2026

DISCOVERY GROUP

Discovery

Annual financial statements

for the year ended
30 June 2026

THIS REPORT

AFS Group Annual Financial Statements

Group audited consolidated annual financial results for Discovery Limited, the Embedded Value Statement and Five-year Review.

How we report to our stakeholders

IAR Integrated Annual Report

Our primary report to our shareholders, providers of financial capital and other key stakeholders, detailing how we created, preserved or eroded value during the year.

SUS Sustainability Report

An overview of the Group's performance against our Integrated Sustainability Framework and, where appropriate, against relevant standards and frameworks.

CLI Climate Report

Discovery's approach to climate change and climate-related disclosures regarding governance, strategy, risk management, and metrics and targets.

GOV Governance Report

Outlines the Group's governance philosophy, leadership and compliance with the King Report on Corporate Governance for South Africa, 2025 (King V™)*.

REM Remuneration Report

Outlines our remuneration policy and implementation approach, along with factors influencing our remuneration-related decisions.

TAX Tax Transparency Report

Communicates material tax disclosure information to demonstrate our commitment to tax transparency and operating as a force for good through our tax contributions.

ESG ESG Databook

Contains quantitative and qualitative disclosures across ESG factors over a five-year period, where applicable, and guided by global reporting standards.

RES Annual financial results presentation and booklet

AGM Notice of Annual General Meeting (AGM)

NAVIGATING OUR REPORTING SUITE

This is an interactive report. Navigation tools on the right of each page and within the report are indicated below.

Our reporting suite is best viewed in Adobe Acrobat for desktop, mobile or tablet. Click to download or update to the latest Adobe Acrobat Reader

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Registration number 1999/007789/06

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Basis of preparation

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

The Annual Financial Statements have been prepared under the supervision of Deon Viljoen CA(SA), Group Chief Financial Officer. The Annual Financial Statements are reviewed by management, the Discovery Limited Audit Committee and Board, and are audited by the external auditors of the Group.

The embedded value statements have been prepared by Peter Bolink (FASSA) and supervised by Andrew Rayner (FASSA, FIA).

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

Directors' responsibility statement

for the year ended 30 June 2026

Directors' responsibility to the shareholders of Discovery Limited and its subsidiaries (Discovery or the Group)

The directors of Discovery Limited and its subsidiaries (Discovery or the Group) are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements. These Annual Financial Statements have been prepared in accordance with the JSE Limited (JSE) Listings Requirements, IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the South African Companies Act.

In preparing the Annual Financial Statements, the directors have applied appropriate accounting policies on a consistent basis and have made judgements and estimates that are reasonable and prudent. The Annual Financial Statements incorporate full and responsible disclosure, in line with Discovery's approach to corporate governance. The Directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Group and Company at year-end.

The Annual Financial Statements have been prepared on a going concern basis. The directors have reviewed Discovery's budget and cash flow forecast and have considered the Group's current financial position, available cash resources, capital position, funding and liquidity requirements, and the current and anticipated operating environment. Based on this assessment, the directors have no reason to believe that Discovery will not continue as a going concern in the foreseeable future.

The directors are responsible for maintaining adequate accounting records and for the Group's systems of internal control, including internal financial controls in the various subsidiaries. These controls are designed to provide reasonable, but not absolute, assurance against material misstatement and loss, and to provide assurance regarding the safeguarding of assets against unauthorised use or disposition, the maintenance of proper accounting records, whether written or electronic, and the reliability of financial information used within the business or for publication, including submissions to the Companies and Intellectual Property Commission.

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

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

Discovery's external auditors, KPMG Inc. and Deloitte & Touche, have audited the Annual Financial Statements and their unmodified report appears on pages 8 to 13.

The Annual Financial Statements of Discovery for the year ended 30 June 2026, which appear on pages 18 to 297 were approved by the Board of Directors on 2 September 2026, and are signed on its behalf by:

Mark Tucker
Chairperson

Adrian Gore
Group Chief Executive

Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement

for the year ended 30 June 2026

After due, careful, and proper consideration, in accordance with the JSE Listings Requirements 5.9, each of the directors, whose names are stated below, hereby confirm that:

- The Annual Financial Statements set out on pages 18 to 297 fairly present, in all material respects, the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Discovery Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, and we have fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Discovery Limited Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated or taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

Adrian Gore
Group Chief Executive

2 September 2026

Deon Viljoen
Group Chief Financial Officer

2 September 2026

Certificate by the Company Secretary

for the year ended 30 June 2026

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

Ayanda Ceba
Company Secretary

2 September 2026

Report of the Discovery Limited Audit Committee

for the year ended 30 June 2026

The Discovery Limited Audit Committee (DLAC) is pleased to present its report for the year ended 30 June 2026. This report has been prepared in accordance with the Companies Act, King V™ and the JSE Listings Requirements. DLAC discharged its duties in line with its Terms of Reference as mandated by the Board.

Role of the committee

DLAC provides independent challenge and oversight of the Group's financial results, corporate reporting, significant accounting judgements, internal financial controls, as well as the independence and effectiveness of the joint external auditors. Its scope extends to the Discovery Limited Group and its subsidiaries both locally and internationally.

Composition and governance

DLAC is chaired by an Independent Non-executive Director and comprises appropriately skilled and experienced Independent Non-executive Directors appointed annually by the Board and confirmed by shareholders at the Annual General Meeting.

The table below sets out the membership, qualifications and attendance of DLAC members during the year:

Committee member	Qualifications	Appointment to committee	Number of meetings attended
D Macready (Chairperson)	BCom (Hons), CTA, CA (SA), SEP, IDP	February 2020	9 out of 9
LM Chiume	BCom Business Finance and Economics	September 2023	9 out of 9
MW Hlahla	BA Economics (Hons), MA, Advanced Management Programme	August 2021	9 out of 9
KC Ramon	BCompt (Hons), CA(SA), SEP	September 2023	7 out of 9
M Schreuder	BCom (Hons), FIA, FASSA	February 2021	9 out of 9

In addition to their responsibilities on DLAC, members serve on other key Board committees to ensure collective and integrated oversight of matters across the Discovery Group, as shown below:

Committee member	Remuneration Committee	Risk and Compliance Committee	Actuarial Committee	Social and Ethics Committee	Technology Working Group
D Macready		x	x		
LM Chiume		x			
MW Hlahla	x			x	
KC Ramon	x			x	
M Schreuder		x	x		x

The Board Chairperson, other Executive and Non-executive Directors, executive management and relevant specialists attend DLAC meetings by invitation where their input is required.

EFFECTIVENESS REVIEW

During the year, DLAC conducted an independent review of its effectiveness. The review provided positive feedback and confirmed that DLAC is well managed, thorough, proactive and appropriately resourced to deliver on its mandate.

Report of the Discovery Limited Audit Committee *continued*

for the year ended 30 June 2026

Key focus areas for FY2026

IFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

IFRS 18 *Presentation and Disclosure in Financial Statements* will apply to Discovery from 1 July 2027 and will supersede IAS 1. The standard focuses on improved presentation and disclosure of financial performance, without affecting recognition or measurement.

Discovery established a formal project office during FY2026 to assess the presentation, disclosure, process and system implications of IFRS 18. The transitional impact at Group level is not expected to be material, but the project will remain a FY2027 focus area for the consideration of restated comparative information, management-defined performance measures and continued auditor engagement.

REVIEWING MATERIAL TRANSACTION

DLAC considered material transactions during the year, including the acquisition of 1 Discovery Place, the related lease termination and the partial disposal of the Group's interest in Cambridge Mobile Telematics (CMT) and the post-year-end disclosure of the Icario acquisition.

The Committee reviewed management's assessment of the related accounting treatments, including the separation of the property acquisition from the lease termination, the recognition and presentation of transaction gains, debt and liquidity implications and the adequacy of related disclosures. DLAC engaged the external auditors' for their consideration and was satisfied that the accounting treatments were appropriately reflected in the Annual Financial Statements.

REVIEWING DISCOVERY'S ESG FINANCIAL REPORTING PRACTICES

DLAC continues to review the Group's ESG financial reporting practices, including evolving IFRS S1 and IFRS S2 requirements, Prudential Authority guidance and the assurance processes supporting sustainability-related disclosures.

DLAC also monitored the governance structures supporting climate reporting, including the Climate and Environment Steering Committee and the Net-zero Steering Committee, and noted progress on Discovery's Net-zero Transition Plan.

IMPROVING SHAREHOLDER REPORTING

DLAC continuously reviews the quality and consistency of shareholder reporting, including segment reporting, non-IFRS measures and management-defined performance measures. DLAC is satisfied with the enhancements made and will continue to monitor future developments, including IFRS 18.

Financial, legal, compliance and regulatory reporting for FY2026

DLAC receives regular reports from the Group CFO on Discovery's financial performance, budgets, forecasts, long-term plans, capital expenditure, financial reporting controls and the adequacy of management information. DLAC reviewed and was satisfied with the expertise, resources and experience of the Finance function, including the Group CFO.

DLAC considered management's assessment of the JSE Proactive Monitoring Report 2025 and IFRS 17 thematic review. No amendments were required, although areas for continued enhancement were noted, including segment reporting, financial instrument and insurance contract disclosures and IFRS 18 preparation.

DLAC reviewed reports from the Social and Ethics Committee and is satisfied that no material legal, regulatory, ethics or conduct breaches were reported during the year.

Report of the Discovery Limited Audit Committee *continued*

for the year ended 30 June 2026

Key audit matters

Each year, DLAC assesses the key audit matters (KAMs) identified by the Group's external auditors and considers the related judgements and estimates in the Annual Financial Statements. The FY2026 KAM raised by the joint auditors was addressed as follows:

Key Audit Matter	How DLAC responded
Valuation of assets and liabilities arising from insurance contracts	DLAC reviewed reports from the Group Chief Actuary, the Group and Subsidiary Actuarial Committees as well as the external auditors on actuarial assumptions, basis changes and relevant management actions. DLAC evaluated the appropriateness of these assumptions and noted that the Annual Financial Statements set out the significant judgements and estimates involved.

OTHER SIGNIFICANT MATTERS CONSIDERED

In addition to the above KAM, DLAC also focused on:

- The annual impairment assessment of specified assets under IAS 36, including goodwill, intangible assets and material associate investments. DLAC considered management's impairment assessments, the key judgements applied and the external auditors' procedures, and was satisfied that the recognised impairments and disclosures were appropriate
- The recognition and measurement of deferred tax assets arising from unutilised assessed tax losses. DLAC considered the forecasts, assumptions and level of prudence applied in management's assessment and was satisfied that the deferred tax assets recognised were appropriate
- The transition from King IV and early adoption of King V, including the related governance disclosures and targeted enhancements to assurance and oversight so as to ensure alignment with King V's outcomes-based approach

Annual financial statements, accounting practices and reporting processes

DLAC reviewed the Group's accounting policies and financial reporting procedures and is satisfied that they are appropriate, consistently applied and compliant with IFRS Accounting Standards. DLAC is also satisfied that the Group remains a going concern and that the financial statements were prepared on this basis.

During the year, DLAC focused on the following financial reporting matters to ensure the integrity and fairness of reported information:

- Received comprehensive feedback from subsidiary audit committees on significant accounting transactions, financial results and key audit matters, supporting DLAC in discharging its Group oversight responsibilities as the Group Governance Framework continues to mature
- Considered significant accounting transactions, actuarial and tax judgements and assumptions at Discovery Group level, including the acquisition of 1 Discovery Place, the partial disposal of Cambridge Mobile Telematics, the post-year-end disclosure of the Icario acquisition, financing restructures, impairment reviews, deferred tax assets and the KAMs reported by the external auditors, and was satisfied with how these were addressed
- Reviewed financial information in the Group's trading statements and interim and year-end results announcements to confirm the accuracy and integrity of external disclosures
- Evaluated the consistent application of accounting policies in respect of insurance reserves. This included the evaluation of the enhanced IFRS 17 disclosures for insurance and reinsurance contracts in both the Results Booklet and Annual Financial Statements, including the extent to which the disclosures provide useful investor information and remain aligned with market best practice
- Engaged on the application of AI-enabled audit tools to support earlier detection through advanced analytics

DLAC receives and addresses any complaints or whistleblowing matters related to accounting practices, internal audit, the content or auditing of financial statements or internal financial controls. No such matters were raised during FY2026.

DLAC reviews the Integrated Annual Report before its release to the market, including material matter disclosures, forward-looking information and sustainability-related disclosures. Areas considered included the Sustainability Report, ESG assurance processes and the Climate Report.

Report of the Discovery Limited Audit Committee *continued*

for the year ended 30 June 2026

External audit

DLAC is responsible for appointing, approving the annual audit budget and overseeing the Group's independent joint external auditors, KPMG and Deloitte. During the year, DLAC:

- Assessed the independence and objectivity of KPMG and Deloitte and is satisfied that both firms operate independently of Discovery, with internal governance processes supporting their claims to independence
- Reviewed the accreditation of the individual audit partners responsible for audit sign-off, as well as the most recent Independent Regulatory Board for Auditors (IRBA) inspection reports and assessed the suitability of the audit firms and individuals in accordance with paragraphs 5.7(h)(iii) of the JSE Listings Requirements and 7.3(e)(iii) of the JSE Debt and Specialist Securities Listings Requirements
- Approved the engagement letter, terms, audit plan, focus areas and budgeted audit fees for FY2026 following consultation with executive management and considered the allocation of work between the joint auditors
- Engaged regularly through the DLAC Chairperson with the lead partners from both firms to discuss the audit plan, scope, key focus areas and findings, including reliance, where appropriate, on Group Internal Audit
- Received reports from the external auditors on the audit of the Group's Annual Financial Statements, critical accounting estimates and judgements, cross-reviews, and the Summary of Audit Differences. DLAC noted the unqualified independent auditors' report for Discovery Limited and the Group
- Reviewed the Group and key subsidiary audit partner succession and rotation plans for both joint external audit firms

DLAC maintains a formal policy governing non-audit services, including a cap of 25% of each auditor's audit fee. For the year ended 30 June 2026, Deloitte provided very limited non-audit services within the approved threshold, while KPMG rendered no non-audit services.

DLAC is satisfied with the independence, performance and quality of the joint external audit firms and their lead partners for the year ended 30 June 2026. This assessment included independence confirmations, partner rotation and succession planning, audit materiality, audit findings and the absence of reportable irregularities or significant unresolved disagreements with management.

The appointment of KPMG and Deloitte as joint auditors for the year ending 30 June 2027 will be tabled for shareholder approval at the November 2026 Annual General Meeting. As the year ended 30 June 2026 marked Mark Danckwerts' fifth year as KPMG's designated individual audit partner, he will rotate in accordance with the Companies Act. DLAC has reviewed the detailed rotation plans and will recommend the replacement designated individual audit partner at the AGM.

Group internal audit

The GIA function provides independent and objective assurance that the Group's governance processes – including professional ethics, risk management and systems of internal control – are adequate and effective. The Chief Audit Executive (CAE) reports functionally to the DLAC Chairperson and administratively to the Group CFO.

During the year, DLAC assessed the independence, effectiveness and performance of the CAE and GIA function, as well as the adequacy of audit resources, and found them satisfactory. In assessing the quality and delivery of the internal audit plan, DLAC:

- Reviewed and approved the internal audit plan, challenging its focus, risk-based approach and relevance
- Approved the Group-wide internal audit rating methodology, dispute resolution process and escalation protocol
- Noted the results of the internal financial controls (IFCs) and financial reporting controls (FRCs) audits conducted by GIA
- Noted the progress of Discovery's IT general controls remediation programme, including improvements in access management, privileged access, password controls, change management, audit-log monitoring and the quality of audit evidence
- Reviewed significant issues raised by internal audit and the adequacy of corrective actions taken
- Considered the external auditors' annual assessment of GIA under ISA 610, reaffirming the extent of reliance that could be placed on its work
- Reviewed and approved the Internal Audit Charter

DLAC is satisfied that GIA continues to demonstrate high levels of professional objectivity and ethics in carrying out its mandate.

Report of the Discovery Limited Audit Committee *continued*

for the year ended 30 June 2026

Other matters considered

DLAC oversees the design and implementation of sound risk management and internal control systems. During the year, DLAC considered assessments of the Group's internal control, governance, risk management and combined assurance processes and is satisfied that these systems were effective.

COMBINED ASSURANCE

The Group's Combined Assurance model integrates assurance across risk and compliance, external and internal audit, corporate finance and the actuarial committees. DLAC reviewed updates to align the model with King V, focus assurance on significant risks and improve coordination, gap reporting and external reporting integrity.

DLAC notes that the Combined Assurance model has matured significantly across the Group, providing valuable assurance and contributing to a stronger overall control environment.

INTERNAL FINANCIAL CONTROLS AND FINANCIAL REPORTING CONTROLS

DLAC considered reports from external audit, GIA and management on the design, implementation and effectiveness of internal financial and financial reporting controls, including controls related to IFRS 17, financial reporting systems, automated controls and IT general controls.

Discovery completed the sixth year of the IFC attestation process under paragraph 5.9 of the JSE Listings Requirements. GIA concluded that the Group's internal financial and financial reporting controls were adequately designed and operating effectively, with no significant weaknesses resulting in material financial loss, fraud, corruption or error. DLAC noted and supports the positive attestations of the Group Chief Executive and Group CFO.

Key focus areas for FY2027

DLAC has identified the following areas of focus for the forthcoming financial year:

- Overseeing the continued implementation of IFRS 18, including the related financial reporting process, system and disclosure changes required for a successful transition
- Strengthening model governance across financial reporting, actuarial and other judgemental areas, with particular focus on model ownership, change control, validation, documentation and independent governance and assurance over key models
- Further enhancing the Group's sound IT general control environment through proactive oversight of control improvements and timely remediation of potential deficiencies
- Maintaining oversight of technology-enabled financial reporting risks, including automated controls and the governance of AI-enabled solutions and tools
- Considering cyber resilience, third-party assurance, fraud and payment controls, and material regulatory or litigation-related financial reporting implications
- Overseeing the ongoing refinement of the Combined Assurance model to support King V reporting requirements and improve Group-wide coordination, effectiveness and efficiency of assurance activities
- Continuing to strengthen Discovery's ESG financial reporting practices and benchmarking, with particular focus on the implementation of the IFRS Sustainability Disclosure Standards and related assurance processes

Conclusion

DLAC is satisfied that it complied with its statutory duties and those delegated by the Board during FY2026.

DLAC has reviewed Discovery Limited's consolidated and separate financial statements for the year ended 30 June 2026 and is satisfied that they comply, in all material respects, with the Companies Act and IFRS Accounting Standards.

DLAC recommended the Annual Financial Statements to the Board for approval, and they will be presented for discussion at the forthcoming Annual General Meeting.

As Chairperson, and on behalf of the Committee, I wish to thank all assurance providers for their contribution in enabling DLAC to reach our conclusion above.

D Macready
Chairperson: Discovery Limited Audit Committee

2 September 2026

Independent Auditors' Report
for the year ended 30 June 2026

TO THE SHAREHOLDERS OF DISCOVERY LIMITED

Report on the audit of the consolidated and separate financial statements

OPINION

We have audited the consolidated and separate financial statements of Discovery Limited (the Group and Company) set out on pages 18 to 297, which comprise:

- the Group and Company statements of financial position as at 30 June 2026;
- the Group and Company income statements for the year then ended;
- the Group and Company statements of other comprehensive income for the year then ended;
- the Group and Company statements of cash flows for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the notes to the Group and Company financial statements; and
- a summary of material accounting policies (Annexure A), Group Structure (Annexure B) and Directorate (Annexure C).

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

BASIS FOR OPINION

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

FINAL MATERIALITY

The scope of our audit was influenced by our application of materiality. We define materiality as the magnitude of a misstatement in the consolidated and separate financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the consolidated and separate financial statements as a whole.

Independent Auditors' Report *continued*
for the year ended 30 June 2026

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated	**Separate**
Overall materiality	R788 million	R263 million
How we determined it	4.7% of profit before tax from continuing operations (PBT) adjusted for significant non-recurring items.	0.47% of total assets
Rationale for the materiality benchmark and percentage applied	We identified PBT as the most appropriate benchmark to determine materiality for the group given that it is a key performance metric for users and a common benchmark for returns generated by listed entities. The PBT of R18 457 million has been adjusted for the following non-recurring items: ■ 1 Discovery Place lease termination gain of R1 463 million; and ■ Disposal/dilution from equity accounted investments of R211 million.	We identified total assets as the most appropriate benchmark to determine materiality given that Discovery Limited is an investment holding entity.
	The percentages applied to the benchmarks were based on our professional judgement after consideration of qualitative factors that impact both the Group and Company.	

GROUP AUDIT SCOPE

We tailored the scope of our audit to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the consolidated financial statements and we determined the type of work needed to be performed at those components to address the risks. Our judgement included assessing the size of the components, nature of assets, liabilities and transactions within the components as well as specific risks.

In total, we identified fourteen components requiring an audit response. Of those, we identified two components at which audit procedures were performed on the entire financial information of the component, either because audit evidence was needed to be obtained on all or a significant proportion of the component's financial information, or that the components included pervasive risks of material misstatement to the consolidated financial statements. For the remaining twelve components, our audit procedures were focused on certain classes of transactions, account balances or disclosures in which we considered risks of material misstatement to have been identified. For the remaining financial information where audit procedures were not performed, we performed analytical procedures at the Group to assess the risk of a material misstatement in the remaining financial information.

In respect of the scoped-in components where audit procedures were performed, fourteen components contributed 96,0% of the Group's profit before tax and 99,4% of total assets.

Based on our risk assessment procedures, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information not subject to further audit procedures.

We considered the scope of the audit, as communicated to the audit committee, to be an appropriate basis for our audit opinion on the consolidated financial statements.

Independent Auditors’ Report *continued*

for the year ended 30 June 2026

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the consolidated financial statements only. We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Valuation of assets and liabilities arising from insurance contracts issued

Refer to policy 12 Insurance contracts of Annexure A – Group accounting policies, Section 02 in the notes to the Group financial statements.

