shared value has on the business' underlying demographic basis.*
5 *For Health and Vitality and Life and Invest, the economic assumptions were updated in line with observed market nominal and real yield risk-free curves at 30 June 2023. For VitalityLife, the item includes the impact of updating the assumptions relative to the Solvency II yield curves and the IFRS interest rates, offset by the net change in the interest rate hedge. For VitalityHealth, the impact of updating the assumptions relative to the Solvency II yield curves results in a reduction to the annuity factor.*
6 *For Health and Vitality, the premium and fee income item relates to an update of the administration fee income escalations for certain plans recently renewed. For Life and Invest, Invest fee structures were reviewed in response to updated persistency expectations.*
7 *For Life and Invest, the reinsurance and financing item primarily relates to the impact of financing arrangements, where the future expected cash flows arising from part of the negative reserves are monetised to match other positive policy liabilities.*

TABLE 7: EMBEDDED VALUE OF NEW BUSINESS

R million	Group 2023	Group 2022	% Change
Health and Vitality			
Present value of future profits from new business (at point of sale)	**954**	958	
Cost of required capital	**(39)**	(30)	
Present value of future profits from new business (at point of sale) after cost of required capital	**915**	928	(1)
New business annualised premium income[1]	**4 959**	4 185	18
Life and Invest			
Present value of future profits from new business (at point of sale)[2]	**516**	795	
Cost of required capital	**(87)**	(90)	
Present value of future profits from new business (at point of sale) after cost of required capital	**429**	705	(39)
New business annualised premium income[3]	**2 965**	2 995	(1)
Annualised profit margin[4]	**1.8%**	3.0%	
Annualised profit margin excluding Invest business	**2.5%**	5.3%	
VitalityHealth[5]			
Present value of future profits from new business (at point of sale)	**269**	398	
Cost of required capital	**(87)**	(81)	
Present value of future profits from new business (at point of sale) after cost of required capital	**182**	317	(43)
New business annualised premium income[6]	**2 001**	1 648	21
Annualised profit margin[4]	**1.4%**	2.6%	
VitalityLife[7]			
Present value of future profits from new business (at point of sale)	**3**	219	
Cost of required capital	**(89)**	(108)	
Present value of future profits from new business (at point of sale) after cost of required capital	**(86)**	111	(177)
New business annualised premium income	**1 124**	882	27
Annualised profit margin[4]	**(1.0%)**	1.4%	

1 *Health new business annualised premium income is the gross contribution to the medical schemes. The new business annualised premium income shown above excludes premiums in respect of members who join an existing employer where the member has no choice of medical scheme, as well as premiums in respect of new business written during the period but only activated after 30 June 2023.*

The total Health and Vitality new business annualised premium income written over the period was R9 051 million (June 2022: R7 548 million).

2 *Included in the Life and Invest embedded value of new business is R21 million (June 2022: R54 million) in respect of investment management services provided on off balance sheet investment business.*

Risk business written prior to the valuation date allows certain Invest business to be written at financially advantageous terms, the impact of which has been recognised in the value of new business.

3 *Life new business is defined as Life policies to which Life became contractually bound during the reporting period, including policies whose first premium is due after the valuation date. Invest new business is defined as business where at least one premium has been received and which has not been refunded after receipt. Invest new business also includes Discovery Retirement Optimiser policies to which Life and Invest became contractually bound during the reporting period, including policies whose first premium is due after the valuation date.*

The new business annualised premium income of R2 965 million (June 2022: R2 995 million) (single premium APE: R1 430 million (June 2022: R1 421 million)) shown above excludes automatic premium increases and servicing increases in respect of existing business. The total new business annualised premium income written over the period, including automatic premium increases of R2 208 million (June 2022: R1 801 million) and servicing increases of R716 million (June 2022: R668 million), was R5 889 million (June 2022: R5 464 million) (single premium APE: R1 499 million (June 2022: R1 492 million)). Single premium business is included at 10% of the value of the single premium.

Policy alterations and internal replacement policies, including Discovery Retirement Optimisers added to existing Life Plans are shown in Table 5 as experience variances and not included as new business. Term extensions on existing contracts are not included as new business.