Key audit matter	How our audit addressed the key audit matter
As at 30 June 2026, the Group held assets arising from insurance contracts issued to the value of R63 681 million and liabilities arising from insurance contracts issued to the value of R136 139 million. Assets and liabilities arising from insurance contracts issued are measured in accordance with IFRS 17 Insurance Contracts (IFRS 17). Within these assets and liabilities arising from insurance contracts issued, the key audit matter relates to the following aggregated groups of insurance contracts where management’s application of the significant judgements, inputs, assumptions and estimates is the most complex: ■ SA Life (Risk) with a net asset of R37 694 million, ■ SA Invest (Risk) with a net liability value of R24 112 million, ■ SA Invest (Participating) with a net liability value of R103 729 million, ■ UK Life (Risk) with a net asset value of R21 083 million as disaggregated in note 2.2 within section 02 to the consolidated financial statements. These insurance contracts are underwritten by Discovery Life in South Africa and Vitality Life in the United Kingdom. These balances include estimates and judgement in the determination of fulfilment cash flows (FCF), specifically the present value of future cash flows (PVFCF), as well as the risk adjustment for non-financial risk (RA). Also included in the balances is the Contractual Services Margin (CSM). The most significant judgments, inputs, assumptions, and estimates made in determining the value of the assets and liabilities arising from insurance contracts relate to determining the FCF and the CSM. Changes to these significant judgements, inputs, assumptions and estimates may result in a material change to the valuation of the insurance contract assets and liabilities due to the long duration of the underlying contracts and the unpredictability of the insured events.	The primary audit procedures performed to address the key audit matter, with support from our actuarial specialists, included the following: ■ Obtaining an understanding of the Group’s actuarial internal control environment and governance, including the functioning of the Group’s Actuarial Committee and testing the design and implementation of key controls over methodology, models and assumptions. ■ Performing a risk assessment of the key judgements and assumptions impacting the valuation of insurance contracts by assessing the level of complexity and judgement related to the respective actuarial estimates and assumptions. ■ Evaluating the appropriateness of the valuation methodologies applied by the Group to determine the value of assets and liabilities arising from insurance contracts. In doing so, we considered the principles and accuracy of the Group’s models against the requirements of IFRS 17 and acceptable industry standards. ■ For a sample of model changes impacting the fulfilment cashflows, assessing these changes against the requirements of IFRS 17 by interrogating the model logic and code. ■ Assessing the appropriateness of the method applied in determining the RA as well as the release of the RA against the requirements of IFRS 17. ■ For the CSM model specifically, comparing the output of our recalculations to management’s calculations and obtaining an understanding of any material differences. ■ Challenging management with respect to the appropriateness of all key assumptions adopted in the determination of the valuation of assets and liabilities, including planned management actions and management’s ability to implement these. We compared the assumptions to the results of historical actuarial experience investigations conducted by management and benchmarked these assumptions against life insurance industry trends to determine whether they are reasonable and supportable.

Independent Auditors’ Report *continued*

for the year ended 30 June 2026

KEY AUDIT MATTERS *continued*

Valuation of assets and liabilities arising from insurance contracts issued *continued*

Refer to policy 12 of Annexure A – Group accounting policies, Section 02 , in the notes to the group financial statements.

Key audit matter	How the matter was addressed in our audit
The key assumptions include: ■ mortality and morbidity rates; ■ surrender and lapse rates; ■ discount rates and investment returns; ■ expense assumptions; and ■ the coverage units used to determine the CSM recognised for services provided. We considered the valuation of assets and liabilities arising from insurance contracts issued to be a key audit matter in our audit of the consolidated financial statements, as it involved complex and subjective judgements about future events, including policyholder behaviour and economic conditions that required judgement to be applied.	■ For a sample of management’s experience investigations, assessing the reasonability of the past experience adjustments by tracing back to policyholder contracts and actual cash flows. ■ For a sample of policyholder data, testing the completeness and accuracy of the underlying data inputs by agreeing the inputs to supporting documentation for use in determining the insurance contract assets/liabilities. ■ We evaluated the appropriateness of the disclosures made in relation to the assets and liabilities arising from insurance contracts to the Group financial statements in terms of the requirements of IFRS 17. Based on the procedures performed and described above, we did not identify any matters requiring further consideration in the valuation of the assets and liabilities arising from insurance contracts issued.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Discovery Annual Financial Statements for the year ended 30 June 2026", which includes the Directors’ Report, the Report of the Discovery Limited Audit Committee, the Company Secretary’s Certificate as required by the Companies Act of South Africa and the information marked as “unaudited” in the consolidated financial statements, which we obtained prior to the date of this auditors’ report, and the document titled “Discovery Integrated Annual Report for the year ended 30 June 2026” which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors’ report thereon.

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

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

Independent Auditors' Report *continued*

for the year ended 30 June 2026

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report *continued*

for the year ended 30 June 2026

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. and Deloitte & Touche have been the joint auditors of Discovery Limited for three years.

Prior to the commencement of the joint audit relationship with Deloitte & Touche, KPMG Inc. audited Discovery Limited jointly with PricewaterhouseCoopers Inc. for two years.

KPMG Inc.
Registered Auditor

Per: Mark Danckwerts
Chartered Accountant (SA)

Registered Auditor
Director
KPMG Crescent
85 Empire Road
Parktown
2193

2 September 2026

Deloitte & Touche
Registered Auditors

Per: Stephen Munro
Chartered Accountant (SA)

Registered Auditor
Partner
5 Magwa Crescent
Waterfall City
2090

2 September 2026

Directors' report
for the year ended 30 June 2026

Nature of business

Discovery Limited (the Company) is listed on the JSE and is a global integrated financial services organisation specialising in health insurance, life assurance, wellness, investments and savings, short-term insurance, and banking.

Discovery's purpose and ambition are achieved through a pioneering business model that incentivises people to be healthier and enhances and protects their lives.

Our unique and sophisticated Vitality Shared-value model delivers better health and value for clients, superior actuarial dynamics for the insurer, and a healthier society. It is a powerful platform of integrated assets and capabilities, which has positioned us well to respond to the following key trends:

- a focus on health, wellness and resilience (nature of risk)
- accelerated use of technology and increased digitisation (technology)
- increased importance of purpose and trust (social responsibility)
- rising healthcare costs and resources strain (demographics)

Year under review

Discovery delivered robust results for the financial year ended 30 June 2026. Normalised profit from operations increased by 17% compared with 30 June 2025, driven by strong growth across the Group. Within this performance, Discovery South Africa grew by 16% and the Vitality composite by 21%.

Normalised headline earnings increased by 21%, supported by lower finance costs in line with the Group's continued reduction in financial leverage. Headline earnings increased by 34%, benefiting from the gain recognised on the termination of the lease following the acquisition of 1 Discovery Place, the Group's head office, as previously announced.

BUSINESS-UNIT PERFORMANCE

R million	Normalised profit from operations	% change (Current year vs prior year)	New business API	% change (Current year vs prior year)
Discovery Health	4 629	+9%	10 495	+10%
Discovery Life	5 872	+6%	3 244	+1%
Discovery Invest	2 157	+9%	3 865	+13%
Discovery Insure	1 013	+24%	1 390	+2%
Discovery Bank	370	>600%		
Other initiatives and central costs[1]	(173)	-66%	540	-1%
Discovery SA	**13 868**	**+16%**	**19 534**	**+8%**
VitalityHealth	1 896	+60%	2 871	+1%
VitalityLife	782	+23%	3 027	+21%
Vitality Global Markets[2]	186	-29%		
Ping An Health Insurance (PAHI)	1 317	+9%	2 723	-10%
Vitality AI[3]	(299)	>200%		
Vitality composite	**3 882**	**+21%**	**8 621**	**+3%**
Normalised profit from operations	**17 750**	**+17%**		
New business API			**28 155**	**+6%**

1 *Includes Discovery Vitality SA.*
2 *Vitality Global Markets incorporates Vitality Network and Vitality Health International Other.*
3 *Vitality AI also includes Other Vitality central costs.*

Share capital

Details of the authorised and issued share capital, together with details of shares issued during the year, are set out in section 2 to the Company Annual Financial Statements.

Ownership

For details of shareholders, refer to Annexure D.

Directors' report *continued*
for the year ended 30 June 2026

Group structure

The Company is directly and indirectly the holding company of subsidiaries and investments as set out in Annexure B. In addition, Discovery is required to consolidate certain unit trusts that are deemed to be under the Group's control in terms of IFRS 10 *Consolidated Financial Statements*. These are also set out in Annexure B.

Dividends

Details of dividends paid and declared are set out in section 7.4.1 to the Annual Financial Statements.

Capital

SOLVENCY AND LIQUIDITY TESTS

The directors have performed the requisite solvency and liquidity tests where required by the Companies Act as amended and concluded that Discovery meets the solvency and liquidity requirements.

REGULATORY CAPITAL

With effect from 1 July 2018, the Insurance Act 18 of 2017 (Insurance Act) and the related Prudential Standards were implemented in South Africa. Discovery Life and Discovery Insure are regulated under the Insurance Act, while VitalityHealth and VitalityLife are regulated under the European Solvency II regulatory regime, which was implemented from 1 January 2016. The values below are estimated based on information extracted from the audited Annual Financial Statements.

	June 2026		June 2025	
	Solvency capital requirements	Cover	Solvency capital requirements	Cover
Discovery Life	**R29 951 million**	**1.7 times**	R23 479 million	1.9 times
Discovery Insure	**R1 273 million**	**2.1 times**	R1 112 million	2.1 times
VitalityHealth	**£127 million (R2 754 million)**	**1.9 times**	£126 million (R3 072 million)	1.8 times
VitalityLife	**£451 million (R9 807 million)**	**1.9 times**	£383 million (R9 322 million)	2.0 times

Discovery Bank's common equity tier 1 (CET1) ratio is 16.29 % (2025: 16.31%). In addition, the Bank holds an internal management buffer to cater for future unexpected growth and volatility in risk weighted exposures, as well as an estimation risk buffer.

Directors and prescribed officers

The following were directors and prescribed officers of the Company during the current financial year:

Executive directors	Independent non-executive directors	
A Gore (Group Chief Executive)	ME Tucker (Chairperson)	M Schreuder
B Swartzberg	LM Chiume	BA van Kralingen
DM Viljoen (Group Chief Financial Officer)	WM Hlahla	VN Fakude
	FN Khanyile	
	D Macready	
	KC Ramon	

Prescribed officers	Non-executive directors
HD Kallner	R Farber
NS Koopowitz	

Ms VN Fakude has been appointed as an independent non-executive director with effect from 1 September 2025.

Directors’ report *continued*

for the year ended 30 June 2026

Directors’ interests

Details of the directors’ emoluments, participation in share incentive schemes and interests in the Company are reflected in Annexure C.

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

Indemnification and insurance of directors and officers

The Company entered into agreements to indemnify its directors to the extent permitted by law against all liabilities, including legal costs, incurred by the director in connection with or as a consequence of the director acting in any capacity, including as an authorised representative of a Group company. During the financial year, the Company paid insurance premiums in respect of a Directors and Officers Liability insurance contract, which insures directors and officers of the Company against certain liabilities arising in the course of their duties to the Company or Group companies. As such disclosure is prohibited under the terms of the contract, details of the nature of the liabilities covered and the amount of premium paid are not disclosed.

Company secretary

Ayanda Ceba is the Group Company Secretary

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

Borrowing powers

The directors may exercise all the powers of the Company to borrow money. In terms of the Memorandum of Incorporation, the borrowing powers of the Company are unlimited. In terms of the Insurance Act, both Discovery Life and Discovery Insure may not encumber assets without prior approval from the Prudential Authority

Events after the reporting date

Refer to Group note 7.4 for a list of the events after reporting date.

Auditors

KPMG Inc. and Deloitte & Touche are current joint external auditors. The appointment of external auditors will be proposed at the Annual General Meeting of shareholders in accordance with section 90(1) of the Companies Act.

Primary **financial statements**

Group statement of financial position

as at 30 June 2026

R million	Notes	Group 2026	Group 2025
Assets			
Goodwill	5.3	5 105	5 429
Intangible assets	5.4	7 276	7 542
Property and equipment	5.5	5 938	3 266
Assets arising from insurance contracts issued	2.2	63 681	48 047
Assets arising from reinsurance contracts held	2.2	1 049	962
Deferred tax asset	5.9.1	3 771	4 886
Assets arising from contracts with customers	5.6	3 674	3 722
Investment in equity-accounted investees	5.7	9 190	8 989
Financial assets			
– Loans and advances to customers at amortised cost	3.3	12 999	8 513
– Investments at amortised cost	3.3	15 077	12 812
– Investments at fair value through other comprehensive income		–	14
– Investments at fair value through profit or loss	3.3	222 884	193 776
– Derivative financial instruments at fair value through profit or loss	3.4	147	63
Contract receivables and other receivables	5.8	7 943	7 368
Non-current assets held for sale		–	62
Current tax asset		35	31
Cash and cash equivalents	3.6	22 904	21 968
TOTAL ASSETS		381 673	327 450
Equity			
Capital and reserves			
Ordinary share capital and share premium	4.3	12 205	11 358
Perpetual preference share capital	4.4	779	779
Other reserves		10 115	4 921
Retained earnings		59 569	48 646
Equity attributable to equity holders of the Company		82 668	65 704
Non-controlling interest		(7)	(5)
TOTAL EQUITY		82 661	65 699
Liabilities			
Liabilities arising from insurance contracts issued	2.2	136 139	118 878
Liabilities arising from reinsurance contracts held	2.2	10 686	9 121
Deferred tax liability	5.9.1	12 907	8 755
Contract liabilities to customers	5.6	1 842	1 516
Third-party interest in consolidated funds		40 901	35 932
Financial liabilities			
– Borrowings at amortised cost	3.7	18 692	20 046
– Other financial payables at amortised cost	3.9	8 898	9 148
– Deposits from customers	3.10	27 202	23 326
– Investment contracts at fair value through profit or loss	3.8	38 614	32 188
– Derivative financial instruments at fair value through profit or loss	3.4	117	135
Other payables	5.10	2 458	2 333
Current tax liability		556	373
TOTAL LIABILITIES		299 012	261 751
TOTAL EQUITY AND LIABILITIES		381 673	327 450

Group income statement

for the year ended 30 June 2026

R million	Notes	Group 2026	Group 2025
Insurance revenue	2.12	61 442	57 713
Insurance service expenses	5.11.1	(51 577)	(49 028)
Net expenses from reinsurance contracts		(1 124)	(1 306)
Insurance service result		8 741	7 379
Net financial result from insurance finance income and expense		(13 295)	(13 088)
– Net finance expense from insurance contracts	2.13	(12 831)	(12 665)
– Net finance expense from reinsurance contracts	2.13	(464)	(423)
Investment income using the effective interest rate method		1 117	998
Net fair value gains on financial assets at fair value through profit or loss		26 139	25 818
Fair value adjustment to liabilities under investment contracts		(3 894)	(3 810)
Third party interest: fair value adjustment to liabilities under investment contracts		(4 317)	(4 394)
Other gains on financial instruments		–	(9)
Net insurance and investment results		14 491	12 894
Fee income from administration businesses	5.6.1	14 599	14 326
Vitality income	5.6.1	5 619	5 322
Net banking fee and commission income		2 099	1 695
– Banking fee and commission income	5.6.1	2 749	2 238
– Banking fee and commission expense		(650)	(543)
Net bank interest and similar income		1 256	966
– Bank interest and similar income using the effective interest rate		2 570	2 203
– Bank interest and similar expense using the effective interest rate		(1 314)	(1 237)
Other income		3 810	1 832
Non-insurance revenue and income		27 383	24 141
Net income		41 874	37 035
Non-insurance acquisition costs		(336)	(384)
Expected credit losses		(350)	(279)
Marketing and administration expenses	5.11.3	(22 575)	(21 765)
Impairment of goodwill		–	(20)
Operating profit		18 613	14 587
Gain/(loss) on dilution and disposal of equity-accounted investments		261	(32)
Share of net profits from equity-accounted investments		1 523	1 215
Profit before financing and income tax		20 397	15 770
Interest expense on borrowings and lease liabilities	3.11	(1 817)	(2 087)
Foreign exchange losses		(123)	(36)
Profit before income tax		18 457	13 647
Income tax expense	5.9.2	(5 239)	(4 089)
Profit for the year		13 218	9 558
Profit attributable to:			
– Ordinary shareholders		13 132	9 471
– Preference shareholders		86	93
– Non-controlling interest		–	(6)
		13 218	9 558
Earnings per share for profit attributable to ordinary shareholders of the company during the year (cents):			
– Basic	1.2.2	1 936.7	1 402.2
– Diluted	1.2.2	1 925.5	1 394.9

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Group statement of other comprehensive income

for the year ended 30 June 2026

R million	Group 2026	Group 2025
Profit for the year	13 218	9 558
Income and expenses that will be reclassified to profit or loss when specific conditions are met:		
Currency translation differences	(2 766)	998
Unrealised (losses)/gains	(2 848)	1 032
Tax on unrealised losses/(gains)	82	(34)
Cash flow hedges	52	(104)
– Unrealised losses	(10)	(106)
– Tax on unrealised losses	2	–
– Losses reclassified to profit or loss	60	2
Net finance income/ (expenses) from insurance contracts held	8 888	2 186
– Unrealised income/(expense)	12 154	2 961
– Tax on unrealised (income)/expense	(3 266)	(775)
Net finance (expense)/income from reinsurance contracts held	(471)	(282)
– Unrealised (expense)/income	(645)	(382)
– Tax on unrealised expense/(income)	174	100
Share of other comprehensive income from equity-accounted investments	(433)	(120)
– Change in fair value of equity instruments at fair value through other comprehensive income	(45)	16
– Currency translation differences	(388)	(136)
Total income and expenses that will be reclassified to profit or loss when specific conditions are met	5 270	2 678
Income and expenses that will not be reclassified to profit or loss:		
Equity instruments held at fair value through other comprehensive income	–	(2)
– Change in fair value of equity instruments at fair value through other comprehensive income	–	(2)
– Tax on change in fair value of equity instruments at fair value through other comprehensive income	–	*
Share of other comprehensive (loss)/income from equity-accounted investments	*	23
– Change in fair value of equity instruments at fair value through other comprehensive income	*	23
Total income and expenses that will not be reclassified to profit or loss	–	21
Other comprehensive income for the year, net of tax	5 270	2 699
Total comprehensive income for the year	18 488	12 257
Attributable to:		
– Ordinary shareholders	18 403	12 169
– Preference shareholders	86	93
– Non-controlling interest	(1)	(5)
Total comprehensive income for the year	18 488	12 257

* *Amount is less than R500 000.*

Group statement of cash flows

for the year ended 30 June 2026

R million	Notes	Group 2026	Group 2025
Cash flows from operating activities		7 036	8 667
Cash generated from operations	6.2.1	2 867	1 289
Interest received		3 309	2 955
Interest paid	6.2.4	(3 105)	(2 877)
Taxation paid	6.2.2	(2 825)	(1 867)
Net movement in operating assets and liabilities		6 790	9 167
– Increase in operating assets	6.2.1.1	(13 346)	(11 060)
– Increase in operating liabilities	6.2.1.2	20 136	20 227
Cash flows from investing activities		(4 798)	(1 823)
Purchase of property and equipment		(4 533)	(294)
Proceeds from disposal of property and equipment		2	3
Purchase of intangible assets		(1 510)	(1 682)
Proceeds from disposal of intangible assets		2	–
Acquisition of business net of cash		(167)	(316)
Additional investment in equity-accounted investments		(17)	(24)
Proceeds from disposal of associates and joint ventures		801	–
Proceeds from disposal of sale of non-current asset held for sale		58	–
Dividends from equity-accounted investments		566	490
Cash flows from financing activities		(538)	(4 016)
Dividends paid to ordinary shareholders		(2 119)	(1 614)
Dividends paid to preference shareholders		(86)	(93)
Proceeds from borrowings	6.2.3	13 050	3 264
Repayment of borrowings and lease liabilities[1]	6.2.3	(11 383)	(5 573)
Net increase in cash and cash equivalents		1 700	2 828
Cash and cash equivalents at beginning of the year		21 966	18 965
Effects of exchange rate changes on cash and cash equivalents		(762)	173
Cash and cash equivalents at end of the year	3.6	22 904	21 966
Reconciliation to statement of financial position			
Cash and cash equivalents		22 904	21 968
Bank overdraft included in borrowings at amortised cost		–	(2)
Cash and cash equivalents at end of the year	3.6	22 904	21 966

1 *The line item "Repayment of borrowings" has been renamed to "Repayment of borrowings and lease liabilities" to improve clarity and better reflect the underlying transactions included in the balance. This change relates to presentation only.*

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Group statement of changes in equity

for the year ended 30 June 2026

R million	Attributable to equity holders of the Company				Attributable to equity holders of the Company						
	Share capital and share premium	Perpetual preference share capital	Share-based payment reserve	Investment reserve[1]	Insurance finance reserve	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Year ended 30 June 2026											
At beginning of the year	**11 358**	**779**	**1 480**	**118**	**(2 928)**	**6 375**	**(124)**	**48 646**	**65 704**	**(5)**	**65 699**
Total comprehensive income for the year	**–**	**86**	**–**	**(45)**	**8 417**	**(3 153)**	**52**	**13 132**	**18 489**	**(1)**	**18 488**
Profit for the year	**–**	**86**	**–**	**–**	**–**	**–**	**–**	**13 132**	**13 218**	**–**	**13 218**
Other comprehensive income	**–**	**–**	**–**	**(45)**	**8 417**	**(3 153)**	**52**	**–**	**5 271**	**(1)**	**5 270**
Transactions with owners	**847**	**(86)**	**(54)**	**(23)**	**–**	**–**	**–**	**(2 209)**	**(1 525)**	**(1)**	**(1 526)**
Share issue	**625**	**–**	**–**	**–**	**–**	**–**	**–**	**(9)**	**616**	**–**	**616**
Increase in treasury shares	**(625)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(625)**	**–**	**(625)**
Delivery of treasury shares	**847**	**–**	**(777)**	**–**	**–**	**–**	**–**	**(70)**	**–**	**–**	**–**
Modification of share based payment settlement	**–**	**–**	**(101)**	**–**	**–**	**–**	**–**	**(40)**	**(141)**	**–**	**(141)**
Changes in ownership interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5**	**5**	**–**	**5**
Transfer among reserves	**–**	**–**	**–**	**(23)**	**–**	**–**	**–**	**24**	**1**	**(1)**	**–**
Employee share option schemes:											
– Value of employee services, net of tax	**–**	**–**	**824**	**–**	**–**	**–**	**–**	**–**	**824**	**–**	**824**
Dividends paid to preference shareholders	**–**	**(86)**	**–**	**–**	**–**	**–**	**–**	**–**	**(86)**	**–**	**(86)**
Dividends paid to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2 119)**	**(2 119)**	**–**	**(2 119)**
At end of the year	**12 205**	**779**	**1 426**	**50**	**5 489**	**3 222**	**(72)**	**59 569**	**82 668**	**(7)**	**82 661**
Year ended 30 June 2025											
At beginning of the year	10 667	779	1 433	81	(4 832)	5 514	(20)	40 829	54 451	–	54 451
Total comprehensive income for the year	–	93	–	37	1 904	861	(104)	9 471	12 262	(5)	12 257
Profit for the year	–	93	–	–	–	–	–	9 471	9 564	(6)	9 558
Other comprehensive income	–	–	–	37	1 904	861	(104)	–	2 698	1	2 699
Transactions with owners	691	(93)	47	–	–	–	–	(1 654)	(1 009)	–	(1 009)
Share issue	626	–	–	–	–	–	–	(23)	603	–	603
Increase in treasury shares	(626)	–	–	–	–	–	–	–	(626)	–	(626)
Delivery of treasury shares	691	–	(674)	–	–	–	–	(17)	–	–	–
Employee share option schemes:											
– Value of employee services, net of tax	–	–	721	–	–	–	–	–	721	–	721
Dividends paid to preference shareholders	–	(93)	–	–	–	–	–	–	(93)	–	(93)
Dividends paid to ordinary shareholders	–	–	–	–	–	–	–	(1 614)	(1 614)	–	(1 614)
At end of the year	11 358	779	1 480	118	(2 928)	6 375	(124)	48 646	65 704	(5)	65 699

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.*

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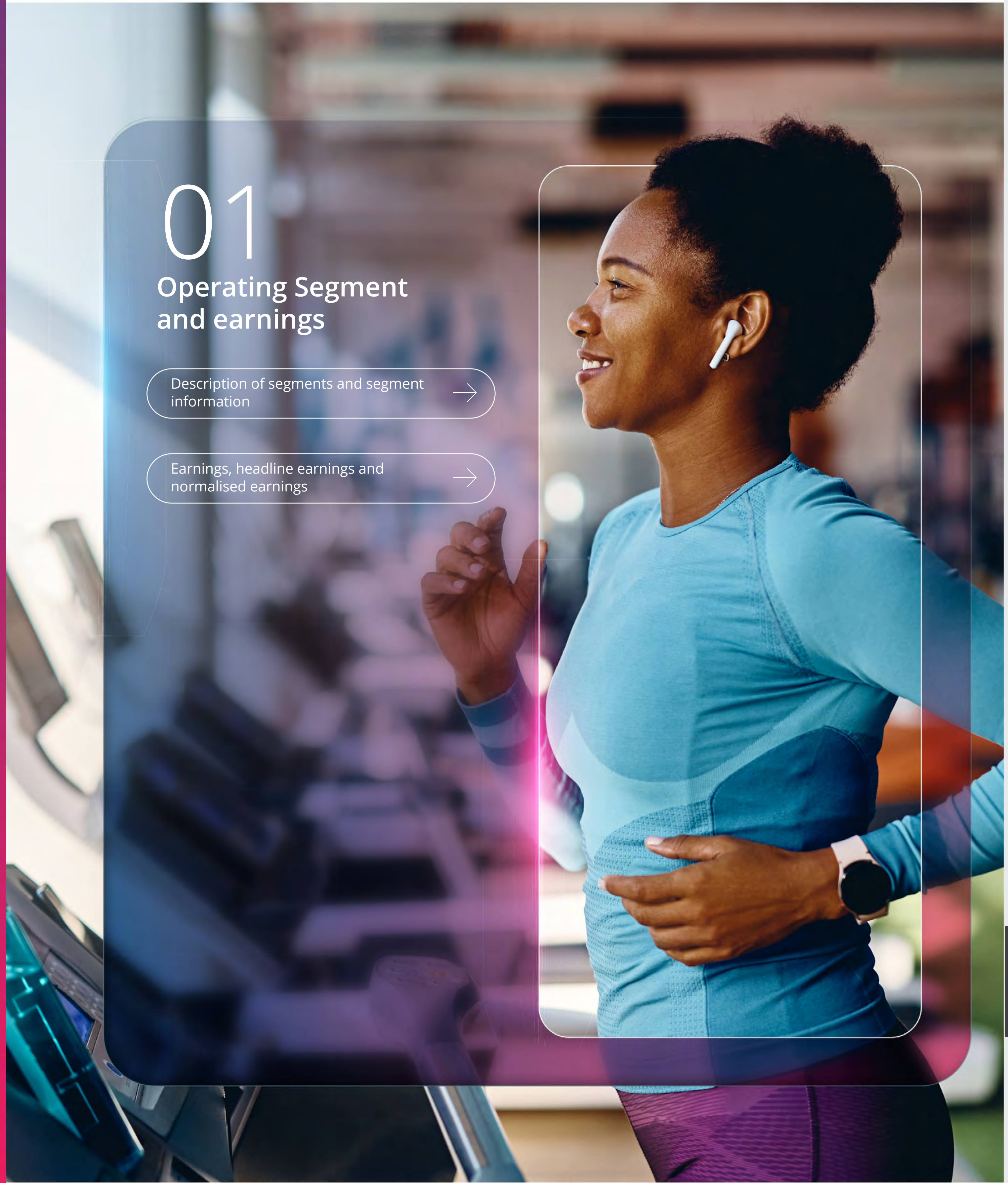
for the year ended 30 June 2026



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

SECTION 1: Operating segment and earnings

1.1 Segment information

Discovery's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM has been identified as the Group Executive Committee who makes strategic decisions regarding these businesses.

An operating segment is a component of an entity:

(a) That engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity.

(b) Whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

Discovery will report separately information about an operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 percent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is 10 percent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and

(c) Its assets are 10 percent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the financial statements.

Discovery may combine information about operating segments that do not meet the quantitative thresholds with information about other operating segments that do not meet the quantitative thresholds to produce a reportable segment only if the operating segments have similar economic characteristics.

The Group has identified its reportable segments based on a combination of products and services offered to customers and the location of the markets served.

The Group Executive Committee assesses the performance of the reportable segments based on normalised profit/loss from operations. Items that are excluded from normalised profit/loss from operations are separately disclosed in the segment information to reconcile to the segment results and Group income statement. The segment information is presented on the same basis as reported to the CODM.

The segment total is then adjusted for accounting reclassifications and entries required to produce results compliant with the IFRS Accounting Standards, i.e. IFRS reporting adjustments. These adjustments include the following:

(a) Unit trusts that the Group controls in terms of IFRS 10 *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;

(b) The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments; and

(c) The effects of reclassifying items to align to the IFRS Group income statement.

CHANGES EFFECTIVE FROM 1 JULY 2025

1. Effective from 1 July 2025, Discovery has revised the presentation of the 'Intersegment funding' charge between SA Invest and SA Life. Previously, this charge predominantly reflected the cost incurred by SA Invest in backing its liabilities using the assets arising from insurance contracts within SA Life. Over recent years, SA Invest has increasingly backed its liabilities using financial assets it held directly. As a result, the 'Intersegment funding' charge now predominantly reflects costs associated with the service component of providing benefits on integrated SA Life and SA Invest product offerings. To better reflect the service cost nature of this charge, the charge has been reclassified and is now included within insurance service expense and other. The comparative information has been restated accordingly. This change in presentation had no impact on the Group income statement, normalised profit from operations, basic and diluted earnings, or cash flows.

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

SECTION 1: Operating segment and earnings *continued*

1.1 Segment information *continued*

The following summary describes the operations of each of the Group's reportable segments:

1 Discovery

SA HEALTH

- Administers and provides managed care services to medical schemes in South Africa.
- Renders administration services to other business segments within the Group.
- Together with Medical Services Organisation International (MSO), a subsidiary company, delivers health insurance, healthcare risk management and third-party administration services within rest of Africa markets.
- Offers non-medical scheme-related products such as Gap Cover for unexpected medical costs and Flexicare – which provides quality, affordable access to primary healthcare for employees unable to access medical scheme benefits.

SA INVEST

Offers, through a range of investment fund choices, including Discovery managed unit trusts, a comprehensive and flexible range of investment choices. These products are sold through a number of investment wrappers, including Discovery Life policies, and are offered to individuals in South Africa.

SA LIFE

Offers a range of insurance and financial solutions to the Group's clients against the financial impact of lifestyle-changing events in South Africa. This segment also includes Corporate and Employee Benefits (CEB), which comprises the Group Risk, Umbrella and HealthyCompany offerings.

SA INSURE

Offers a range of personal line insurance (motor, building, household content and portable possessions) to the Group's SA clients against the financial impact of loss or damage. The segment also includes SA Insure's equity-accounted interests including Cambridge Mobile Telematics (CMT).

SA BANK

Offers retail banking solutions, including deposits and loans and advances, to clients in the South African market. The Bank is still in a start-up phase.

2 Vitality

UK HEALTH

Offers consumer-engaged private medical insurance products to employer groups and individuals in the UK. All contracts in this segment are short-term insurance contracts.

UK LIFE

Offers a risk-only life assurance product. All contracts in this segment are long-term assurance contracts offered to both employer groups and individuals in the UK.

3 All other segments

Includes those businesses that are not operating segments, as well as those operating segments that do not meet the quantitative thresholds for separate reporting. It includes:

1 DISCOVERY SA

- SA Vitality: which offers health and lifestyle benefits with selected partners to the Group's SA clients.
- SA Insure commercial: provides commercial short-term risk insurance products to the South African market. Discovery announced that it is exiting this business with all remaining covers terminated by 31 August 2024.
- SA Distribution: provides sales and distribution services in respect of all SA products.
- Discovery Central Services: performing various shared services, treasury and administrative functions to entities within the Discovery Group.
- Other new group initiatives: including Discovery Green, as well as unallocated central costs.

2 VITALITY

- Vitality Corporate Services (VCSL): provides administration, distribution and management services for entities within the UK Composite.
- Vitality Global Markets comprises Vitality Health International, which leverages Discovery Health and Vitality's intellectual property to create strategic partnerships and Vitality Network which provides a Vitality platform to international insurance businesses. This business line also includes the equity-accounted and Amplify Health
- Equity-accounted interests in Ping An Health Insurance.
- Includes Vitality AI spend, immaterial interests in equity-accounted interests, as well as unallocated central costs.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Operating segment and earnings *continued*

1.1 Segment information *continued*

R million	Notes	SA HEALTH	SA LIFE	SA INVEST	SA INSURE	SA BANK	UK HEALTH	UK LIFE	ALL OTHER SEGMENTS	SEGMENT TOTAL	IFRS REPORTING ADJUSTMENTS	IFRS TOTAL
30 June 2026												
Income statement												
Insurance revenue		803	19 601	4 796	6 448	–	20 611	9 184	(1)	61 442	–	61 442
– Contracts measured under the General measurement model/Variable fee approach		–	15 847	4 796	–	–	–	9 184	–	29 827	–	29 827
– Contracts measured under Premium allocation approach		803	3 754	–	6 448	–	20 611	–	(1)	31 615	–	31 615
Insurance service expenses		(556)	(16 059)	(3 086)	(5 588)	–	(18 046)	(8 250)	8	(51 577)	–	(51 577)
– Claims and benefits		(378)	(11 576)	(702)	(2 923)	–	(11 545)	(3 687)	10	(30 801)	–	(30 801)
– Insurance service expense and other		(109)	(1 987)	(1 432)	(1 672)	–	(4 328)	(1 136)	(2)	(10 666)	–	(10 666)
– Insurance acquisition cash flows		(69)	(2 496)	(952)	(993)	–	(2 173)	(3 427)	–	(10 110)	–	(10 110)
Tax specific to policyholder tax funds[1]		–	–	(116)	–	–	–	–	–	(116)	116	–
Insurance service result (pre-reinsurance)		247	3 542	1 594	860	–	2 565	934	7	9 749	116	9 865
Net (expenses)/income from reinsurance contracts		(2)	(606)	–	(117)	–	2	(395)	(6)	(1 124)	–	(1 124)
– Reinsurance expense		(3)	(3 971)	–	(117)	–	(4)	(9 303)	–	(13 398)	–	(13 398)
– Insurance claims recovered from reinsurers		1	3 365	–	–	–	6	8 908	(6)	12 274	–	12 274
Insurance service result		245	2 936	1 594	743	–	2 567	539	1	8 625	116	8 741
Net financial result from insurance finance income and expense		–	2 766	(16 194)	(20)	–	–	244	–	(13 204)	(91)	(13 295)
– Net finance income/(expense) from insurance contracts		–	2 825	(16 194)	(19)	–	–	648	–	(12 740)	(91)	(12 831)
– Net finance expense from reinsurance contracts		–	(59)	–	(1)	–	–	(404)	–	(464)	–	(464)
Investment income using the effective interest rate method		11	84	103	322	–	203	79	27	829	288	1 117
Net fair value gains on financial instruments at fair value through profit or loss		2	3 303	17 497	2	59	42	–	–	20 905	5 234	26 139
Fair value adjustments to liabilities under investment contracts[2]		–	(2 810)	(1 159)	–	–	–	–	–	(3 969)	75	(3 894)
Third party interest: fair value adjustments to liabilities under investment contracts		–	–	–	–	–	–	–	–	–	(4 317)	(4 317)
Net insurance and investment results		258	6 279	1 841	1 047	59	2 812	862	28	13 186	1 305	14 491
Fee income from administration businesses	1.1.1	10 341	228	1 605	–	–	38	–	2 492	14 704	(105)	14 599
Vitality income	1.1.1	–	–	–	–	–	31	298	5 880	6 209	(590)	5 619
Net banking fee and commission income		–	–	–	–	1 815	–	–	(91)	1 724	375	2 099
– Banking fee and commission income		–	–	–	–	2 763	–	–	–	2 763	(14)	2 749
– Banking fee and commission expense		–	–	–	–	(948)	–	–	(91)	(1 039)	389	(650)
Net banking interest and similar income		–	–	–	–	1 255	–	–	–	1 255	1	1 256
– Banking interest and similar income using the effective interest rate		–	–	–	–	2 570	–	–	–	2 570	–	2 570
– Banking interest and similar expense using the effective interest rate		–	–	–	–	(1 315)	–	–	–	(1 315)	1	(1 314)
Other income	1.1.1	2 054	193	1	77	58	–	–	16 062	18 445	(14 635)	3 810
Non-insurance revenue and income		12 395	421	1 606	77	3 128	69	298	24 343	42 337	(14 954)	27 383
Net income		12 653	6 700	3 447	1 124	3 187	2 881	1 160	24 371	55 523	(13 649)	41 874
Non-insurance acquisition costs		–	–	(503)	–	–	–	–	(197)	(700)	364	(336)
Expected credit losses		–	–	–	–	(350)	–	–	–	(350)	–	(350)
Marketing and administration expenses	1.1.2	(8 023)	(828)	(787)	(169)	(2 467)	(985)	(377)	(24 690)	(38 326)	15 751	(22 575)
Share of net profits from equity-accounted investments		(1)	–	–	58	–	–	(1)	1 547	1 603	(80)	1 523
Normalised profit/(loss) from operations	1.2	4 629	5 872	2 157	1 013	370	1 896	782	1 031	17 750	2 386	20 136
Investment income earned on shareholder investments and cash		104	–	4	12	–	–	2	166	288	(288)	–
Intercompany investment income		–	–	–	–	–	–	–	1 367	1 367	(1 367)	–
Net fair value gains on financial assets at fair value through profit or loss		–	178	48	–	–	–	–	89	315	(315)	–
Gain from dilution of equity accounted investments		–	–	–	211	–	–	–	–	211	50	261
Amortisation of intangibles from business combinations		–	–	–	(30)	–	–	–	(85)	(115)	115	–
Market rentals related to Head Office building adjusted for finance costs and depreciation		–	–	–	–	–	–	–	(33)	(33)	33	–
1DP Lease termination gains		–	–	–	–	–	–	–	1 463	1 463	(1 463)	–
Restructuring costs		–	–	–	–	–	–	–	(1)	(1)	1	–
Interest expenses on borrowings and lease liabilities		(3)	(1)	–	–	–	(24)	(65)	(1 396)	(1 489)	(328)	(1 817)
Intercompany finance expenses on borrowings		(460)	–	–	–	–	–	(463)	(444)	(1 367)	1 367	–
Foreign exchange losses		–	–	–	–	–	–	–	(123)	(123)	–	(123)
Profit/(loss) before income tax		4 270	6 049	2 209	1 206	370	1 872	256	2 034	18 266	191	18 457
Income tax expense[3]		(1 138)	(1 615)	(1 074)	(257)	(152)	(469)	(97)	(246)	(5 048)	(191)	(5 239)
Profit/(loss) for the year		3 132	4 434	1 135	949	218	1 403	159	1 788	13 218	–	13 218
Profit attributable to:												
Ordinary shareholders		3 132	4 434	1 135	949	218	1 403	159	1 702	13 132	–	13 132
Preference shareholders		–	–	–	–	–	–	–	86	86	–	86
Non-controlling interest		–	–	–	–	–	–	–	–	–	–	–

1 *Tax specific to policyholder tax funds is reallocated from the income tax expense line. This includes taxes that are directly chargeable to the policyholder under insurance contracts, with a corresponding change in the policyholder fund values, which are included within the insurance revenue line.*

2 *The value is reflected net of contract holder taxes, which are taxes directly chargeable to the contract holder. There is a corresponding change in the contract holder value, which is included in the fair value measurement.*

3 *On consolidation, the allocations referred to in items 1 and 2 above are grossed up and presented within the income tax expense line, as required by IFRS Accounting Standards. In addition, a deferred tax asset was recognised in prior years in respect of unutilised assessed losses accumulated within the Individual Policyholder Fund (IPF). The deferred tax asset has begun to reverse as the underlying assessed losses were utilised and, over the medium term, will result in an increase in reported income tax expense as the asset is utilised. This increase is a non-cash item and does not give rise to current tax payable.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Operating segment and earnings *continued*