4 *The annualised profit margin is the value of new business expressed as a percentage of the present value of future premiums.*

5 *The VitalityHealth value of new business is calculated as the value at point of sale of the new business written premium in-force at the valuation date multiplied by the Margin multiplied by the Annuity Factor less the new business cash flows from point of sale to the valuation date. The assumptions for the Margin and Annuity Factor are shown in Table 8.*

6 *VitalityHealth new business is defined as individuals and employer groups which incepted during the reporting period. The new business annualised premium income shown above has been adjusted to exclude premiums in respect of members who join an existing employer group after the first month, as well as premiums in respect of new business written during the period but only activated after 30 June 2023.*

7 *VitalityLife new business is defined as policies to which VitalityLife became contractually bound during the reporting period, including policies whose first premium is due after the valuation date.*

Embedded value statement *continued*

for the year ended 30 June 2023

Basis of preparation

TABLE 8: EMBEDDED VALUE ECONOMIC ASSUMPTIONS

		Group 2023	Group 2022
Beta coefficient		**0.75**	0.75
Equity risk premium (%)		**3.5**	3.5
Risk discount rate (%)			
	– Health and Vitality[1]	**15.125**	14.375
	– Life and Invest[1]	**15.875**	14.875
	– VitalityHealth	**7.000**	5.016
	– VitalityLife	**7.042**	4.997
Rand/GBP exchange rate			
Closing		**23.99**	20.00
Average		**21.43**	20.25
Margin over Expense inflation to derive Medical inflation (%)			
South Africa		**3.00**	3.00
Expense inflation (%)[2]			
South Africa	– Health and Vitality	**7.96**	7.85
	– Life and Invest	**8.13**	7.74
United Kingdom		**3.75**	3.75
Pre-tax investment return (%)			
South Africa	– Cash[1]	**11.75**	10.75
	– Life and Invest bonds[3]	**13.25**	12.25
	– Health and Vitality bonds[3]	**12.50**	11.75
	– Equity[1]	**16.75**	15.75
United Kingdom	– VitalityHealth risk-free rate	**4.38**	2.39
	– VitalityLife risk-free rate	**4.42**	2.37
	– VitalityLife IFRS interest rate	**3.98**	2.92
	– VitalityLife investment return	**4.31**	2.00
Long-term corporation tax rate (%)			
South Africa		**27**	27
United Kingdom		**25**	25
VitalityHealth Assumptions			
	– Margin (net of tax and cost of capital) (%)	**12.05**	12.00
	– Annuity Factor	**6.28**	7.00
Projection term			
	– Health and Vitality	**20 years**	20 years
	– Discovery Life – VIF	**40 years**	40 years
	– Group Life	**20 years**	20 years
	– VitalityLife	**No cap**	No cap
	– VitalityHealth[4]	**20 years**	20 years

1 Derived as a margin over (or below for cash) the respective pre-tax investment return for bonds.
2 The inflation assumption is derived as the difference between the nominal and real yield curve at each duration. As an indication, the cash flow weighted average inflation is shown in the table. For the United Kingdom, the expense inflation assumption is aligned with the long-term market view of inflation.
3 As indications, the cash flow weighted averages derived from the relevant yield curve(s) are shown.
4 The VitalityHealth projection term of 20 years is used in the derivation of the Annuity Factor.

The Discovery Group embedded value is calculated based on a risk discount rate using the Capital Asset Pricing Model (CAPM) approach with specific reference to the Discovery Group beta coefficient. The assumed beta is fixed at 0.75. This has been set such that the risk discount rate proxies the result of a Weighted Average Cost of Capital approach with reference to the capital structure of the Group and the observed beta calculated using daily returns over a long time period. The observed beta is calculated with reference to the ALSI. The assumed beta will only change if the capital structure of the Group and/or the observed beta calculated using daily returns over a long time period suggest the beta assumption should depart significantly from the assumption at the financial year-end. As beta values reflect the historic performance of share prices relative to the market, they may not allow fully for non-market related and non-financial risk. Investors may want to form their own view on an appropriate allowance for these risks which have not been modelled explicitly.

Life and Invest mortality, morbidity and lapse and surrender assumptions were derived from internal experience, where available, augmented by reinsurance and industry information.

The Health and Vitality lapse assumptions were derived from the results of recent experience investigations.

The VitalityHealth assumptions were derived from internal experience.

VitalityLife assumptions were derived from internal experience, where available, augmented by reinsurance, industry and Discovery Group information.

Renewal expense assumptions were based on the results of the latest expense and budget information.

The initial expenses included in the calculation of the embedded value of new business are the actual costs incurred excluding expenses of an exceptional or non-recurring nature.

The South African investment return assumptions for Life, Invest, Health and Vitality were set relative to the publicly available JSE risk-free nominal yield curve.

The current and projected tax position of the policyholder funds within the Life company has been taken into account in determining the net investment return assumption.

The risk-free rate assumption for VitalityHealth and VitalityLife was based on the single interest rate derived from the Prudential Regulatory Authority yield curve. The inflation rate is consistent with the long-term market view of inflation.

From 30 June 2018, VitalityHealth calculate the value of in-force at the valuation date as the in-force written premium multiplied by the Margin multiplied by the Annuity Factor, as set out in the table above. The Annuity Factor assumption is derived from assumed future lapse rates and premium increases. The Margin assumption reflects profit margins after tax and Cost of Capital. The assumptions underlying the Annuity Factor and Margin are set taking into account the current experience in the business at different durations.