1.1 Segment information *continued*

R million	Notes	SA HEALTH	SA LIFE	SA INVEST	SA INSURE	SA BANK	UK HEALTH	UK LIFE	ALL OTHER SEGMENTS	SEGMENT TOTAL	IFRS REPORTING ADJUSTMENTS	IFRS TOTAL
30 June 2025												
Income statement												
Insurance revenue		518	19 149	4 560	6 217	–	19 124	8 050	95	57 713	–	57 713
– Contracts measured under the General measurement model/Variable fee approach		–	15 419	4 560	–	–	–	8 050	–	28 029	–	28 029
– Contracts measured under Premium allocation approach		518	3 730	–	6 217	–	19 124	–	95	29 684	–	29 684
Insurance service expenses		(362)	(15 150)	(3 038)	(5 499)	–	(17 292)	(7 595)	(92)	(49 028)	–	(49 028)
– Claims and benefits		(216)	(11 375)	(608)	(3 000)	–	(11 300)	(3 681)	(51)	(30 231)	–	(30 231)
– Insurance service expense and other[1]		(66)	(1 433)	(1 419)	(1 597)	–	(3 981)	(879)	(37)	(9 412)	–	(9 412)
Insurance acquisition cash flows		(80)	(2 342)	(1 011)	(902)	–	(2 011)	(3 035)	(4)	(9 385)	–	(9 385)
Tax specific to policyholder tax funds[2]		–	–	(97)	–	–	–	–	–	(97)	97	–
Insurance service result (pre-reinsurance)		156	3 999	1 425	718	–	1 832	455	3	8 588	97	8 685
Net (expenses)/income from reinsurance contracts		(1)	(1 021)	–	(112)	–	(3)	(165)	(4)	(1 306)	–	(1 306)
– Reinsurance expense		(2)	(3 838)	–	(130)	–	(5)	(8 839)	(34)	(12 848)	–	(12 848)
– Insurance claims recovered from reinsurers		1	2 817	–	18	–	2	8 674	30	11 542	–	11 542
Insurance service result		155	2 978	1 425	606	–	1 829	290	(1)	7 282	97	7 379
Net financial result from insurance finance income and expense		–	2 466	(15 831)	(20)	–	–	417	–	(12 968)	(120)	(13 088)
– Net finance income/(expense) from insurance contracts		–	2 590	(15 831)	(20)	–	–	716	–	(12 545)	(120)	(12 665)
– Net finance expense from reinsurance contracts		–	(124)	–	–	–	–	(299)	–	(423)	–	(423)
Investment income using the effective interest rate method		11	15	75	268	–	179	81	17	646	352	998
Net fair value gains on financial instruments at fair value through profit or loss		29	3 537	17 058	11	52	70	–	–	20 757	5 061	25 818
Fair value adjustments to liabilities under investment contracts[3]		–	(2 961)	(905)	–	–	–	–	–	(3 866)	56	(3 810)
Third party interest: fair value adjustments to liabilities under investment contracts		–	–	–	–	–	–	–	–	–	(4 394)	(4 394)
Other losses on financial instruments		–	–	–	–	(9)	–	–	–	(9)	–	(9)
Net insurance and investment results		195	6 035	1 822	865	43	2 078	788	16	11 842	1 052	12 894
Fee income from administration businesses	1.1.1	9 766	188	1 260	–	–	35	–	3 185	14 434	(108)	14 326
Vitality income	1.1.1	–	–	–	–	–	31	267	5 575	5 873	(551)	5 322
Net banking fee and commission income		–	–	–	–	1 373	–	–	(77)	1 296	399	1 695
– Banking fee and commission income		–	–	–	–	2 238	–	–	–	2 238	–	2 238
– Banking fee and commission expense		–	–	–	–	(865)	–	–	(77)	(942)	399	(543)
Net banking interest and similar income		–	–	–	–	965	–	–	–	965	1	966
– Banking interest and similar income using the effective interest rate		–	–	–	–	2 203	–	–	–	2 203	–	2 203
– Banking interest and similar expense using the effective interest rate		–	–	–	–	(1 238)	–	–	–	(1 238)	1	(1 237)
Other income	1.1.1	1 838	119	1	79	69	19	–	14 591	16 716	(14 884)	1 832
Non-insurance revenue and income		11 604	307	1 261	79	2 407	85	267	23 274	39 284	(15 143)	24 141
Net income		11 799	6 342	3 083	944	2 450	2 163	1 055	23 290	51 126	(14 091)	37 035
Non-insurance acquisition costs		–	–	(395)	–	–	–	–	(294)	(689)	305	(384)
Expected credit losses		–	–	–	–	(279)	–	–	–	(279)	–	(279)
Marketing and administration expenses	1.1.2	(7 540)	(817)	(701)	(213)	(2 239)	(975)	(424)	(23 305)	(36 214)	14 449	(21 765)
Share of net profits from equity-accounted investments		–	–	–	86	–	–	6	1 174	1 266	(51)	1 215
Normalised profit/(loss) from operations	1.2	4 259	5 525	1 987	817	(68)	1 188	637	865	15 210	612	15 822
Investment income earned on shareholder investments and cash		98	31	13	7	–	–	–	203	352	(352)	–
Intercompany investment income		–	–	–	–	–	–	–	1 351	1 351	(1 351)	–
Net fair value gains/(losses) on financial assets at fair value through profit or loss		–	51	54	–	–	–	–	–	105	(105)	–
Loss from dilution of equity accounted investments		–	–	–	(32)	–	–	–	–	(32)	–	(32)
Impairment of goodwill		(20)	–	–	–	–	–	–	–	(20)	–	(20)
Amortisation of intangibles from business combinations		–	–	–	(51)	–	–	–	(71)	(122)	122	–
Market rentals related to Head Office building adjusted for finance costs and depreciation		–	–	–	–	–	–	–	(72)	(72)	72	–
Restructuring costs		–	–	–	–	–	–	–	(80)	(80)	80	–
Interest expenses on borrowings and lease liabilities		(2)	(1)	–	–	–	(18)	(201)	(1 588)	(1 810)	(277)	(2 087)
Intercompany finance expenses on borrowings		(447)	–	–	–	–	–	(444)	(460)	(1 351)	1 351	–
Foreign exchange (losses)/gains		(5)	(14)	(5)	–	–	–	1	(13)	(36)	–	(36)
Profit/(loss) before income tax		3 883	5 592	2 049	741	(68)	1 170	(7)	135	13 495	152	13 647
Income tax expense[4]		(1 046)	(1 508)	(793)	(216)	25	(311)	(62)	(26)	(3 937)	(152)	(4 089)
Profit/(loss) for the year		2 837	4 084	1 256	525	(43)	859	(69)	109	9 558	–	9 558
Profit attributable to:												–
– Ordinary shareholders		2 843	4 084	1 256	525	(43)	859	(69)	16	9 471	–	9 471
– Preference shareholders		–	–	–	–	–	–	–	93	93	–	93
– Non-controlling interest		(6)	–	–	–	–	–	–	–	(6)	–	(6)

1 The comparative information has been restated due to those changes noted in items 1 as discussed in the introduction to Segment information in section 1.1.

2 Tax specific to policyholder tax funds is reallocated from the income tax expense line. This includes taxes that are directly chargeable to the policyholder under insurance contracts, with a corresponding change in the policyholder fund values, which are included within the insurance revenue line.

3 The value is reflected net of contract holder taxes, which are taxes directly chargeable to the contract holder. There is a corresponding change in the contract holder value, which is included in the fair value measurement.

4 On consolidation, the allocations referred to in items 1 and 2 above are grossed up and presented within the income tax expense line, as required by IFRS Accounting Standards. In addition, a deferred tax asset was recognised in prior years in respect of unutilised assessed losses accumulated within the Individual Policyholder Fund (IPF). The deferred tax asset has begun to reverse as the underlying assessed losses were utilised and, over the medium term, will result in an increase in reported income tax expense as the asset is utilised. This increase is a non-cash item and does not give rise to current tax payable.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Operating segment and earnings *continued*

1.1 Segment information *continued*

1.1.1 REVENUES AND INCOME WITH OTHER OPERATING SEGMENTS

The net income presented within each respective segment includes the following items of revenue and income derived from transactions with other operating segments of the Group:

R million	SA HEALTH	SA LIFE	SA INVEST	SA INSURE	SA BANK	UK HEALTH	UK LIFE	ALL OTHER SEGMENTS	SEGMENT TOTAL
30 June 2026									
Fee income from administration businesses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**91**	**91**
Vitality income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**590**	**590**
Other income	**249**	**169**	**1**	**52**	**58**	**93**	**–**	**15 991**	**16 613**
Total	**249**	**169**	**1**	**52**	**58**	**93**	**–**	**16 672**	**17 294**
30 June 2025									
Fee income from administration businesses	–	–	–	–	–	–	–	94	94
Vitality income	–	–	–	–	–	–	–	551	551
Other income	235	130	1	64	69	94	–	14 784	15 377
Total	235	130	1	64	69	94	–	15 429	16 022

1.1.2 MATERIAL ITEMS OF EXPENSES

Additional information on material items of expenses included within the marketing and administration expenses:

R million	SA HEALTH	SA LIFE	SA INVEST	SA INSURE	SA BANK	UK HEALTH	UK LIFE	ALL OTHER SEGMENTS	SEGMENT TOTAL
30 June 2026									
Depreciation and amortisation	**(191)**	**(2)**	**(33)**	**(5)**	**(332)**	**–**	**(58)**	**(1 330)**	**(1 951)**
Derecognition of intangible assets and property and equipment	**–**	**–**	**–**	**(7)**	**–**	**–**	**(6)**	**(36)**	**(49)**
Impairment of intangible assets and property and equipment	**–**	**–**	**–**	**(12)**	**–**	**–**	**–**	**(94)**	**(106)**
Staff costs	**(3 076)**	**(286)**	**(272)**	**(78)**	**(1 092)**	**–**	**–**	**(8 796)**	**(13 600)**
Other expenses[1]	**(4 756)**	**(540)**	**(482)**	**(67)**	**(1 043)**	**(985)**	**(313)**	**(14 434)**	**(22 620)**
Total: Marketing and administration expenses	**(8 023)**	**(828)**	**(787)**	**(169)**	**(2 467)**	**(985)**	**(377)**	**(24 690)**	**(38 326)**
30 June 2025									
Depreciation and amortisation	(174)	(1)	(24)	(1)	(368)	–	(58)	(1 273)	(1 899)
Derecognition of intangible assets and property and equipment	–	(43)	–	(52)	–	–	(1)	(45)	(141)
Impairment of intangible assets and property and equipment	(20)	(28)	–	(18)	–	(79)	–	–	(145)
Staff costs	(3 038)	(284)	(262)	(95)	(984)	–	–	(8 062)	(12 725)
Other expenses[1]	(4 308)	(461)	(415)	(47)	(887)	(896)	(365)	(13 925)	(21 304)
Total: Marketing and administration expenses	(7 540)	(817)	(701)	(213)	(2 239)	(975)	(424)	(23 305)	(36 214)

1 *Included in SA Health, other expenses are IT systems and consumables of R1 756 million (2025: R1 576 million).*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Operating segment and earnings *continued*

1.2 Earnings, headline earnings and normalised headline earnings

1.2.1 NORMALISED PROFIT FROM OPERATIONS

The following table shows the main components of the normalised profit from operations for the year ended 30 June 2026:

R million	Group 2026	Group 2025	% Change
Discovery Health	**4 629**	4 259	9 %
Discovery Life	**5 872**	5 525	6 %
Discovery Invest	**2 157**	1 987	9 %
Discovery Insure - Personal lines	**1 013**	817	24 %
Discovery Bank	**370**	(68)	(644)%
Other initiatives and central costs[1]	**(173)**	(515)	(66)%
Normalised profit from Discovery SA	**13 868**	12 005	16 %
VitalityHealth	**1 896**	1 188	60 %
VitalityLife	**782**	637	23 %
Ping An Health Insurance[1]	**1 317**	1 206	9 %
Vitality Global Markets[2]	**186**	263	(29)%
Vitality AI[1,3]	**(299)**	(89)	236 %
Normalised profit from Vitality	**3 882**	3 205	21 %
Normalised profit from operations	**17 750**	15 210	17 %

1 *Presented in 'All other segments' on the Segment information disclosure note in section 1.1.*
2 *Comparative information has been re-presented to combine Vitality Health International – Other (2025: loss R291 million) and Vitality Network (2025: R554 million) into Vitality Global Markets to align with the way management monitors and assesses the performance of the Vitality operations.*
3 *Vitality AI also includes other central costs of R56 million (2025: R89 million).*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Operating segment and earnings *continued*

1.2 Earnings, headline earnings and normalised headline earnings *continued*

1.2.2 EARNINGS, HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS

	Notes	Group 2026	Group 2025
Number of shares used in calculation			
Weighted number of shares in issue ('000)		**671 104**	665 168
Diluted weighted number of shares ('000)		**675 000**	668 715
Earnings per share (cents):			
– basic		**1 936.7**	1 402.2
– diluted		**1 925.5**	1 394.9
Headline earnings per share (cents):			
– basic		**1 925.6**	1 447.0
– diluted		**1 914.5**	1 439.4
Normalised headline earnings per share (cents):			
– basic		**1 757.6**	1 470.4
– diluted		**1 747.4**	1 462.8
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ('000)			
Issued ordinary shares at 1 July		**666 587**	661 021
Effect of shares options exercised and vesting of shares awards		**4 517**	4 147
Weighted-average number of ordinary shares at 30 June (basic)		**671 104**	665 168
Effect of share options exercised and vesting of share awards		**3 896**	3 547
Weighted-average number of ordinary shares at 30 June (diluted)		**675 000**	668 715
EARNINGS RECONCILIATION (R MILLION)			
Profit attributable to the ordinary shareholders		**13 132**	9 471
Adjusted for:			
– Profit attributable to non-forfeitable dividend share plan		**(135)**	(144)
Basic earnings attributable to ordinary shareholders		**12 997**	9 327

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

SECTION 1: Operating segment and earnings *continued*
1.2 Earnings, headline earnings and normalised headline earnings *continued*
1.2.2 EARNINGS, HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS *continued*

Headline earnings reconciliation

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

	Group 2026			Group 2025		
R million	Gross	Tax	Net	Gross	Tax	Net
Basic earnings attributable to ordinary shareholders			**12 997**			9 327
Adjusted for:						
IFRS 3: Goodwill impairment	**–**	**–**	**–**	20	–	20
IFRS 5: Impairment - Non-current asset held for sale change of intention	**–**	**–**	**–**	79	–	79
IAS 38: Impairment of intangible assets	**106**	**(27)**	**79**	65	(10)	55
IAS 16: Gain on disposal of property and equipment	**(1)**	*****	**(1)**	(1)	*	(1)
IAS 16: Loss on derecognition of property and equipment	**23**	**(6)**	**17**	11	(3)	8
IAS 38: Loss on derecognition of intangible assets	**68**	**(15)**	**53**	131	(19)	112
IAS 28: (Gains)/losses on the dilution and disposal of equity-accounted investments	**(261)**	**39**	**(222)**	32	(7)	25
Headline earnings (basic and diluted)			**12 923**			9 625

* *Amount is less than R500 000.*

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

SECTION 1: Operating segment and earnings *continued*
1.2 Earnings, headline earnings and normalised headline earnings *continued*
1.2.2 EARNINGS, HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS *continued*

Normalised headline earnings reconciliation

Normalised headline earnings is calculated per Discovery's policy as set out in the Accounting Policies in Annexure A. 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 2026			Group 2025		
R million	Gross	Tax	Net	Gross	Tax	Net
Headline earnings			**12 923**			9 625
Adjusted for:						
– Amortisation of intangible assets arising from business combinations	**85**	**(21)**	**64**	71	(18)	53
– Restructuring costs	**1**	**–**	**1**	80	(19)	61
– Gain arising from the initial recognition of deferred tax assets resulting from prior period assessed losses, net of related adjustments	**–**	**(205)**	**(205)**	–	(9)	(9)
– 1DP Lease termination gains	**(1 463)**	**395**	**(1 068)**	–	–	–
Adjustments attributable to equity-accounted investments:						
– Amortisation of intangible assets arising from business combinations	**30**	**–**	**30**	51	–	51
– CMT disposal related transaction costs	**50**	**–**	**50**	–	–	–
Normalised headline earnings (basic and diluted)			**11 795**			9 781

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk

2.1 Introduction and overview

This section provides information on the group's core insurance business as well as disclosures that enable the assessment of the effect of insurance and reinsurance contracts held on the Group statement of financial position, Group income statement, Group statement of other comprehensive income and Group statement of cash flows. In addition to the disclosures in terms of IFRS 17 *Insurance Contracts* (IFRS 17), this section will also provide information on how the Group manages the risks arising because of insurance contracts.

R million	Group 2026	Group 2025
Assets		
Assets arising from insurance contracts issued	63 681	48 047
Assets arising from reinsurance contracts held	1 049	962
Equity		
Other reserves[1,2]	5 489	(2 928)
Liabilities		
Liabilities arising from insurance contracts issued	136 139	118 878
Liabilities arising from reinsurance contracts held	10 686	9 121

1 *The other reserves balance relates to the insurance finance reserve only.*
2 *The insurance finance reserve has a cumulative debit balance for 2025, and therefore represents a reduction of total equity.*

R million	Group 2026	Group 2025
Insurance revenue	61 442	57 713
Insurance service expenses	(51 577)	(49 028)
Net (expenses)/income from reinsurance contracts	(1 124)	(1 306)
Insurance service result	**8 741**	7 379

Refer to section 2.19 for the detailed analysis of the insurance risk and management thereof.

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
Group income statement
Group statement of other comprehensive income
Group statement of cash flows
Group statement of changes in equity
Notes to the Group annual financial statements
Company Annual Financial Statements
Annexures
Glossary

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.1 Introduction and overview *continued*

The following disclosures enable the user to assess the effect of insurance contracts issued and reinsurance contracts held on Discovery's financial position, financial performance and cash flows. In addition to the disclosures on significant judgements and estimates above, the following disclosures provide a quantitative summary of the amount recognised in the financial statements.

IFRS 17 requires that in determining the level at which an aggregated group of insurance contracts can provide useful information to the user, Discovery considers:

- The type of contract which would consider the nature of the product and the measurement model.
- The geographical areas that may expose the entity to different sets of risks, even for similar products.
- Reportable segments.

Having applied the guidance, Discovery has aggregated its portfolios for the disclosures as set out below.

Contracts measured under the GMM and VFA

- Individual life insurance: These contracts insure against a comprehensive spectrum of risks, including life cover, severe illness, disability and income continuation cover.
- Investment products with insurance risk: These contracts attract insurance risk arising from additional benefits offered which mostly insure against mortality or morbidity risks.

Contracts measured under PAA

- Health insurance: These annual contracts insure policyholders, where applicable, their employees or dependents against healthcare-related claims.
- Short-term insurance: These monthly contracts insure policyholders against a comprehensive spectrum of short-term risks including, but not limited to, motor vehicle, household, business, property and liability cover.
- Group life insurance: These contracts insure against a comprehensive spectrum of protection benefits on a group basis. Life cover, severe illness, disability and income continuation benefits are offered.

Discovery

SA Life (Risk) | GMM
(Life: Individual Life, Dollar LifePlan, Health Protection Plans, Standalone Global Educator)

SA Invest (Risk) | GMM
(Guaranteed endowments)

SA Invest (Participating) | VFA
(Unit-linked invest products, Unit-linked insurance products and Discovery Retirement Optimiser)

SA Life and Invest: Group Life and other | PAA
(Group Risk, Funeral and other including Discovery Card Protector, Standalone Cancer Protector and LifeDrive)

SA Insure and other | PAA
(Personal lines, GAP and Trauma Cover, Travel Cover and AfricaHealth)

Vitality

UK Life (Risk) | GMM
(Own Licence and PAC book)

UK Health | PAA
(Private Medical Insurance)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.1 Introduction and overview *continued*

For the accounting policies relevant to the recognition and measurement of Insurance contracts issued and Reinsurance contracts held, refer Annexure A policy 12. The following index is a summary of all the quantitative disclosures set out in the notes:

	Note	Description
Analysis of financial position	**2.2 Summary of insurance contracts issued and reinsurance contracts held** **Summary of movements** 2.2.1 Contractual service margin and Risk adjustment[1] 2.2.2 Insurance Finance Reserve[1]	The note summarises the total value of insurance and reinsurance contracts held as well as a summary of movements in the CSM, risk adjustment and IFR, across the disclosed portfolios. Insurance and reinsurance contracts are presented separately for portfolios in a net liability or net asset position.
	2.3 Insurance acquisition assets	The note provides a movement in the Insurance acquisition assets, reflecting the movement in the capitalised initial acquisition cash flows of the VitalityHealth and the SA Insure and other portfolio.
	Reconciliation of insurance contracts *Analysis by remaining coverage and incurred claims* **2.4 GMM** 2.4.1 SA Life (Risk) 2.4.2 SA Invest (Risk) 2.4.3 UK Life (Risk) **2.6 VFA** 2.6.1 SA Invest (Participating) **2.8 PAA** 2.8.1 SA Life: Group Life and other 2.8.2 SA Insure and other 2.8.3 UK Health **Reconciliation of reinsurance contracts** *Analysis by remaining coverage and incurred claims* **2.9 GMM** 2.9.1 SA Life (Risk) 2.9.2 UK Life (Risk) **2.11 PAA** 2.11.1 SA Life: Group Life and other 2.11.2 SA Insure and other 2.11.3 UK Health	The notes provide a detailed reconciliation of disclosed portfolios showing the build-up of: ▪ The liability for remaining coverage (LRC) reflects Discovery's obligation for the unexpired portion of the coverage period. For contracts measured using the simplified approach, LRC includes the unearned premium. ▪ The liability of incurred claims (LIC) reflects Discovery's obligation to cover the insured events that have occurred.

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.1 Introduction and overview *continued*

	Note	Description
Analysis of financial position	**Reconciliation of insurance contracts** *Analysis by measurement component* **2.5 GMM** 2.5.1 SA Life (Risk) 2.5.2 SA Invest (Risk) 2.5.3 UK Life (Risk) **2.7 VFA** 2.7.1 SA Invest (Participating) **Reconciliation of reinsurance contracts** *Analysis by measurement component* **2.10 GMM** 2.10.1 SA Life (Risk) 2.10.2 UK Life (Risk)	The notes provide a detailed reconciliation of disclosed portfolios showing the build-up of the measurement components, namely: ■ Estimates of the present value of expected fulfilment cash flows. ■ The Risk adjustment. ■ The Contractual service margin reflects unearned profit. The CSM is further separated to reflect how the CSM was calculated at transition, being modified retrospectively or fully retrospectively.
Analysis of income statement	**2.12 Insurance revenue**	The note provides a breakdown of the makeup of insurance revenue for each disclosed portfolio business unit. For those contracts not measured using the PAA approach, the amount reflects the provision of services and the recovery of insurance acquisition cash flows. The provision of services is represented by the change in the LRC, namely: ■ CSM recognised during the period for the service provided. ■ The change in the Risk adjustment for non-financial risk. ■ Expected claims and insurance services expenses. ■ Experience adjustments.
	2.13 Net investment result	The note provides a holistic view of the following: ■ The investment returns on financial assets held. ■ The insurance and reinsurance finance income and expenses, including the amounts recognised in profit or loss and other comprehensive income (OCI).

1 New notes summarising the movements in the CSM, Risk adjustment and IFR across the disclosed portfolios.

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.1 Introduction and overview *continued*

	Note	Description
Additional information	**2.14 Effect of contracts initially recognised in the year:** 2.14.2 Effects of insurance contracts initially recognised in the year 2.14.3 Effect of reinsurance contracts initially recognised in the year	The notes provide a breakdown of the contracts initially recognised during the period for each disclosed portfolio business unit. ■ For insurance contracts, differentiate between profitable contracts recognised with CSM and onerous contracts. ■ Reinsurance contracts reflect contracts originated with and without the loss-recovery component.
	2.15 Contractual service margin	The note provides, for each disclosed portfolio business unit, the expected recognition of CSM, including the allocation of investment return and interest accretion over the lifetime of the group of insurance contracts. The note also sets out the release of accumulated IFIE OCI balances into profit or loss.
	2.16 OCI run-off	The note provides, for each disclosed portfolio business unit, the expected run-off of the IFIE reserve, with interest accretion over the lifetime of the group of insurance contracts.
	2.17 Claims development	The note provides, for the annuity type benefits, the comparison between actual in-period claims and previous estimates of the claims amount.
	2.18 Significant accounting estimates, judgements in applying accounting policies	The note provides the significant accounting estimates, judgements in applying accounting policy 12 on the insurance contracts.
Insurance related disclosures included in other notes	**Claims and benefit**	The note provides, for each disclosed portfolio business unit, the net claims and policyholder's benefit. Refer to note 5.11.4
	Expenses	The note provides an analysis of all expenses, highlighting those that are insurance related. Refer to note 5.11

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.1 Introduction and overview *continued*

DEFINITIONS AND ABBREVIATIONS

The following abbreviations and terms are commonly used within the accounting policy:

Abbreviations	Meaning
CSM	Contractual Service Margin
DISCOVERY	Discovery Group
DPF	Direct Participation Features
DRO	Discovery Retirement Optimiser
EFCF	Expected Fulfilment Cash Flows
FINANCIAL RISK	The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, currency exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.
GMM	General Measurement Model
IACF	Initial Acquisition Cash Flows
IFIE	Insurance finance income and expense comprises the change in the carrying amount of the group of insurance contracts arising from: ■ The effect of the time value of money and changes in the time value of money, and ■ The effect of financial risk and changes in financial risk.
IFR	Insurance Finance Reserve
IFRS Accounting Standards	IFRS® Accounting Standards
IFRS 17	IFRS 17 Insurance Contracts (effective for Discovery post 1 July 2023)
IFRS 17 margins	IFRS 17 margins refers to the contractual service margin plus the risk adjustment
ISE	Insurance Service Expenses
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
VFA	Variable Fee Approach

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.2 Summary of insurance contracts issued and reinsurance contracts held

Group R million (Assets)/Liabilities	Navigation	SA Life Risk (GMM)	SA Invest Risk (GMM)	UK Life Risk (GMM)	SA Invest Participating (VFA)	SA Life: Group Life and other (PAA)	SA Insure and other (PAA)	UK Health (PAA)	Total
Year ended 30 June 2026									
Insurance Contracts	A= D + E	**(37 694)**	**24 112**	**(21 083)**	**103 729**	**7 483**	**770**	**(4 859)**	**72 458**
Reinsurance Contracts	B = F	**439**	**–**	**10 243**	**–**	**(1 035)**	**3**	**(13)**	**9 637**
Total	C = A +B	**(37 255)**	**24 112**	**(10 840)**	**103 729**	**6 448**	**773**	**(4 872)**	**82 095**
Insurance contracts issued									
Assets arising from insurance contracts									
– Insurance contract balances		**(37 694)**	**–**	**(21 083)**	**–**	**–**	**(25)**	**821**	**(57 981)**
– Assets for insurance acquisition cash flows		**–**	**–**	**–**	**–**	**–**	**(20)**	**(5 680)**	**(5 700)**
Total	D	**(37 694)**	**–**	**(21 083)**	**–**	**–**	**(45)**	**(4 859)**	**(63 681)**
Liabilities arising from insurance contracts									
– Insurance contract balances		**–**	**24 112**	**–**	**103 729**	**7 483**	**815**	**–**	**136 139**
Total	E	**–**	**24 112**	**–**	**103 729**	**7 483**	**815**	**–**	**136 139**
Reinsurance contracts held									
Reinsurance contract assets		**–**	**–**	**–**	**–**	**(1 035)**	**(1)**	**(13)**	**(1 049)**
Reinsurance contract liabilities		**439**	**–**	**10 243**	**–**	**–**	**4**	**–**	**10 686**
Total	F	**439**	**–**	**10 243**	**–**	**(1 035)**	**3**	**(13)**	**9 637**
Year ended 30 June 2025									
Insurance Contracts	A= D + E	(23 002)	23 580	(20 180)	88 150	6 414	734	(4 865)	70 831
Reinsurance Contracts	B = F	370	–	8 751	–	(865)	(84)	(13)	8 159
Total	C = A +B	(22 632)	23 580	(11 429)	88 150	5 549	650	(4 878)	78 990
Insurance contracts issued									
Assets arising from insurance contracts									
– Insurance contract balances		(23 002)	–	(20 180)	–	–	–	884	(42 298)
– Assets for insurance acquisition cash flows		–	–	–	–	–	–	(5 749)	(5 749)
Total	D	(23 002)	–	(20 180)	–	–	–	(4 865)	(48 047)
Liabilities arising from insurance contracts									
– Insurance contract balances		–	23 580	–	88 150	6 414	734	–	118 878
Total	E	–	23 580	–	88 150	6 414	734	–	118 878
Reinsurance contracts held									
Reinsurance contract assets		–	–	–	–	(865)	(84)	(13)	(962)
Reinsurance contract liabilities		370	–	8 751	–	–	–	–	9 121
Total	F	370	–	8 751	–	(865)	(84)	(13)	8 159
Cross reference to related notes of insurance contracts issued									
– Analysis by remaining coverage and incurred claims		2.4.1	2.4.2	2.4.3	2.6.1	2.8.1	2.8.2	2.8.3	
– Analysis by measurement component		2.5.1	2.5.2	2.5.3	2.7.1				
– Assets for insurance acquisition cash flows								2.3	
Cross reference to related notes of reinsurance contracts held									
– Analysis by remaining coverage and incurred claims		2.9.1		2.9.2		2.11.1	2.11.2	2.11.3	
– Analysis by measurement component		2.10.1		2.10.2					

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.2 Summary of insurance contracts issued and reinsurance contracts held *continued*

2.2.1 CONTRACTUAL SERVICE MARGIN (CSM) AND RISK ADJUSTMENT (RA)

2.2.1.1 ANALYSIS OF CSM AND RISK ADJUSTMENT NET OF REINSURANCE

Group R million (Assets)/Liabilities	SA Composite						SA Composite						UK Composite			Discovery Group		
	SA Life Risk (GMM)			SA Invest Risk (GMM)			SA Invest Participating (VFA)			Total SA Composite			UK Life Risk (GMM)			Total		
	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total
Year ended 30 June 2026																		
Balance at beginning of the period	**22 687**	**7 686**	**30 373**	**820**	**190**	**1 010**	**7 108**	**843**	**7 951**	**30 615**	**8 719**	**39 334**	**7 598**	**2 041**	**9 639**	**38 213**	**10 760**	**48 973**
Changes that relate to current services	**(1 681)**	**(607)**	**(2 288)**	**(318)**	**(42)**	**(360)**	**(1 344)**	**(176)**	**(1 520)**	**(3 343)**	**(825)**	**(4 168)**	**(740)**	**(243)**	**(983)**	**(4 083)**	**(1 068)**	**(5 151)**
CSM release and risk adjustment changes for services provided	**(1 681)**	**(607)**	**(2 288)**	**(318)**	**(42)**	**(360)**	**(1 446)**	**(176)**	**(1 622)**	**(3 445)**	**(825)**	**(4 270)**	**(740)**	**(243)**	**(983)**	**(4 185)**	**(1 068)**	**(5 253)**
Experience adjustments	**–**	**–**	**–**	**–**	**–**	**–**	**102**	**–**	**102**	**102**	**–**	**102**	**–**	**–**	**–**	**102**	**–**	**102**
Changes that relate to future services	**421**	**44**	**465**	**134**	**(86)**	**48**	**2 765**	**190**	**2 955**	**3 320**	**148**	**3 468**	**991**	**462**	**1 453**	**4 311**	**610**	**4 921**
New Business (contracts initially recognised in the period)	**1 565**	**452**	**2 017**	**97**	**7**	**104**	**597**	**77**	**674**	**2 259**	**536**	**2 795**	**1 121**	**411**	**1 532**	**3 380**	**947**	**4 327**
Changes in estimates that adjust CSM	**(1 144)**	**(357)**	**(1 501)**	**37**	**(43)**	**(6)**	**2 168**	**111**	**2 279**	**1 061**	**(289)**	**772**	**(130)**	**33**	**(97)**	**931**	**(256)**	**675**
Changes in estimates that result in onerous contracts	**–**	**(51)**	**(51)**	**–**	**(50)**	**(50)**	**–**	**2**	**2**	**–**	**(99)**	**(99)**	**–**	**18**	**18**	**–**	**(81)**	**(81)**
Changes that relate to past services	**–**	**(10)**	**(10)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10)**	**(10)**	**–**	**–**	**–**	**–**	**(10)**	**(10)**
Adjustment to liability for incurred claims	**–**	**(10)**	**(10)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10)**	**(10)**	**–**	**–**	**–**	**–**	**(10)**	**(10)**
Net finance expenses from insurance contracts (interest accretion)	**2 248**	**3 892**	**6 140**	**80**	**65**	**145**	**–**	**67**	**67**	**2 328**	**4 024**	**6 352**	**131**	**13**	**144**	**2 459**	**4 037**	**6 496**
Effects of movement in exchange rates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(831)**	**(228)**	**(1 059)**	**(831)**	**(228)**	**(1 059)**
Net changes	**988**	**3 319**	**4 307**	**(104)**	**(63)**	**(167)**	**1 421**	**81**	**1 502**	**2 305**	**3 337**	**5 642**	**(449)**	**4**	**(445)**	**1 856**	**3 341**	**5 197**
Balance at the end of the period	**23 675**	**11 005**	**34 680**	**716**	**127**	**843**	**8 529**	**924**	**9 453**	**32 920**	**12 056**	**44 976**	**7 149**	**2 045**	**9 194**	**40 069**	**14 101**	**54 170**
Year ended 30 June 2025																		
Balance at beginning of the period	23 772	7 108	30 880	941	135	1 076	6 306	773	7 079	31 019	8 016	39 035	7 592	1 768	9 360	38 611	9 784	48 395
Changes that relate to current services	(1 537)	(569)	(2 106)	(395)	(38)	(433)	(1 290)	(186)	(1 476)	(3 222)	(793)	(4 015)	(696)	(221)	(917)	(3 918)	(1 014)	(4 932)
CSM release and risk adjustment changes for services provided	(1 537)	(569)	(2 106)	(395)	(38)	(433)	(1 324)	(186)	(1 510)	(3 256)	(793)	(4 049)	(696)	(221)	(917)	(3 952)	(1 014)	(4 966)
Experience adjustments	–	–	–	–	–	–	34	–	34	34	–	34	–	–	–	34	–	34
Changes that relate to future services	(1 728)	72	(1 656)	179	65	244	2 092	189	2 281	543	326	869	181	396	577	724	722	1 446
New Business (contracts initially recognised in the period)	1 114	374	1 488	245	25	270	732	89	821	2 091	488	2 579	346	395	741	2 437	883	3 320
Changes in estimates that adjust CSM	(2 842)	(286)	(3 128)	(66)	17	(49)	1 360	99	1 459	(1 548)	(170)	(1 718)	(165)	(4)	(169)	(1 713)	(174)	(1 887)
Changes in estimates that result in onerous contracts	–	(16)	(16)	–	23	23	–	1	1	–	8	8	–	5	5	–	13	13
Changes that relate to past services	–	5	5	–	–	–	–	–	–	–	5	5	–	–	–	–	5	5
Adjustment to liability for incurred claims	–	5	5	–	–	–	–	–	–	–	5	5	–	–	–	–	5	5
Net finance expenses from insurance contracts (interest accretion)	2 180	1 070	3 250	95	28	123	–	67	67	2 275	1 165	3 440	118	(5)	113	2 393	1 160	3 553
Effects of movement in exchange rates	–	–	–	–	–	–	–	–	–	–	–	–	403	103	506	403	103	506
Net changes	(1 085)	578	(507)	(121)	55	(66)	802	70	872	(404)	703	299	6	273	279	(398)	976	578
Balance at the end of the period	22 687	7 686	30 373	820	190	1 010	7 108	843	7 951	30 615	8 719	39 334	7 598	2 041	9 639	38 213	10 760	48 973

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.2 Summary of insurance contracts issued and reinsurance contracts held *continued*

2.2.1 CONTRACTUAL SERVICE MARGIN (CSM) AND RISK ADJUSTMENT (RA) *continued*

2.2.1.2 ANALYSIS OF INSURANCE CONTRACT CSM AND RISK ADJUSTMENT

	SA Composite						SA Composite						UK Composite			Discovery Group		
Group R million (Assets)/Liabilities	SA Life Risk (GMM)			SA Invest Risk (GMM)			SA Invest Participating (VFA)			Total SA Composite			UK Life Risk (GMM)			Total		
	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total
Year ended 30 June 2026																		
Balance at beginning of the period	**27 295**	**8 357**	**35 652**	**820**	**190**	**1 010**	**7 108**	**843**	**7 951**	**35 223**	**9 390**	**44 613**	**15 349**	**2 562**	**17 911**	**50 572**	**11 952**	**62 524**
Changes that relate to current services	**(2 000)**	**(678)**	**(2 678)**	**(318)**	**(42)**	**(360)**	**(1 344)**	**(176)**	**(1 520)**	**(3 662)**	**(896)**	**(4 558)**	**(1 461)**	**(254)**	**(1 715)**	**(5 123)**	**(1 150)**	**(6 273)**
CSM release and risk adjustment changes for services provided	**(2 000)**	**(678)**	**(2 678)**	**(318)**	**(42)**	**(360)**	**(1 446)**	**(176)**	**(1 622)**	**(3 764)**	**(896)**	**(4 660)**	**(1 461)**	**(254)**	**(1 715)**	**(5 225)**	**(1 150)**	**(6 375)**
Experience adjustments	**–**	**–**	**–**	**–**	**–**	**–**	**102**	**–**	**102**	**102**	**–**	**102**	**–**	**–**	**–**	**102**	**–**	**102**
Changes that relate to future services	**295**	**39**	**334**	**134**	**(86)**	**48**	**2 765**	**190**	**2 955**	**3 194**	**143**	**3 337**	**2 629**	**587**	**3 216**	**5 823**	**730**	**6 553**
New Business (contracts initially recognised in the period)	**1 777**	**475**	**2 252**	**97**	**7**	**104**	**597**	**77**	**674**	**2 471**	**559**	**3 030**	**2 836**	**510**	**3 346**	**5 307**	**1 069**	**6 376**
Changes in estimates that adjust CSM	**(1 482)**	**(376)**	**(1 858)**	**37**	**(43)**	**(6)**	**2 168**	**111**	**2 279**	**723**	**(308)**	**415**	**(207)**	**43**	**(164)**	**516**	**(265)**	**251**
Changes in estimates that result in onerous contracts	**–**	**(60)**	**(60)**	**–**	**(50)**	**(50)**	**–**	**2**	**2**	**–**	**(108)**	**(108)**	**–**	**34**	**34**	**–**	**(74)**	**(74)**
Changes that relate to past services	**–**	**(16)**	**(16)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16)**	**(16)**	**–**	**–**	**–**	**–**	**(16)**	**(16)**
Adjustment to liability for incurred claims	**–**	**(16)**	**(16)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16)**	**(16)**	**–**	**–**	**–**	**–**	**(16)**	**(16)**
Net finance expenses from insurance contracts (interest accretion)	**2 671**	**4 012**	**6 683**	**80**	**65**	**145**	**–**	**67**	**67**	**2 751**	**4 144**	**6 895**	**357**	**11**	**368**	**3 108**	**4 155**	**7 263**
Effects of movement in exchange rates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1 711)**	**(289)**	**(2 000)**	**(1 711)**	**(289)**	**(2 000)**
Net changes	**966**	**3 357**	**4 323**	**(104)**	**(63)**	**(167)**	**1 421**	**81**	**1 502**	**2 283**	**3 375**	**5 658**	**(186)**	**55**	**(131)**	**2 097**	**3 430**	**5 527**
Balance at the end of the period	**28 261**	**11 714**	**39 975**	**716**	**127**	**843**	**8 529**	**924**	**9 453**	**37 506**	**12 765**	**50 271**	**15 163**	**2 617**	**17 780**	**52 669**	**15 382**	**68 051**
Year ended 30 June 2025			–															
Balance at beginning of the period	28 842	7 811	36 653	941	135	1 076	6 306	773	7 079	36 089	8 719	44 808	13 311	2 239	15 550	49 400	10 958	60 358
Changes that relate to current services	(1 862)	(642)	(2 504)	(395)	(38)	(433)	(1 290)	(186)	(1 476)	(3 547)	(866)	(4 413)	(1 332)	(246)	(1 578)	(4 879)	(1 112)	(5 991)
CSM release and risk adjustment changes for services provided	(1 862)	(642)	(2 504)	(395)	(38)	(433)	(1 324)	(186)	(1 510)	(3 581)	(866)	(4 447)	(1 332)	(246)	(1 578)	(4 913)	(1 112)	(6 025)
Experience adjustments	–		–	–		–	34		34	34	–	34	–		–	34	–	34
Changes that relate to future services	(2 398)	19	(2 379)	179	65	244	2 092	189	2 281	(127)	273	146	2 294	478	2 772	2 167	751	2 918
New Business (contracts initially recognised in the period)	1 286	395	1 681	245	25	270	732	89	821	2 263	509	2 772	2 128	471	2 599	4 391	980	5 371
Changes in estimates that adjust CSM	(3 684)	(362)	(4 046)	(66)	17	(49)	1 360	99	1 459	(2 390)	(246)	(2 636)	166	(2)	164	(2 224)	(248)	(2 472)
Changes in estimates that result in onerous contracts		(14)	(14)		23	23		1	1	–	10	10		9	9	–	19	19
Changes that relate to past services	–	6	6	–	–	–	–	–	–	–	6	6	–	–	–	–	6	6
Adjustment to liability for incurred claims		6	6			–			–	–	6	6			–	–	6	6
Net finance expenses from insurance contracts (interest accretion)	2 713	1 163	3 876	95	28	123	–	67	67	2 808	1 258	4 066	298	(39)	259	3 106	1 219	4 325
Effects of movement in exchange rates			–			–			–	–	–	–	778	130	908	778	130	908
Net changes	(1 547)	546	(1 001)	(121)	55	(66)	802	70	872	(866)	671	(195)	2 038	323	2 361	1 172	994	2 166
Balance at the end of the period	27 295	8 357	35 652	820	190	1 010	7 108	843	7 951	35 223	9 390	44 613	15 349	2 562	17 911	50 572	11 952	62 524

Notes to the group annual financial statements *continued*

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.2 Summary of insurance contracts issued and reinsurance contracts held *continued*

2.2.1 CONTRACTUAL SERVICE MARGIN (CSM) AND RISK ADJUSTMENT (RA) *continued*

2.2.1.3 ANALYSIS OF REINSURANCE CONTRACT CSM AND RISK ADJUSTMENT

Group R million (Assets)/Liabilities	SA Composite SA Life Risk (GMM)			UK Composite UK Life Risk (GMM)			Discovery Group Total		
	CSM	RA	Total	CSM	RA	Total	CSM	RA	Total
Year ended 30 June 2026									
Balance at beginning of the period	**(4 608)**	**(671)**	**(5 279)**	**(7 751)**	**(521)**	**(8 272)**	**(12 359)**	**(1 192)**	**(13 551)**
Changes that relate to current services	**319**	**71**	**390**	**721**	**11**	**732**	**1 040**	**82**	**1 122**
CSM release and risk adjustment changes for services provided	**319**	**71**	**390**	**721**	**11**	**732**	**1 040**	**82**	**1 122**
CSM recognised for services provided	**319**	**–**	**319**	**721**	**–**	**721**	**1 040**	**–**	**1 040**
Change in Risk adjustment for non-financial risk that relates to expired risk	**–**	**71**	**71**	**–**	**11**	**11**	**–**	**82**	**82**
Experience adjustments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Changes that relate to future services	**126**	**5**	**131**	**(1 638)**	**(125)**	**(1 763)**	**(1 512)**	**(120)**	**(1 632)**
Contracts initially recognised in the period	**(212)**	**(23)**	**(235)**	**(1 715)**	**(99)**	**(1 814)**	**(1 927)**	**(122)**	**(2 049)**
Changes in estimates that adjust CSM	**338**	**19**	**357**	**77**	**(10)**	**67**	**415**	**9**	**424**
Changes in estimates that result in onerous contracts	**–**	**9**	**9**		**(16)**	**(16)**	**–**	**(7)**	**(7)**
Changes that relate to past services	**–**	**6**	**6**	**–**	**–**	**–**	**–**	**6**	**6**
Adjustment to assets for incurred claims	**–**	**6**	**6**			**–**	**–**	**6**	**6**
Net finance expenses from reinsurance contracts	**(423)**	**(120)**	**(543)**	**(226)**	**2**	**(224)**	**(649)**	**(118)**	**(767)**
Effects of movement in exchange rates	**–**	**–**	**–**	**880**	**61**	**941**	**880**	**61**	**941**
Net changes	**22**	**(38)**	**(16)**	**(263)**	**(51)**	**(314)**	**(241)**	**(89)**	**(330)**
Balance at the end of the period	**(4 586)**	**(709)**	**(5 295)**	**(8 014)**	**(572)**	**(8 586)**	**(12 600)**	**(1 281)**	**(13 881)**
Year ended 30 June 2025	–								
Balance at beginning of the period	(5 070)	(703)	(5 773)	(5 719)	(471)	(6 190)	(10 789)	(1 174)	(11 963)
Changes that relate to current services	325	73	398	636	25	661	961	98	1 059
CSM release and risk adjustment changes for services provided	325	73	398	636	25	661	961	98	1 059
Experience adjustments	–	–	–	–		–	–	–	–
Changes that relate to future services	670	53	723	(2 113)	(82)	(2 195)	(1 443)	(29)	(1 472)
Contracts initially recognised in the period	(172)	(21)	(193)	(1 782)	(76)	(1 858)	(1 954)	(97)	(2 051)
Changes in estimates that adjust CSM	842	76	918	(331)	(2)	(333)	511	74	585
Changes in estimates that result in onerous contracts	–	(2)	(2)		(4)	(4)	–	(6)	(6)
Changes that relate to past services	–	(1)	(1)	–	–	–	–	(1)	(1)
Adjustment to assets for incurred claims	–	(1)	(1)			–	–	(1)	(1)
Net finance expenses from reinsurance contracts	(533)	(93)	(626)	(180)	34	(146)	(713)	(59)	(772)
Effects of movement in exchange rates	–	–	–	(375)	(27)	(402)	(375)	(27)	(402)
Net changes	462	32	494	(2 032)	(50)	(2 082)	(1 570)	(18)	(1 588)
Balance at the end of the period	(4 608)	(671)	(5 279)	(7 751)	(521)	(8 272)	(12 359)	(1 192)	(13 551)

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.2 Summary of insurance contracts issued and reinsurance contracts held *continued*

2.2.2 INSURANCE FINANCE RESERVE

The following table sets out the insurance finance reserve for the insurance contracts issued and reinsurance contracts held, net of their related tax effects.