The cost of required capital is calculated using the difference between the risk discount rate and the net of tax asset return on tangible assets. The Vitality Life Limited and the VitalityLife business on the PAC licence required capital amount is assumed to earn the investment return assumption, which is set based on the return on a portfolio of government and corporate bonds assumed to back the required capital. The Life and Invest cost of required capital is calculated assuming shareholder cash flow is limited to the cash flow available after having met both the required capital amount and an internally defined liquidity target capital requirement of tangible assets.

The embedded value has been calculated in accordance with the Actuarial Society of South Africa's Advisory Practice Note ("APN") 107: Embedded Value Reporting, except the recommended disclosure of Free Surplus and Required Capital has been adjusted to take into account the nature of the capital requirements in the covered businesses, as can be seen in Table 1 note 2.

Embedded value statement *continued*

for the year ended 30 June 2023

Sensitivity to the embedded value assumptions

The risk discount rate uses the CAPM approach with specific reference to the Discovery Group beta coefficient. As beta values reflect the historic performance of share prices relative to the market, they may not allow fully for non-market related and non-financial risk. Investors may want to form their own view on an appropriate allowance for these risks which have not been modelled explicitly. The sensitivity of the embedded value and the embedded value of new business at 30 June 2023 to changes in the risk discount rate is included in the tables below.

For each sensitivity illustrated below, all other assumptions have been left unchanged. No allowance has been made for management action such as risk premium increases where future experience is worse than the base assumptions.

TABLE 9: EMBEDDED VALUE SENSITIVITY

	Health and Vitality			Life and Invest		VitalityHealth		VitalityLife			
R million	Adjusted net worth[2]	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	**Embedded value**	% change
Base	18 286	25 985	(512)	33 301	(1 665)	12 797	(698)	11 823	(1 141)	**98 176**	
Impact of:											
Risk discount rate + 1%	18 286	24 563	(551)	30 350	(1 759)	12 160	(664)	11 106	(1 002)	**92 489**	(6)
Risk discount rate – 1%	18 286	27 555	(467)	36 786	(1 555)	13 501	(737)	12 625	(1 310)	**104 684**	7
Lapses – 10%	18 054	26 824	(536)	36 226	(1 760)	14 943	(815)	12 579	(1 374)	**104 141**	6
Interest rates – 1% [1]	17 316	25 887	(494)	33 841	(1 636)	13 501	(737)	11 987	(1 454)	**98 211**	–
Equity and property market value – 10%	18 247	25 985	(512)	32 595	(1 658)	12 797	(698)	11 823	(1 141)	**97 438**	(1)
Equity and property return + 1%	18 286	25 985	(512)	33 657	(1 665)	12 797	(698)	11 823	(1 141)	**98 532**	–
Renewal expenses – 10%	18 402	28 602	(473)	33 978	(1 636)	13 925	(698)	12 077	(1 126)	**103 051**	5
Mortality and morbidity – 5%	18 560	25 985	(512)	35 550	(1 544)	14 876	(698)	12 279	(1 105)	**103 391**	5
Projection term + 1 year	18 286	26 295	(517)	33 391	(1 667)	12 889	(703)	11 823	(1 141)	**98 656**	–

1 All economic assumptions were reduced by 1%.
2 The sensitivity impact on the VitalityLife net of tax change in negative reserves is included in the adjusted net worth column.

The following table shows the effect of using different assumptions on the embedded value of new business.

TABLE 10: VALUE OF NEW BUSINESS SENSITIVITY

	Health and Vitality		Life and Invest		VitalityHealth		VitalityLife			
R million	Value of new business	Cost of required capital	Value of new business	Cost of required capital	Value of new business	Cost of required capital	Value of new business	Cost of required capital	**Value of new business**	% change
Base	954	(39)	516	(87)	269	(87)	3	(89)	**1 440**	
Impact of:										
Risk discount rate + 1%	875	(43)	341	(92)	170	(82)	(103)	(75)	**991**	(31)
Risk discount rate – 1%	1 040	(36)	718	(81)	379	(93)	122	(107)	**1 942**	35
Lapses – 10%	1 022	(43)	707	(92)	509	(100)	120	(106)	**2 017**	40
Interest rates – 1%[1]	960	(38)	508	(85)	379	(93)	90	(123)	**1 598**	11
Equity and property return + 1%	954	(39)	543	(87)	269	(87)	3	(89)	**1 467**	2
Renewal expense – 10%	1 094	(37)	567	(85)	399	(87)	41	(85)	**1 807**	25
Mortality and morbidity – 5%	954	(39)	609	(80)	508	(87)	39	(82)	**1 822**	27
Projection term + 1 year	970	(40)	521	(87)	284	(87)	3	(89)	**1 475**	2
Acquisition costs – 10%	985	(39)	686	(87)	317	(87)	172	(89)	**1 858**	29

1 All economic assumptions were reduced by 1%.

Annexure A

This Annexure does not form part of the IFRS results. Discovery assesses its performance using alternative non-IFRS profit and income measures. These measures enhance the comparability and understanding of the financial performance of the Group.