	SA Composite			UK Composite	Discovery Group
Group R million Accumulated (income)/expense	SA Life Risk (GMM)	SA Life: Group Life and other (PAA)	Total	UK Life Risk (GMM)	Total
Year ended 30 June 2026					
Balance at beginning of the period	**5 938**	**(262)**	**5 676**	**(2 748)**	**2 928**
Net finance (income)/expense for insurance contracts					
Amounts recognised in OCI	**(11 797)**	**419**	**(11 378)**	**(776)**	**(12 154)**
Related tax effects	**3 185**	**(113)**	**3 072**	**194**	**3 266**
Net finance income/(expense) for reinsurance contracts					
Amounts recognised in OCI	**683**	**(51)**	**632**	**13**	**645**
Related tax effects	**(184)**	**13**	**(171)**	**(3)**	**(174)**
Balance at the end of the period	**(2 175)**	**6**	**(2 169)**	**(3 320)**	**(5 489)**
Year ended 30 June 2025					
Balance at beginning of the period	7 003	(214)	6 789	(1 957)	4 832
Net finance (income)/expense for insurance contracts					
Amounts recognised in OCI	(1 684)	(74)	(1 758)	(1 203)	(2 961)
Related tax effects	455	20	475	300	775
Net finance income/(expense) for reinsurance contracts					
Amounts recognised in OCI	221	8	229	153	382
Related tax effects	(57)	(2)	(59)	(41)	(100)
Balance at the end of the period	5 938	(262)	5 676	(2 748)	2 928

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.3 Insurance acquisition assets

The following table sets the movement in asset for insurance acquisition cash flows.

Group R million	SA Insure and other (PAA)[1]	UK Health (PAA)
Year ended 30 June 2026		
Balance at the beginning of the year	**–**	**5 749**
Amounts incurred during the year	**41**	**1 885**
Amounts derecognised and included in the measurement of insurance contracts	**(20)**	**(1 314)**
Effect of movements in exchange rates	**(1)**	**(640)**
Balance at the end of the year	**20**	**5 680**
Year ended 30 June 2025		
Balance at the beginning of the year	–	4 907
Amounts incurred during the year	–	1 786
Amounts derecognised and included in the measurement of insurance contracts	–	(1 235)
Effect of movements in exchange rates	–	291
Balance at the end of the year	–	5 749
Balance as at 30 June 2026		
Presented in assets arising from insurance contracts issued	**20**	**5 680**
Balance as at 30 June 2025		
Presented in assets arising from insurance contracts issued	–	5 749

1 Effective from 1 July 2025, AfricaHealth elected to recognise an insurance acquisition cash flow asset for acquisition cash flows incurred in obtaining insurance contracts. These contracts are presented within SA Insure and other portfolio.

The following table sets out when the Group expects to derecognise assets for insurance acquisition cash flows after the reporting date.

Group R million	SA Insure and other (PAA)	UK Health (PAA)
30 June 2026		
Year 1	**20**	**1 093**
Years 1 to 2	**–**	**908**
Years 3 to 5	**–**	**2 224**
Years 6 to 10	**–**	**1 455**
	20	**5 680**
30 June 2025		
Year 1	–	1 107
Years 1 to 2	–	921
Years 3 to 5	–	2 238
Years 6 to 10	–	1 483
	–	5 749

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.4 Reconciliation of insurance contracts – GMM

2.4.1 SA LIFE (RISK)

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	**2026** **Liabilities for Remaining Coverage** **Excluding loss component**	**2026** **Liabilities for Remaining Coverage** **Loss component**	**2026** **Liabilities for Incurred Claims**	**2026** **Total**	2025 Liabilities for Remaining Coverage Excluding loss component	2025 Liabilities for Remaining Coverage Loss component	2025 Liabilities for Incurred Claims	2025 Total
Opening assets arising from insurance contracts issued		**(31 983)**	**1 108**	**7 873**	**(23 002)**	(26 406)	941	7 619	(17 846)
Net balance at beginning of the year	A	**(31 983)**	**1 108**	**7 873**	**(23 002)**	(26 406)	941	7 619	(17 846)
Changes in the income statement and OCI									
Insurance revenue transitional split									
Contracts under the modified retrospective approach		**(325)**	**–**	**–**	**(325)**	(382)	–	–	(382)
All other contracts		**(15 522)**	**–**	**–**	**(15 522)**	(15 037)	–	–	(15 037)
	B	**(15 847)**	**–**	**–**	**(15 847)**	(15 419)	–	–	(15 419)
Insurance service expenses									
Incurred claims and other insurance service expenses		**–**	**–**	**10 352**	**10 352**	–	–	10 120	10 120
Amortised assets for insurance acquisition cash flows		**2 348**	**–**	**–**	**2 348**	2 163	–	–	2 163
Adjustment to liability for incurred claims		**–**	**–**	**(16)**	**(16)**	–	–	6	6
Losses and reversal of losses on onerous contracts		**–**	**626**	**–**	**626**	–	143	–	143
	C	**2 348**	**626**	**10 336**	**13 310**	2 163	143	10 126	12 432
Insurance service result	D = B + C	**(13 499)**	**626**	**10 336**	**(2 537)**	(13 256)	143	10 126	(2 987)
Net finance expenses from insurance contracts	E	**(15 880)**	**79**	**710**	**(15 091)**	(5 232)	24	437	(4 771)
Net changes to income statement and OCI	F = D + E	**(29 379)**	**705**	**11 046**	**(17 628)**	(18 488)	167	10 563	(7 758)
Cash Flows					**–**				
Premiums received		**16 152**	**–**	**–**	**16 152**	15 334	–	–	15 334
Insurance acquisition cash flows		**(2 591)**	**–**	**–**	**(2 591)**	(2 423)	–	–	(2 423)
Claims and other directly attributable expenses paid		**–**	**–**	**(10 625)**	**(10 625)**	–	–	(10 309)	(10 309)
Total cash flows	G	**13 561**	**–**	**(10 625)**	**2 936**	12 911	–	(10 309)	2 602
Net balance at the end of the year	H = A + F + G	**(47 801)**	**1 813**	**8 294**	**(37 694)**	(31 983)	1 108	7 873	(23 002)
Closing assets arising from insurance contracts issued		**(47 801)**	**1 813**	**8 294**	**(37 694)**	(31 983)	1 108	7 873	(23 002)
Net balance at the end of the year		**(47 801)**	**1 813**	**8 294**	**(37 694)**	(31 983)	1 108	7 873	(23 002)

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.4 Reconciliation of insurance contracts – GMM *continued*

2.4.2 SA INVEST (RISK)

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	2026 Liabilities for Remaining Coverage Excluding loss component	2026 Liabilities for Remaining Coverage Loss component	2026 Liabilities for Incurred Claims	2026 Total	2025 Liabilities for Remaining Coverage Excluding loss component	2025 Liabilities for Remaining Coverage Loss component	2025 Liabilities for Incurred Claims	2025 Total
Opening liabilities arising from insurance contracts issued		23 362	218	–	23 580	24 370	195	–	24 565
Net balance at beginning of the year	A	23 362	218	–	23 580	24 370	195	–	24 565
Changes in the income statement and OCI									
Insurance revenue transitional split									
All other contracts		(1 169)	–	–	(1 169)	(1 203)	–	–	(1 203)
	B	(1 169)	–	–	(1 169)	(1 203)	–	–	(1 203)
Insurance service expenses									
Incurred claims and other insurance service expenses		–	–	689	689	–	–	607	607
Amortised assets for insurance acquisition cash flows		174	–	–	174	225	–	–	225
Losses and reversal of losses on onerous contracts		–	(78)	–	(78)	–	(8)	–	(8)
	C	174	(78)	689	785	225	(8)	607	824
Investment components	D	(4 589)	–	4 589	–	(7 337)	–	7 337	–
Insurance service result	E = B + C + D	(5 584)	(78)	5 278	(384)	(8 315)	(8)	7 944	(379)
Net finance expenses from insurance contracts	F	3 463	57	–	3 520	2 897	31	–	2 928
Net changes to income statement and OCI	G = E + F	(2 121)	(21)	5 278	3 136	(5 418)	23	7 944	2 549
Cash Flows									
Premiums received		2 797	–	–	2 797	4 581	–	–	4 581
Insurance acquisition cash flows		(123)	–	–	(123)	(171)	–	–	(171)
Claims and other directly attributable expenses paid		–	–	(5 278)	(5 278)	–	–	(7 944)	(7 944)
Total cash flows	H	2 674	–	(5 278)	(2 604)	4 410	–	(7 944)	(3 534)
Net balance at the end of the year	I = A + G + H	23 915	197	–	24 112	23 362	218	–	23 580
Closing liabilities arising from insurance contracts issued		23 915	197	–	24 112	23 362	218	–	23 580
Net balance at the end of the year		23 915	197	–	24 112	23 362	218	–	23 580

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.4 Reconciliation of insurance contracts – GMM *continued*

2.4.3 UK LIFE (RISK)

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	2026 Liabilities for Remaining Coverage Excluding loss component	2026 Liabilities for Remaining Coverage Loss component	2026 Liabilities for Incurred Claims	2026 Total	2025 Liabilities for Remaining Coverage Excluding loss component	2025 Liabilities for Remaining Coverage Loss component	2025 Liabilities for Incurred Claims	2025 Total
Opening assets arising from insurance contracts issued		(28 020)	5 614	2 226	(20 180)	(22 202)	5 140	1 793	(15 269)
Net balance at beginning of the year	A	(28 020)	5 614	2 226	(20 180)	(22 202)	5 140	1 793	(15 269)
Changes in the income statement and OCI									
Insurance revenue transitional split									
All other contracts		(9 184)	–	–	(9 184)	(8 050)	–	–	(8 050)
	B	(9 184)	–	–	(9 184)	(8 050)	–	–	(8 050)
Insurance service expenses									
Incurred claims and other insurance service expenses		–	–	4 332	4 332	–	–	4 193	4 193
Amortised assets for insurance acquisition cash flows		3 427	–	–	3 427	3 035	–	–	3 035
Losses and reversal of losses on onerous contracts		–	491	–	491	–	367	–	367
	C	3 427	491	4 332	8 250	3 035	367	4 193	7 595
Investment components	D	22	–	(22)	–	496	–	(496)	–
Insurance service result	E = B + C + D	(5 735)	491	4 310	(934)	(4 519)	367	3 697	(455)
Net finance expenses from insurance contracts	F	(1 321)	(103)	–	(1 424)	(1 737)	(182)	–	(1 919)
Net changes to income statement and OCI	G = E + F	(7 056)	388	4 310	(2 358)	(6 256)	185	3 697	(2 374)
Cash Flows									
Premiums received		10 010	–	–	10 010	8 263	–	–	8 263
Insurance acquisition cash flows		(7 145)	–	–	(7 145)	(6 441)	–	–	(6 441)
Claims and other directly attributable expenses paid		–	–	(3 709)	(3 709)	–	–	(3 375)	(3 375)
Total cash flows	H	2 865	–	(3 709)	(844)	1 822	–	(3 375)	(1 553)
Effect of movements in exchange rates	I	3 182	(619)	(264)	2 299	(1 384)	289	111	(984)
Net balance at the end of the year	J = A + G + H + I	(29 029)	5 383	2 563	(21 083)	(28 020)	5 614	2 226	(20 180)
Closing assets arising from insurance contracts issued		(29 029)	5 383	2 563	(21 083)	(28 020)	5 614	2 226	(20 180)
Net balance at the end of the year		(29 029)	5 383	2 563	(21 083)	(28 020)	5 614	2 226	(20 180)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.5 Reconciliation of insurance contracts – GMM

2.5.1 SA LIFE (RISK)

Analysis by measurement component

Group R million (Assets)/Liabilities	Navigation	2026 Estimates of PVFCF	2026 RA for non-financial risk	2026 CSM Other contracts	2026 Total	2025 Estimates of PVFCF	2025 RA for non-financial risk	2025 CSM Other contracts	2025 Total
Opening assets arising from insurance contracts issued		(58 654)	8 357	27 295	(23 002)	(54 499)	7 811	28 842	(17 846)
Net balance at beginning of the year	A	(58 654)	8 357	27 295	(23 002)	(54 499)	7 811	28 842	(17 846)
Changes in the income statement and OCI									
Changes that relate to current services									
CSM recognised for services provided		–	–	(2 000)	(2 000)	–	–	(1 862)	(1 862)
Change in Risk Adjustment for non-financial risk that relates to expired risk		–	(678)	–	(678)	–	(642)	–	(642)
Experience adjustments		(569)	–	–	(569)	(724)	–	–	(724)
Changes that relate to future services									
Contracts initially recognised in the period		(2 168)	475	1 777	84	(1 647)	395	1 286	34
Changes in estimates that adjust CSM		1 858	(376)	(1 482)	–	4 046	(362)	(3 684)	–
Changes in estimates that result in onerous contract losses or reversal of losses		684	(60)	–	624	202	(14)	–	188
Servicing expenses and commission for onerous contracts		18	–	–	18	13	–	–	13
Changes that relate to past services									
Adjustment to liability for incurred claims		–	(16)	–	(16)	–	6	–	6
Insurance service result	B	(177)	(655)	(1 705)	(2 537)	1 890	(617)	(4 260)	(2 987)
Net finance expenses from insurance contracts	C	(21 774)	4 012	2 671	(15 091)	(8 647)	1 163	2 713	(4 771)
Net changes to income statement and OCI	D = B + C	(21 951)	3 357	966	(17 628)	(6 757)	546	(1 547)	(7 758)
Cash flows	E	2 936	–	–	2 936	2 602	–	–	2 602
Net balance at the end of the year	F = A + D + E	(77 669)	11 714	28 261	(37 694)	(58 654)	8 357	27 295	(23 002)
Closing assets arising from insurance contracts issued		(77 669)	11 714	28 261	(37 694)	(58 654)	8 357	27 295	(23 002)
Net balance at the end of the year		(77 669)	11 714	28 261	(37 694)	(58 654)	8 357	27 295	(23 002)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.5 Reconciliation of insurance contracts – GMM *continued*

2.5.2 SA INVEST (RISK)

Analysis by measurement component

Group R million (Assets)/Liabilities	Navigation	2026 Estimates of PVFCF	2026 RA for non-financial risk	2026 CSM Other contracts	2026 Total	2025 Estimates of PVFCF	2025 RA for non-financial risk	2025 CSM Other contracts	2025 Total
Opening liabilities arising from insurance contracts issued		22 570	190	820	23 580	23 489	135	941	24 565
Net balance at beginning of the year	A	22 570	190	820	23 580	23 489	135	941	24 565
Changes in the income statement and OCI									
Changes that relate to current services									
CSM recognised for services provided		–	–	(318)	(318)	–	–	(395)	(395)
Change in Risk Adjustment for non-financial risk that relates to expired risk		–	(42)	–	(42)	–	(38)	–	(38)
Experience adjustments		27	–	–	27	32	–	–	32
Changes that relate to future services									
Contracts initially recognised in the period		(99)	7	97	5	(266)	25	245	4
Changes in estimates that adjust CSM		6	(43)	37	–	49	17	(66)	–
Changes in estimates that result in onerous contract losses or reversal of losses		(6)	(50)	–	(56)	(5)	23	–	18
Insurance service result	B	(72)	(128)	(184)	(384)	(190)	27	(216)	(379)
Net finance expenses from insurance contracts	C	3 375	65	80	3 520	2 805	28	95	2 928
Net changes to income statement and OCI	D = B + C	3 303	(63)	(104)	3 136	2 615	55	(121)	2 549
Cash flows	E	(2 604)	–	–	(2 604)	(3 534)	–	–	(3 534)
Net balance at the end of the year	F = A + D + E	23 269	127	716	24 112	22 570	190	820	23 580
Closing liabilities arising from insurance contracts issued		23 269	127	716	24 112	22 570	190	820	23 580
Net balance at the end of the year		23 269	127	716	24 112	22 570	190	820	23 580

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.5 Reconciliation of insurance contracts – GMM *continued*

2.5.3 UK LIFE (RISK)

Analysis by measurement component

Group R million (Assets)/Liabilities	Navigation	2026 Estimates of PVFCF	2026 RA for non-financial risk	2026 CSM Other contracts	2026 Total	2025 Estimates of PVFCF	2025 RA for non-financial risk	2025 CSM Other contracts	2025 Total
Opening assets arising from insurance contracts issued		(38 091)	2 562	15 349	(20 180)	(30 819)	2 239	13 311	(15 269)
Net balance at beginning of the year	A	(38 091)	2 562	15 349	(20 180)	(30 819)	2 239	13 311	(15 269)
Changes in the income statement and OCI									
Changes that relate to current services									
CSM recognised for services provided		–	–	(1 461)	(1 461)	–	–	(1 332)	(1 332)
Change in Risk Adjustment for non-financial risk that relates to expired risk		–	(254)	–	(254)	–	(246)	–	(246)
Experience adjustments		(132)	–	–	(132)	362	–	–	362
Changes that relate to future services									
Contracts initially recognised in the period		(2 932)	510	2 836	414	(2 192)	471	2 128	407
Changes in estimates that adjust CSM		164	43	(207)	–	(164)	(2)	166	–
Changes in estimates that result in onerous contract losses or reversal of losses		465	34	–	499	345	9	–	354
Insurance service result	B	(2 435)	333	1 168	(934)	(1 649)	232	962	(455)
Net finance expenses from insurance contracts	C	(1 792)	11	357	(1 424)	(2 178)	(39)	298	(1 919)
Net changes to income statement and OCI	D = B + C	(4 227)	344	1 525	(2 358)	(3 827)	193	1 260	(2 374)
Cash flows	E	(844)	–	–	(844)	(1 553)	–	–	(1 553)
Effect of movements in exchange rates	F	4 299	(289)	(1 711)	2 299	(1 892)	130	778	(984)
Net balance at the end of the year	G = A + D + E + F	(38 863)	2 617	15 163	(21 083)	(38 091)	2 562	15 349	(20 180)
Closing assets arising from insurance contracts issued		(38 863)	2 617	15 163	(21 083)	(38 091)	2 562	15 349	(20 180)
Net balance at the end of the year		(38 863)	2 617	15 163	(21 083)	(38 091)	2 562	15 349	(20 180)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.6 Reconciliation of insurance contracts – VFA

2.6.1 SA INVEST (PARTICIPATING)

Analysis by remaining coverage and incurred claims

Group		2026				2025			
		Liabilities for Remaining Coverage (LRC)				Liabilities for Remaining Coverage (LRC)			
R million (Assets)/Liabilities	Navigation	Excluding loss component	Loss component	Liabilities for Incurred Claims (LIC)	Total	Excluding loss component	Loss component	Liabilities for Incurred Claims (LIC)	Total
Opening liabilities arising from insurance contracts issued		87 999	151	–	88 150	73 598	123	–	73 721
Net balance at beginning of the year	A	87 999	151	–	88 150	73 598	123	–	73 721
Changes in the income statement and OCI									
Insurance revenue transitional split									
Contracts under the modified retrospective approach		(2 620)	–	–	(2 620)	(2 690)	–	–	(2 690)
Other contracts		(1 007)	–	–	(1 007)	(667)	–	–	(667)
	B	(3 627)	–	–	(3 627)	(3 357)	–	–	(3 357)
Insurance service expenses									
Incurred claims and other insurance service expenses		–	–	1 316	1 316	–	–	1 056	1 056
Experience adjustments adjusting CSM		(148)	(5)	–	(153)	(16)	(2)	–	(18)
Amortised assets for insurance acquisition cash flows		778	–	–	778	781	–	–	781
Losses and reversal of losses on onerous contracts		–	(3)	–	(3)	–	30	–	30
	C	630	(8)	1 316	1 938	765	28	1 056	1 849
Investment components	D	(13 229)	–	13 229	–	(12 062)	–	12 062	–
Insurance service result	E = B + C + D	(16 226)	(8)	14 545	(1 689)	(14 654)	28	13 118	(1 508)
Net finance expenses from insurance contracts	F	12 765	–	–	12 765	13 024	–	–	13 024
Net changes to income statement and OCI	G = E + F	(3 461)	(8)	14 545	11 076	(1 630)	28	13 118	11 516
Cash Flows					–				–
Premiums received		19 960	–	–	19 960	16 829	–	–	16 829
Insurance acquisition cash flows		(912)	–	–	(912)	(798)	–	–	(798)
Claims and other directly attributable expenses paid		–	–	(14 545)	(14 545)	–	–	(13 118)	(13 118)
Total cash flows	H	19 048	–	(14 545)	4 503	16 031	–	(13 118)	2 913
Net balance at the end of the year	I = A + G + H	103 586	143	–	103 729	87 999	151	–	88 150
Closing liabilities arising from insurance contracts issued		103 586	143	–	103 729	87 999	151	–	88 150
Net balance at the end of the year		103 586	143	–	103 729	87 999	151	–	88 150

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.7 Reconciliation of insurance contracts – VFA

2.7.1 SA INVEST (PARTICIPATING)

Analysis by measurement component

Group		2026					2025				
				CSM					CSM		
R million (Assets)/Liabilities	Navigation	Estimates of PVFCF	RA for non-financial risk	Transition: Modified retro-spective	Other contracts	Total	Estimates of PVFCF	RA for non-financial risk	Transition: Modified retrospective	Other contracts	Total
Opening liabilities arising from insurance contracts issued		80 199	843	5 377	1 731	88 150	66 642	773	5 275	1 031	73 721
Net balance at beginning of the year	A	80 199	843	5 377	1 731	88 150	66 642	773	5 275	1 031	73 721
Changes in the income statement and OCI											
Changes that relate to current services											
CSM recognised for services provided		–	–	(1 014)	(432)	(1 446)	–	–	(1 058)	(266)	(1 324)
Change in Risk Adjustment for non-financial risk that relates to expired risk		–	(176)	–	–	(176)	–	(186)	–	–	(186)
Experience adjustments		(189)	–	90	12	(87)	(96)	–	56	(22)	(62)
Changes that relate to future services											
Contracts initially recognised in the period		(629)	77	–	597	45	(764)	89	–	732	57
Changes in estimates that adjust CSM[1]		(2 279)	111	1 510	658	–	(1 459)	99	1 104	256	–
Changes in estimates that result in onerous contract losses or reversal of losses		(27)	2	–	–	(25)	6	1	–	–	7
Insurance service result	B	(3 124)	14	586	835	(1 689)	(2 313)	3	102	700	(1 508)
Net finance expenses from insurance contracts[1]	C	12 698	67	–	–	12 765	12 957	67	–	–	13 024
Net changes to income statement and OCI	D = B + C	9 574	81	586	835	11 076	10 644	70	102	700	11 516
Cash flows	E	4 503	–	–	–	4 503	2 913	–	–	–	2 913
Net balance at the end of the year	F = A + D + E	94 276	924	5 963	2 566	103 729	80 199	843	5 377	1 731	88 150
Closing liabilities arising from insurance contracts issued		94 276	924	5 963	2 566	103 729	80 199	843	5 377	1 731	88 150
Net balance at the end of the year		94 276	924	5 963	2 566	103 729	80 199	843	5 377	1 731	88 150