NEW BUSINESS ANNUALISED PREMIUM INCOME

for the year ended 30 June 2023

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

Core new business API increased by 6% for the year ended 30 June 2023 when compared to the same period in the prior year. Core new business API, excluding products of VitalityInvest and PAHI reinsurance business in run down, increased by 12% for the year ended 30 June 2023 when compared to the corresponding prior period.

R million	Group 2023	Group 2022	% Change
Discovery Health[1]	**8 678**	7 292	19
Discovery Life	**2 838**	2 543	12
Individual Life	**2 663**	2 362	13
Group Life	**175**	181	(3)
Discovery Invest	**3 050**	2 920	4
Discovery Insure	**1 249**	1 246	–
Discovery Vitality	**372**	256	45
SA new initiatives[2]	**631**	839	(25)
Total new business API from SA Composite	**16 818**	15 096	11
Vitality Health	**2 064**	1 738	19
Vitality Life	**1 721**	1 256	37
Subtotal – continuing products	**3 785**	2 994	26
VitalityInvest	**53**	737	(93)
Total new business API from UK Composite	**3 838**	3 731	3
Total new business API from VG Composite: Ping An Health Insurance (PAHI)	**2 369**	2 883	(18)
PAHI own licence	**2 185**	2 214	(1)
PAHI reinsurance business[3]	**184**	669	(72)
Core new business API of Group (as previously disclosed)	**23 025**	21 710	6
Core new business API of Group, excluding products in run down of VitalityInvest and PAHI reinsurance business (restated)	**22 788**	20 304	12

1 *New business API for Discovery Health includes new business API for all businesses administered by Discovery Health, including DHMS, Closed Schemes and offerings such as GAP cover and FlexiCare cover. The new business API for New Closed Schemes includes contracted new business API and business in the first twelve months of on-boarding. Closed Schemes refer to those restricted to certain employers and industries.*
2 *Other group initiatives include the Umbrella Fund and Discovery Insure commercial.*
3 *PAHI's reinsurance business is largely closed to new business following the restructured co-operation with Ping An Life*

Calculation of New business API

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

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

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

Refer to the footnotes to Table 7: Embedded Value of New Business for a more detailed description of the differences in new business disclosures between the embedded value and the table above.

INCOME FROM NON-INSURANCE BUSINESS LINES

for the year ended 30 June 2023

(not included in new business API definition above)

R million	Group 2023	Group 2022	Change %
Discovery Health – Income excluded from API measure	**1 201**	1 090	10
Discovery Bank	**1 517**	951	60
Discovery Bank – Net banking fee and commission income (NIR)	**943**	633	49
Discovery Bank – Net bank interest and similar income (NII)	**574**	318	81
Income Vitality Global[1]	**2 222**	1 398	59
Vitality Network	**1 236**	1 031	20
Vitality Health International (excluding PAHI)	**986**	367	169
Total income from non-insurance business lines	**4 940**	3 439	44

1 Vitality Global income includes gross recurring and lump sum revenues earned by Vitality Group and specifically excludes revenue related to cost recoveries and rewards.

Administration

Transfer secretaries Computershare Investor Services (Pty) Limited
(Registration number: 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Private Bag X9000, Saxonwold, 2132

Sponsors and debt sponsors Rand Merchant Bank (A division of FirstRand Bank Limited)

Secretary and registered office A Ceba, Discovery Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1999/007789/06)
Company tax reference number: 9652/003/71/7

JSE share code:	DSY ISIN: ZAE000022331
JSE share code:	DSBP ISIN: ZAE000158564
JSE company code:	DSYI

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Directors ME Tucker (UK) (Chairperson), A Gore* (Group Chief Executive), HL Bosman[1], L Chiume[3], R Farber, WM Hlahla, HD Kallner*[2], FN Khanyile, NS Koopowitz*[2], D Macready, Dr TV Maphai, T Mboweni, Dr A Ntsaluba*[2], A Pollard*[2], KC Ramon[3], M Schreuder, B Swartzberg*, B van Kralingen, DM Viljoen* (Group Chief Financial Officer), SV Zilwa.

* *Executive.*
1 *Retired effective 1 December 2022.*
2 *Stepped down from the Board effective 1 March 2023 as part of changes in governance structures.*
3 *Appointed effective 18 September 2023.*

Debt officer DM Viljoen

Annual financial results
– prepared by G Pieterse CA(SA), J Symons CA(SA)
– supervised by DM Viljoen CA(SA)

Embedded value statement
– prepared by P Bolink FASSA
– supervised by A Rayner FASSA, FIA

Discovery

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