1 Effective 1 July 2025, the Group updated the presentation of IFIE for the VFA portfolios in line with evolving industry disclosure practices. IFIE, which was previously presented separately, is now included within changes in estimates that adjust the CSM. The comparative information has been restated to align with the current period presentation.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.8 Reconciliation of insurance contracts – PAA

2.8.1 SA LIFE: GROUP RISK AND OTHER

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	2026 Liabilities for Remaining Coverage	2026 Liabilities for Incurred Claims Estimates of PVFCF	2026 Liabilities for Incurred Claims RA for non-financial risk	2026 Total	2025 Liabilities for Remaining Coverage	2025 Liabilities for Incurred Claims Estimates of PVFCF	2025 Liabilities for Incurred Claims RA for non-financial risk	2025 Total
Opening liabilities arising from insurance contracts issued		**(111)**	**6 417**	**108**	**6 414**	(142)	5 932	98	5 888
Net balance at beginning of the year	A	**(111)**	**6 417**	**108**	**6 414**	(142)	5 932	98	5 888
Insurance revenue	B	**(3 754)**	**(8)**	**–**	**(3 762)**	(3 738)	–	–	(3 738)
Insurance service expenses									
Incurred claims and other insurance service expenses		**–**	**3 005**	**(36)**	**2 969**	–	2 914	(11)	2 903
Gross claims and insurance service expenses		**–**	**3 005**	**(36)**	**2 969**	–	2 914	(11)	2 903
Amortisation of assets for insurance acquisition cash flows		**149**	**–**	**–**	**149**	180	–	–	180
	C	**149**	**3 005**	**(36)**	**3 118**	180	2 914	(11)	3 083
Insurance service result	D = B + C	**(3 605)**	**2 997**	**(36)**	**(644)**	(3 558)	2 914	(11)	(655)
Net finance expenses from insurance contracts issued	E	**–**	**857**	**31**	**888**	–	401	21	422
Net changes to statement of profit or loss and OCI	F = D + E	**(3 605)**	**3 854**	**(5)**	**244**	(3 558)	3 315	10	(233)
Cash flows									
Premiums received		**3 781**	**8**	**–**	**3 789**	3 768	–	–	3 768
Insurance acquisition cash flows		**(149)**	**–**	**–**	**(149)**	(179)	–	–	(179)
Claims and other directly attributable expenses paid		**–**	**(2 815)**	**–**	**(2 815)**	–	(2 830)	–	(2 830)
Gross claims and insurance service expenses paid		**–**	**(2 815)**	**–**	**(2 815)**	–	(2 830)	–	(2 830)
Total cash flows	G	**3 632**	**(2 807)**	**–**	**825**	3 589	(2 830)	–	759
Net balance at the end of year	H = A + F + G	**(84)**	**7 464**	**103**	**7 483**	(111)	6 417	108	6 414
Closing liabilities arising from insurance contracts issued		**(84)**	**7 464**	**103**	**7 483**	(111)	6 417	108	6 414
Net balance at the end of year		**(84)**	**7 464**	**103**	**7 483**	(111)	6 417	108	6 414

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.8 Reconciliation of insurance contracts – PAA *continued*

2.8.2 SA INSURE AND OTHER

Analysis by remaining coverage and incurred claims

Group		2026					2025			
			Liabilities for Incurred Claims					Liabilities for Incurred Claims		
R million (Assets)/Liabilities	Navigation	Liabilities for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	Total		Liabilities for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	Total
Opening liabilities arising from insurance contracts issued		92	626	16	734		19	863	14	896
Net balance at beginning of the year	A	92	626	16	734		19	863	14	896
Insurance revenue	B	(7 242)	–	–	(7 242)		(6 822)	–	–	(6 822)
Insurance service expenses										
Incurred claims and other insurance service expenses		–	5 083	(1)	5 082		–	4 976	9	4 985
Gross claims and insurance service expenses		–	5 486	(1)	5 485		–	5 407	9	5 416
Salvages		–	(403)	–	(403)		–	(431)	–	(431)
Amortisation of assets for insurance acquisition cash flows		1 062	–	–	1 062		986	–	–	986
Adjustment to liability for incurred claims		–	(10)	1	(9)		–	(11)	(8)	(19)
	C	1 062	5 073	–	6 135		986	4 965	1	5 952
Insurance service result	D = B + C	(6 180)	5 073	–	(1 107)		(5 836)	4 965	1	(870)
Net finance expenses from insurance contracts issued	E	–	18	1	19		–	19	1	20
Net changes to statement of profit or loss and OCI	F = D + E	(6 180)	5 091	1	(1 088)		(5 836)	4 984	2	(850)
Cash flows										
Premiums received		7 213	–	–	7 213		6 893	–	–	6 893
Insurance acquisition cash flows		(1 063)	(13)	–	(1 076)		(986)	(17)	–	(1 003)
Claims and other directly attributable expenses paid		–	(4 973)	–	(4 973)		–	(5 205)	–	(5 205)
Gross claims and insurance service expenses paid		–	(5 397)	–	(5 397)		–	(5 670)	–	(5 670)
Salvages		–	424	–	424		–	465	–	465
Total cash flows	G	6 150	(4 986)	–	1 164		5 907	(5 222)	–	685
Allocation from assets for insurance acquisition cash flows to group of insurance contracts	H	(20)	–	–	(20)		–	–	–	–
Effect of movements in exchange rates	I	3	(3)	–	–	–	2	1	–	3
Net balance at the end of year	K = A + F + G + H + I	45	728	17	790	–	92	626	16	734
Closing assets arising from insurance contracts issued		(50)	25	–	(25)		–	–	–	–
Closing liabilities arising from insurance contracts issued		95	703	17	815		92	626	16	734
Net balance at the end of year		45	728	17	790		92	626	16	734

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.8 Reconciliation of insurance contracts – PAA *continued*

2.8.3 UK HEALTH

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	2026 Liabilities for Remaining Coverage	2026 Liabilities for Incurred Claims Estimates of PVFCF	2026 Liabilities for Incurred Claims RA for non-financial risk	2026 Total	2025 Liabilities for Remaining Coverage	2025 Liabilities for Incurred Claims Estimates of PVFCF	2025 Liabilities for Incurred Claims RA for non-financial risk	2025 Total
Opening assets arising from insurance contracts issued		(396)	1 247	33	884	(426)	1 080	29	683
Net balance at beginning of the year	A	(396)	1 247	33	884	(426)	1 080	29	683
Insurance revenue	B	(20 611)	–	–	(20 611)	(19 124)	–	–	(19 124)
Insurance service expenses									
Incurred claims and other insurance service expenses		–	15 868	6	15 874	–	15 280	1	15 281
Gross claims and insurance service expenses		–	15 868	6	15 874	–	15 280	1	15 281
Amortisation of assets for insurance acquisition cash flows		2 173	–	–	2 173	2 011	–	–	2 011
Losses and reversal of losses on onerous contracts		(1)	–	–	(1)	–	–	–	–
	C	2 172	15 868	6	18 046	2 011	15 280	1	17 292
Insurance service result	D = B + C	(18 439)	15 868	6	(2 565)	(17 113)	15 280	1	(1 832)
Net changes to statement of profit or loss and OCI	E = D	(18 439)	15 868	6	(2 565)	(17 113)	15 280	1	(1 832)
Cash flows									
Premiums received		20 746	–	–	20 746	19 306	–	–	19 306
Insurance acquisition cash flows		(954)	–	–	(954)	(906)	–	–	(906)
Claims and other directly attributable expenses paid		–	(15 880)	–	(15 880)	–	(15 175)	–	(15 175)
Gross claims and insurance service expenses paid		–	(15 880)	–	(15 880)	–	(15 175)	–	(15 175)
Total cash flows	F	19 792	(15 880)	–	3 912	18 400	(15 175)	–	3 225
Allocation from assets for insurance acquisition cash flows to group of insurance contracts	G	(1 314)	–	–	(1 314)	(1 235)	–	–	(1 235)
Effect of movements in exchange rates	H	41	(133)	(4)	(96)	(22)	62	3	43
Net balance at the end of year	I = A + E + F + G + H	(316)	1 102	35	821	(396)	1 247	33	884
Closing assets arising from insurance contracts issued		(316)	1 102	35	821	(396)	1 247	33	884
Net balance at the end of year		(316)	1 102	35	821	(396)	1 247	33	884

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.9 Reconciliation of reinsurance contracts – GMM

2.9.1 SA LIFE (RISK)

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	2026 Assets for Remaining Coverage (ARC) Excluding loss recovery component	2026 Assets for Remaining Coverage (ARC) Loss recovery component	2026 Assets for Incurred Claims (AIC)	2026 Total	2025 Assets for Remaining Coverage (ARC) Excluding loss recovery component	2025 Assets for Remaining Coverage (ARC) Loss recovery component	2025 Assets for Incurred Claims (AIC)	2025 Total
Opening liabilities arising from reinsurance contracts held		2 759	(174)	(2 215)	370	2 649	(168)	(2 355)	126
Net balance at beginning of the year	A	2 759	(174)	(2 215)	370	2 649	(168)	(2 355)	126
Changes in the income statement and OCI									
Allocation of reinsurance premiums paid		3 715	–	–	3 715	3 549	–	–	3 549
Amounts recoverable from reinsurers									
Recoveries of incurred claims and other insurance service expenses		–	–	(3 069)	(3 069)	–	–	(2 526)	(2 526)
Recoveries and reversals of recoveries of losses on onerous underlying contracts		–	(57)	–	(57)	–	(7)	–	(7)
Adjustments to assets for incurred claims		–	–	6	6	–	–	(1)	(1)
	B	3 715	(57)	(3 063)	595	3 549	(7)	(2 527)	1 015
Net expenses from reinsurance contracts	C = B	3 715	(57)	(3 063)	595	3 549	(7)	(2 527)	1 015
Net finance expenses from reinsurance contracts	D	995	1	(197)	799	531	1	(123)	409
Net changes to income statement and OCI	E = B + D	4 710	(56)	(3 260)	1 394	4 080	(6)	(2 650)	1 424
Cash Flows									
Premiums paid		(4 136)	–	–	(4 136)	(3 970)	–	–	(3 970)
Claims recovered		–	–	2 811	2 811	–	–	2 790	2 790
Total cash flows	F	(4 136)	–	2 811	(1 325)	(3 970)	–	2 790	(1 180)
Net balance at the end of the year	G = A + E + F	3 333	(230)	(2 664)	439	2 759	(174)	(2 215)	370
Closing liabilities arising from reinsurance contracts held		3 333	(230)	(2 664)	439	2 759	(174)	(2 215)	370
Net balance at the end of the year		3 333	(230)	(2 664)	439	2 759	(174)	(2 215)	370

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.9 Reconciliation of reinsurance contracts – GMM *continued*

2.9.2 UK LIFE (RISK)

Analysis by remaining coverage and incurred claims

Group		2026				2025			
		Assets for Remaining Coverage (ARC)				Assets for Remaining Coverage (ARC)			
R million (Assets)/Liabilities	Navigation	Excluding loss recovery component	Loss recovery component	Assets for Incurred Claims (AIC)	Total	Excluding loss recovery component	Loss recovery component	Assets for Incurred Claims (AIC)	Total
Opening liabilities arising from reinsurance contracts held		14 089	(2 473)	(2 865)	8 751	9 280	(2 189)	(1 821)	5 270
Net balance at beginning of the year	A	14 089	(2 473)	(2 865)	8 751	9 280	(2 189)	(1 821)	5 270
Changes in the income statement and OCI									
Allocation of reinsurance premiums paid		9 303	–	–	9 303	8 839	–	–	8 839
Amounts recoverable from reinsurers									
Recoveries of incurred claims and other insurance service expenses		–	–	(8 546)	(8 546)	–	–	(8 474)	(8 474)
Recoveries and reversals of recoveries of losses on onerous underlying contracts		–	(362)	–	(362)	–	(200)	–	(200)
	B	9 303	(362)	(8 546)	395	8 839	(200)	(8 474)	165
Net expenses from reinsurance contracts	C = B	9 303	(362)	(8 546)	395	8 839	(200)	(8 474)	165
Net finance expenses from reinsurance contracts	D	373	45	–	418	408	44	–	452
Net changes to income statement and OCI	E = B + D	9 676	(317)	(8 546)	813	9 247	(156)	(8 474)	617
Cash Flows									
Premiums paid		(7 299)	–	–	(7 299)	(5 102)	–	–	(5 102)
Claims recovered		–	–	9 024	9 024	–	–	7 562	7 562
Total cash flows	F	(7 299)	–	9 024	1 725	(5 102)	–	7 562	2 460
Effect of movements in exchange rates	G	(1 613)	279	288	(1 046)	664	(128)	(132)	404
Net balance at the end of the year	H=A+E+F+G	14 853	(2 511)	(2 099)	10 243	14 089	(2 473)	(2 865)	8 751
Closing liabilities arising from reinsurance contracts held		14 853	(2 511)	(2 099)	10 243	14 089	(2 473)	(2 865)	8 751
Net balance at the end of the year		14 853	(2 511)	(2 099)	10 243	14 089	(2 473)	(2 865)	8 751

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.10 Reconciliation of reinsurance contracts – GMM

2.10.1 SA LIFE (RISK)

Analysis by measurement component

Group		2026					2025				
				CSM					CSM		
R million (Assets)/Liabilities	Navigation	Estimates of PVFCF	RA for non-financial risk	Transition: Modified retro-spective	Other contracts	Total	Estimates of PVFCF	RA for non-financial risk	Transition: Modified retro-spective	Other contracts	Total
Opening liabilities arising from reinsurance contracts held		5 649	(671)	(104)	(4 504)	370	5 899	(703)	(100)	(4 970)	126
Net balance at beginning of the year	A	5 649	(671)	(104)	(4 504)	370	5 899	(703)	(100)	(4 970)	126
Changes in the income statement and OCI											
Changes that relate to current services											
CSM recognised for services provided		–	–	7	312	319	–	–	6	319	325
Change in Risk Adjustment for non-financial risk that relates to expired risk		–	71	–	–	71	–	73	–	–	73
Experience adjustments		260	–	–	–	260	624	–	–	–	624
Changes that relate to future services											
Contracts initially recognised in the period		220	(23)	–	(212)	(15)	187	(21)	–	(172)	(6)
Changes in estimates that adjust CSM		(349)	19	–	338	8	(897)	76	3	839	21
Changes in estimates that relate to losses and reversal of losses on underlying contracts		(63)	9	–	–	(54)	(19)	(2)	–	–	(21)
Changes that relate to past services											
Adjustment to assets for incurred claims		–	6	–	–	6	–	(1)	–	–	(1)
Net Expenses from reinsurance contracts held	B	68	82	7	438	595	(105)	125	9	986	1 015
Net finance income from reinsurance contracts	C	1 342	(120)	(13)	(410)	799	1 035	(93)	(13)	(520)	409
Net changes to income statement and OCI	D = B + C	1 410	(38)	(6)	28	1 394	930	32	(4)	466	1 424
Cash flows	E	(1 325)	–	–	–	(1 325)	(1 180)	–	–	–	(1 180)
Net balance at the end of the year	F = A + D + E	5 734	(709)	(110)	(4 476)	439	5 649	(671)	(104)	(4 504)	370
Closing liabilities arising from reinsurance contracts held		5 734	(709)	(110)	(4 476)	439	5 649	(671)	(104)	(4 504)	370
Net balance at the end of the year		5 734	(709)	(110)	(4 476)	439	5 649	(671)	(104)	(4 504)	370

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.10 Reconciliation of reinsurance contracts – GMM *continued*

2.10.2 UK LIFE (RISK)

Analysis by measurement component

Group R million (Assets)/Liabilities	Navigation	2026 Estimates of PVFCF	2026 RA for non-financial risk	2026 CSM Other contracts	2026 Total	2025 Estimates of PVFCF	2025 RA for non-financial risk	2025 CSM Other contracts	2025 Total
Opening liabilities arising from reinsurance contracts held		17 023	(521)	(7 751)	8 751	11 460	(471)	(5 719)	5 270
Net balance at beginning of the year	A	17 023	(521)	(7 751)	8 751	11 460	(471)	(5 719)	5 270
Changes in the income statement and OCI									
Changes that relate to current services									
CSM recognised for services provided		–	–	721	721	–	–	636	636
Change in Risk Adjustment for non-financial risk that relates to expired risk		–	11	–	11	–	25	–	25
Experience adjustments		186	–	–	186	(130)	–	–	(130)
Changes that relate to future services									
Contracts initially recognised in the period		1 519	(99)	(1 715)	(295)	1 574	(76)	(1 782)	(284)
Changes in estimates that adjust CSM		(67)	(10)	77	–	333	(2)	(331)	–
Changes in estimates that relate to losses and reversal of losses on underlying contracts		(212)	(16)	–	(228)	(81)	(4)	–	(85)
Net Expenses from reinsurance contracts held	B	1 426	(114)	(917)	395	1 696	(57)	(1 477)	162
Net finance income from reinsurance contracts	C	642	2	(226)	418	598	34	(180)	452
Net changes to income statement and OCI	D = B + C	2 068	(112)	(1 143)	813	2 294	(23)	(1 657)	614
Cash flows	E	1 725	–	–	1 725	2 460	–	–	2 460
Effect of movements in exchange rates	F	(1 987)	61	880	(1 046)	809	(27)	(375)	407
Net balance at the end of the year	G=A+D+E+F	18 829	(572)	(8 014)	10 243	17 023	(521)	(7 751)	8 751
Closing liabilities arising from reinsurance contracts held		18 829	(572)	(8 014)	10 243	17 023	(521)	(7 751)	8 751
Net balance at the end of the year		18 829	(572)	(8 014)	10 243	17 023	(521)	(7 751)	8 751

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.11 Reconciliation of reinsurance contracts – PAA

2.11.1 SA LIFE: GROUP RISK AND OTHER

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	2026 Asset for Remaining Coverage	2026 Asset for Incurred Claims Estimates of PVFCF	2026 Asset for Incurred Claims RA for non-financial risk	2026 Total	2025 Asset for Remaining Coverage	2025 Asset for Incurred Claims Estimates of PVFCF	2025 Asset for Incurred Claims RA for non-financial risk	2025 Total
Opening assets arising from reinsurance contracts held		61	(912)	(14)	(865)	159	(830)	(14)	(685)
Net balance at beginning of the year	A	61	(912)	(14)	(865)	159	(830)	(14)	(685)
Changes in the statement of profit or loss and OCI									
Net expenses from reinsurance contracts held									
Reinsurance premiums expense		254	–	–	254	290	–	–	290
Claims recovered from reinsurer		–	(248)	6	(242)	–	(286)	3	(283)
Net finance income from reinsurance contracts held		–	(104)	(4)	(108)	–	(53)	(3)	(56)
Net changes to statement of profit or loss and OCI	B	254	(352)	2	(96)	290	(339)	–	(49)
Cash Flows									
Premiums paid net of commissions and other attributable expenses		(249)	–	–	(249)	(388)	–	–	(388)
Reinsurance recoveries		–	175	–	175	–	257	–	257
Total cash flows	C	(249)	175	–	(74)	(388)	257	–	(131)
Net balance at end of the year	D = A + B + C	66	(1 089)	(12)	(1 035)	61	(912)	(14)	(865)
Closing assets arising from reinsurance contracts held		66	(1 089)	(12)	(1 035)	61	(912)	(14)	(865)
Net balance at end of the year		66	(1 089)	(12)	(1 035)	61	(912)	(14)	(865)

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.11 Reconciliation of reinsurance contracts – PAA *continued*

2.11.2 SA INSURE AND OTHER

Analysis by remaining coverage and incurred claims

Group R million (Assets)/Liabilities	Navigation	2026 Asset for Remaining Coverage	2026 Asset for Incurred Claims Estimates of PVFCF	2026 Asset for Incurred Claims RA for non-financial risk	2026 Total	2025 Asset for Remaining Coverage	2025 Asset for Incurred Claims Estimates of PVFCF	2025 Asset for Incurred Claims RA for non-financial risk	2025 Total
Opening assets arising from reinsurance contracts held		33	(117)	–	(84)	916	(1 053)	(2)	(139)
Net balance at beginning of the year	A	33	(117)	–	(84)	916	(1 053)	(2)	(139)
Changes in the statement of profit or loss and OCI									
Net expenses from reinsurance contracts held		1	–	–	1	–	–	–	–
Reinsurance premiums expense		113	–	–	113	162	–	–	162
Claims recovered from reinsurer		–	5	–	5	–	(49)	2	(47)
Net changes to statement of profit or loss and OCI	B	114	5	–	119	162	(49)	2	115
Cash Flows									
Premiums paid net of commissions and other attributable expenses		(127)	–	–	(127)	(1 045)	–	–	(1 045)
Reinsurance recoveries		–	95	–	95	–	985	–	985
Total cash flows	C	(127)	95	–	(32)	(1 045)	985	–	(60)
Net balance at end of the year	D = A + B + C	20	(17)	–	3	33	(117)	–	(84)
Closing assets arising from reinsurance contracts held		(1)	–	–	(1)	33	(117)	–	(84)
Closing liabilities arising from reinsurance contracts held		21	(17)	–	4	33	(117)	–	(84)
Net balance at end of the year		20	(17)	–	3	33	(117)	–	(84)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.11 Reconciliation of reinsurance contracts – PAA *continued*

2.11.3 UK HEALTH

Analysis by remaining coverage and incurred claims

Group		2026				2025			
			Asset for Incurred Claims				Asset for Incurred Claims		
R million (Assets)/Liabilities	Navigation	Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	Total	Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	Total
Opening assets arising from reinsurance contracts held		(3)	(9)	(1)	(13)	(4)	(7)	(2)	(13)
Net balance at beginning of the year	A	(3)	(9)	(1)	(13)	(4)	(7)	(2)	(13)
Changes in the statement of profit or loss and OCI									
Reinsurance premiums expense		4	–	–	4	5	–	–	5
Claims recovered from reinsurer		–	(5)	(1)	(6)	–	(3)	1	(2)
Net changes to statement of profit or loss and OCI	B	4	(5)	(1)	(2)	5	(3)	1	3
Cash Flows									
Premiums paid net of commissions and other attributable expenses		(4)	–	–	(4)	(4)	–	–	(4)
Reinsurance recoveries		–	5	–	5	–	1	–	1
Total cash flows	C	(4)	5	–	1	(4)	1	–	(3)
Effect of movements in exchange rates	D	–	1	–	1	–	–	–	–
Net balance at end of the year	E = A + B + C + D	(3)	(8)	(2)	(13)	(3)	(9)	(1)	(13)
Closing assets arising from reinsurance contracts held		(3)	(8)	(2)	(13)	(3)	(9)	(1)	(13)
Net balance at end of the year		(3)	(8)	(2)	(13)	(3)	(9)	(1)	(13)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.12 Insurance revenue

The following tables present an analysis of the insurance revenue recognised in the period.

Group R million Income/(expenses)	SA Life Risk (GMM)	SA Invest Risk (GMM)	UK Life Risk (GMM)	SA Invest Participating (VFA)	SA Life: Group life and other (PAA)	SA Insure and other (PAA)	UK Health (PAA)	Total
Year ended 30 June 2026								
Contracts not measured under the PAA								
Amounts relating to changes in liabilities for remaining coverage	**13 499**	**996**	**5 758**	**2 849**	**–**	**–**	**–**	**23 102**
– CSM recognised for services provided	**2 000**	**318**	**1 461**	**1 446**	**–**	**–**	**–**	**5 225**
– Change in risk adjustment for non-financial risk for risk expired	**675**	**41**	**246**	**173**	**–**	**–**	**–**	**1 135**
– Expected incurred claims and other insurance service expenses	**10 843**	**627**	**3 961**	**1 147**	**–**	**–**	**–**	**16 578**
– Experience adjustments	**(19)**	**10**	**90**	**83**	**–**	**–**	**–**	**164**
Recovery of insurance acquisition cash flows	**2 348**	**173**	**3 426**	**778**	**–**	**–**	**–**	**6 725**
Contracts not measured under the PAA	**15 847**	**1 169**	**9 184**	**3 627**	**–**	**–**	**–**	**29 827**
Contracts measured under the PAA	**–**	**–**	**–**	**–**	**3 762**	**7 242**	**20 611**	**31 615**
Total insurance revenue	**15 847**	**1 169**	**9 184**	**3 627**	**3 762**	**7 242**	**20 611**	**61 442**
Year ended 30 June 2025								
Contracts not measured under the PAA								
Amounts relating to changes in liabilities for remaining coverage	13 257	975	5 014	2 574	–	–	–	21 820
– CSM recognised for services provided	1 862	395	1 332	1 324	–	–	–	4 913
– Change in risk adjustment for non-financial risk for risk expired	640	36	239	167	–	–	–	1 082
– Expected incurred claims and other insurance service expenses	10 712	502	3 565	986	–	–	–	15 765
– Experience adjustments	43	42	(122)	97	–	–	–	60
Recovery of insurance acquisition cash flows	2 162	228	3 036	783	–	–	–	6 209
Contracts not measured under the PAA	15 419	1 203	8 050	3 357	–	–	–	28 029
Contracts measured under the PAA	–	–	–	–	3 738	6 822	19 124	29 684
Total insurance revenue	15 419	1 203	8 050	3 357	3 738	6 822	19 124	57 713

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.13 Net investment result

The following table analyses the Group's net investment result in profit or loss and OCI.

Group R million Income/(expenses)	SA Life Risk (GMM)	SA Invest Risk (GMM)	UK Life Risk (GMM)	SA Invest Participating (VFA)	SA Life: Group Life and other (PAA)	SA Insure and other immaterial (PAA)	UK Health (PAA)	Other businesses	Total
Year ended 30 June 2026									
Investment return									
Interest revenue from financial assets not measured at FVTPL	48	–	74	50	–	4	180	761	1 117
Net gains on FVTPL investments	9	3 524	–	12 819	477	–	42	9 268	26 139
Total investment return	57	3 524	74	12 869	477	4	222	10 029	27 256
Movement in investment contract liabilities								(3 894)	(3 894)
Movement in third party interests in consolidated funds								(4 317)	(4 317)
Finance income/(expenses) from insurance contracts									
Amounts recognised in profit or loss	3 294	(3 520)	648	(12 765)	(469)	(19)	–	–	(12 831)
– Changes in fair value of underlying items of direct participation contracts	–	–	–	(12 765)	–	–	–	–	(12 765)
– Interest accreted to the CSM	(3 333)	(80)	(335)	–	–	–	–	–	(3 748)
– Interest on FCF and other finance (income)/expenses	6 627	(1 604)	983	–	(469)	(19)	–	–	5 518
– Effect of changes in interest rates and other financial assumptions	–	(1 836)	–	–	–	–	–	–	(1 836)
Amounts recognised in OCI	11 797	–	776	–	(419)	–	–	–	12 154
– Interest accreted to the CSM	575	–	(22)	–	–	–	–	–	553
– Interest on FCF and other finance (income)/expenses	(2 631)	–	404	–	63	–	–	–	(2 164)
– Effect of changes in interest rates and other financial assumptions	13 231	–	251	–	(495)	–	–	–	12 987
– Effect of changing FCF at current rates when adjusting the CSM at rates on initial recognition	755	–	143	–	–	–	–	–	898
– Effect of movements in exchange rates	(133)	–	–	–	13	–	–	–	(120)
Net finance expenses from insurance contracts	15 091	(3 520)	1 424	(12 765)	(888)	(19)	–	–	(677)
Finance income/(expenses) from reinsurance contracts									
Amounts recognised in profit or loss	(116)	–	(405)	–	57	–	–	–	(464)
– Interest accreted to the CSM	473	–	213	–	–	–	–	–	686
– Interest on FCF and other finance (income)/expenses	(589)	–	(618)	–	57	–	–	–	(1 150)
Amounts recognised in OCI	(683)	–	(13)	–	51	–	–	–	(645)
– Interest accreted to the CSM	(39)	–	13	–	–	–	–	–	(26)
– Interest on FCF and other finance (income)/expenses	184	–	(88)	–	(5)	–	–	–	91
– Effect of changes in interest rates and other financial assumptions	(792)	–	213	–	69	–	–	–	(510)
– Effect of changing FCF at current rates when adjusting the CSM at rates on initial recognition	(41)	–	(151)	–	–	–	–	–	(192)
– Effect of movements in exchange rates	5	–	–	–	(13)	–	–	–	(8)
Net finance income from reinsurance contracts	(799)	–	(418)	–	108	–	–	–	(1 109)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.13 Net investment result *continued*

The following table analyses the Group's net investment result in profit or loss and OCI.

Group R million Income/(expenses)	SA Life Risk (GMM)	SA Invest Risk (GMM)	UK Life Risk (GMM)	SA Invest Participating (VFA)	SA Life: Group Life and other (PAA)	SA Insure and other immaterial (PAA)	UK Health (PAA)	Other businesses	Total
Year ended 30 June 2025									
Investment return									
Interest revenue from financial assets not measured at FVTPL	3	–	76	–	–	5	154	760	998
Net gains on FVTPL investments	29	2 986	–	13 130	503	–	70	9 100	25 818
Total investment return	32	2 986	76	13 130	503	5	224	9 860	26 816
Movement in investment contract liabilities								(3 810)	(3 810)
Movement in third party interests in consolidated funds								(4 394)	(4 394)
Finance income/(expenses) from insurance contracts									
Amounts recognised in profit or loss	3 087	(2 928)	716	(13 024)	(496)	(20)	–	–	(12 665)
– Changes in fair value of underlying items of direct participation contracts	–	–	–	(13 024)	–	–	–	–	(13 024)
– Interest accreted to the CSM[1]	(3 475)	(95)	(258)	–	–	–	–	–	(3 828)
– Interest on FCF and other finance (income)/expenses[1]	6 562	(1 838)	974	–	(496)	(20)	–	–	5 182
– Effect of changes in interest rates and other financial assumptions	–	(995)	–	–	–	–	–	–	(995)
Amounts recognised in OCI	1 684	–	1 203	–	74	–	–	–	2 961
– Interest accreted to the CSM	731	–	(40)	–	–	–	–	–	691
– Interest on FCF and other finance (income)/expenses	(2 465)	–	1 061	–	81	–	–	–	(1 323)
– Effect of changes in interest rates and other financial assumptions	2 309	–	125	–	(10)	–	–	–	2 424
– Effect of changing FCF at current rates when adjusting the CSM at rates on initial recognition	1 151	–	57	–	–	–	–	–	1 208
– Effect of movements in exchange rates	(42)	–	–	–	3	–	–	–	(39)
Net finance expenses from insurance contracts	4 771	(2 928)	1 919	(13 024)	(422)	(20)	–	–	(9 704)
Finance income/(expenses) from reinsurance contracts									
Amounts recognised in profit or loss	(188)	–	(299)	–	64	–	–	–	(423)
– Interest accreted to the CSM	509	–	156	–	–	–	–	–	665
– Interest on FCF and other finance (income)/expenses	(697)	–	(455)	–	64	–	–	–	(1 088)
Amounts recognised in OCI	(221)	–	(153)	–	(8)	–	–	–	(382)
– Interest accreted to the CSM	(44)	–	24	–	–	–	–	–	(20)
– Interest on FCF and other finance (income)/expenses	291	–	(260)	–	(8)	–	–	–	23
– Effect of changes in interest rates and other financial assumptions	(229)	–	12	–	3	–	–	–	(214)
– Effect of changing FCF at current rates when adjusting the CSM at rates on initial recognition	(242)	–	71	–	–	–	–	–	(171)
– Effect of movements in exchange rates	3	–	–	–	(3)	–	–	–	–
Net finance income from reinsurance contracts	(409)	–	(452)	–	56	–	–	–	(805)

1. Effective 1 July 2025, the Group updated the presentation of IFIE for the VFA portfolios in line with evolving industry disclosure practices. IFIE, which was previously presented separately, is now included within changes in estimates that adjust the CSM. The comparative information has been restated to align with the current period presentation.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.14 Effects of contracts initially recognised in the year

2.14.1 SUMMARY EFFECT OF INITIALLY RECOGNISED CONTRACTS NET OF REINSURANCE

R million Assets/(Liabilities)	SA Life Risk (GMM)	SA Invest Risk (GMM)	SA Invest Participating (VFA)	UK Life Risk (GMM)
Year ended 30 June 2026				
Present value of estimated net cash inflows	**1 948**	**97**	**629**	**1 413**
Risk adjustment for non-financial risk	**(452)**	**(7)**	**(77)**	**(411)**
CSM	**(1 565)**	**(97)**	**(597)**	**(1 121)**
Losses recognised on initial recognition	**(69)**	**(7)**	**(45)**	**(119)**
Year ended 30 June 2025				
Present value of estimated net cash inflows	1 460	266	764	618
Risk adjustment for non-financial risk	(374)	(25)	(89)	(395)
CSM	(1 114)	(245)	(732)	(346)
Losses recognised on initial recognition	(28)	(4)	(57)	(123)

2.14.2 EFFECT OF INSURANCE CONTRACTS INITIALLY RECOGNISED IN THE YEAR

Group	Profitable contracts issued				Onerous contracts issued				
R million Assets/(Liabilities)	SA Life Risk (GMM)	SA Invest Risk (GMM)	SA Invest Participating (VFA)	UK Life Risk (GMM)	SA Life Risk (GMM)	SA Invest Risk (GMM)	SA Invest Participating (VFA)	UK Life Risk (GMM)	Total
Year ended 30 June 2026									
Insurance acquisition cash flows	**(1 552)**	**(116)**	**(670)**	**(5 763)**	**(177)**	**(5)**	**(116)**	**(1 398)**	**(9 797)**
Claims and other insurance service expenses payable	**(2 745)**	**(2 292)**	**(10 246)**	**(9 243)**	**(370)**	**(107)**	**(1 863)**	**(3 054)**	**(29 920)**
Estimates of present value of cash outflows	**(4 297)**	**(2 408)**	**(10 916)**	**(15 006)**	**(547)**	**(112)**	**(1 979)**	**(4 452)**	**(39 717)**
Estimates of present value of cash inflows	**6 512**	**2 510**	**11 580**	**18 271**	**500**	**109**	**1 944**	**4 119**	**45 545**
Risk adjustment for non-financial risk	**(438)**	**(5)**	**(67)**	**(429)**	**(37)**	**(2)**	**(10)**	**(81)**	**(1 069)**
CSM	**(1 777)**	**(97)**	**(597)**	**(2 836)**	**–**	**–**	**–**	**–**	**(5 307)**
Losses recognised on initial recognition	**–**	**–**	**–**	**–**	**(84)**	**(5)**	**(45)**	**(414)**	**(548)**
Year ended 30 June 2025									
Insurance acquisition cash flows	(1 465)	(160)	(567)	(4 956)	(112)	(11)	(87)	(1 276)	(8 634)
Claims and other insurance service expenses payable	(2 050)	(3 640)	(9 543)	(7 284)	(180)	(215)	(840)	(2 918)	(26 670)
Estimates of present value of cash outflows	(3 515)	(3 800)	(10 110)	(12 240)	(292)	(226)	(927)	(4 194)	(35 304)
Estimates of present value of cash inflows	5 176	4 063	10 913	14 760	278	229	888	3 866	40 173
Risk adjustment for non-financial risk	(375)	(18)	(71)	(392)	(20)	(7)	(18)	(79)	(980)
CSM	(1 286)	(245)	(732)	(2 128)	–	–	–	–	(4 391)
Losses recognised on initial recognition	–	–	–	–	(34)	(4)	(57)	(407)	(502)

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.14 Effects of contracts initially recognised in the year *continued*

2.14.3 EFFECT OF REINSURANCE CONTRACTS INITIALLY RECOGNISED IN THE YEAR

Group R million (Assets)/Liabilities	Group of contracts with a net cost on initial recognition[1] SA Life Risk (GMM)	UK Life Risk (GMM)	Total
Year ended 30 June 2026			
Estimates of present value of cash outflows	**(1 254)**	**(15 490)**	**(16 744)**
Estimates of present value of cash inflows	**1 034**	**13 971**	**15 005**
Risk adjustment for non-financial risk	**23**	**99**	**122**
Income recognised on initial recognition (for offset)	**(15)**	**(295)**	**(310)**
CSM	**(212)**	**(1 715)**	**(1 927)**
Year ended 30 June 2025			
Estimates of present value of cash outflows	(1 032)	(13 919)	(14 951)
Estimates of present value of cash inflows	845	12 345	13 190
Risk adjustment for non-financial risk	21	76	97
Income recognised on initial recognition (for offset)	(6)	(284)	(290)
CSM	(172)	(1 782)	(1 954)

1 *Group of contracts with a net cost on initial recognition refers to those reinsurance contracts with a CSM on initial recognition, that will reflect as a future cost relative to the insurance contract CSM that will release as future revenue.*

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.15 Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for insurance contracts not measured under the PAA. The CSM release remains stable, aligning with the service provided to policyholders. As the expected services are delivered in a relatively linear fashion, the aggregated time bands for the CSM maturity analysis reflects a broadly linear release pattern.

2.15.1 INSURANCE CONTRACTS

Group R million (Assets)/Liabilities	Year of expected release of the CSM < 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years	Total
Assets arising from Insurance contracts issued							
Year ended 30 June 2026							
SA Life Risk (GMM)							
Balance at beginning of the period	**28 261**	**29 091**	**30 123**	**34 496**	**45 834**	**77 447**	**28 261**
Accretion of interest	**2 882**	**3 087**	**10 696**	**23 546**	**70 248**	**311 502**	**421 961**
Recognised in income statement	**(2 052)**	**(2 055)**	**(6 323)**	**(12 208)**	**(38 635)**	**(388 949)**	**(450 222)**
Balance at end of the period	**29 091**	**30 123**	**34 496**	**45 834**	**77 447**	**–**	**–**
SA Invest Risk (GMM)							
Balance at beginning of the period	**716**	**494**	**343**	**222**	**314**	**542**	**716**
Accretion of interest	**70**	**52**	**99**	**185**	**618**	**1 469**	**2 493**
Recognised in income statement	**(292)**	**(203)**	**(220)**	**(93)**	**(390)**	**(2 011)**	**(3 209)**
Balance at end of the period	**494**	**343**	**222**	**314**	**542**	**–**	**–**
SA Invest Participating (VFA)							
Balance at beginning of the period	**8 529**	**8 059**	**7 557**	**6 617**	**5 617**	**2 540**	**8 529**
Allocation of investment return	**1 147**	**1 121**	**3 236**	**5 279**	**6 754**	**61**	**17 598**
Recognised in income statement	**(1 617)**	**(1 623)**	**(4 176)**	**(6 279)**	**(9 831)**	**(2 601)**	**(26 127)**
Balance at end of the period	**8 059**	**7 557**	**6 617**	**5 617**	**2 540**	**–**	**–**
UK Life Risk (GMM)							
Balance at beginning of the period	**15 163**	**14 096**	**13 142**	**10 703**	**7 501**	**3 176**	**15 163**
Accretion of interest	**344**	**340**	**896**	**1 200**	**1 530**	**989**	**5 299**
Recognised in income statement	**(1 411)**	**(1 294)**	**(3 335)**	**(4 402)**	**(5 855)**	**(4 165)**	**(20 462)**
Balance at end of the period	**14 096**	**13 142**	**10 703**	**7 501**	**3 176**	**–**	**–**
Total balance at beginning of year	**52 669**						

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Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.15 Contractual service margin *continued*

Group R million (Assets)/Liabilities	Year of expected release of the CSM < 1 year	 1 to 2 years	 3 to 5 years	 6 to 10 years	 10 to 20 years	 >20 years	 Total
Assets arising from Insurance contracts issued							
Year ended 30 June 2025							
SA Life Risk (GMM)							
Balance at beginning of the period	27 295	28 001	28 905	32 815	43 215	74 434	27 295
Accretion of interest	2 686	2 874	9 926	21 822	66 824	325 941	430 073
Recognised in income statement	(1 980)	(1 970)	(6 016)	(11 422)	(35 605)	(400 375)	(457 368)
Balance at end of the period	28 001	28 905	32 815	43 215	74 434	–	–
SA Invest Risk (GMM)							
Balance at beginning of the period	820	576	363	113	139	176	820
Accretion of interest	76	58	84	90	245	278	831
Recognised in income statement	(320)	(271)	(334)	(64)	(208)	(454)	(1 651)
Balance at end of the period	576	363	113	139	176	–	–
SA Invest Participating (VFA)							
Balance at beginning of the period	7 108	6 707	6 323	5 618	5 637	4 049	7 108
Allocation of investment return[1]	1 041	1 075	3 357	7 048	13 139	1 054	26 714
Recognised in income statement	(1 442)	(1 459)	(4 062)	(7 029)	(14 727)	(5 103)	(33 822)
Balance at end of the period	6 707	6 323	5 618	5 637	4 049	–	–
UK Life Risk (GMM)							
Balance at beginning of the period	15 349	14 265	13 276	10 738	7 381	2 911	15 349
Accretion of interest	330	302	782	1 014	1 190	676	4 294
Recognised in income statement	(1 414)	(1 291)	(3 320)	(4 371)	(5 660)	(3 587)	(19 643)
Balance at end of the period	14 265	13 276	10 738	7 381	2 911	–	–
Total balance at beginning of year	50 572						

1 The line item "Interest accretion" has been renamed to "Allocation of investment return" to better reflect the nature of CSM remeasurement under the VFA.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.15 Contractual service margin *continued*

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for reinsurance contracts not measured under the PAA.

2.15.2 REINSURANCE CONTRACTS

Group R million Assets/(Liabilities)	**Year of expected release of the CSM** **< 1 year**	 **1 to 2 years**	 **3 to 5 years**	 **6 to 10 years**	 **10 to 20 years**	 **>20 years**	 **Total**
Liabilities arising from reinsurance contracts held							
Year ended 30 June 2026							
SA Life Risk (GMM)							
Balance at beginning of the period	**4 586**	**4 713**	**4 859**	**5 409**	**6 504**	**9 106**	**4 586**
Accretion of interest	**434**	**458**	**1 534**	**3 114**	**8 255**	**31 244**	**45 039**
Recognised in income statement	**(307)**	**(312)**	**(984)**	**(2 019)**	**(5 653)**	**(40 350)**	**(49 625)**
Balance at end of the period	**4 713**	**4 859**	**5 409**	**6 504**	**9 106**	**–**	**–**
UK Life Risk (GMM)							
Balance at beginning of the period	**8 014**	**7 498**	**7 024**	**5 819**	**4 216**	**1 893**	**8 014**
Accretion of interest	**230**	**211**	**559**	**759**	**999**	**606**	**3 364**
Recognised in income statement	**(746)**	**(685)**	**(1 764)**	**(2 362)**	**(3 322)**	**(2 499)**	**(11 378)**
Balance at end of the period	**7 498**	**7 024**	**5 819**	**4 216**	**1 893**	**–**	**–**
Total balance at beginning of year	**12 600**						
Year ended 30 June 2025							
SA Life Risk (GMM)							
Balance at beginning of the period	4 608	4 704	4 839	5 353	6 388	8 992	4 608
Accretion of interest	428	449	1 498	3 031	8 084	32 536	46 026
Recognised in income statement	(332)	(314)	(984)	(1 996)	(5 480)	(41 528)	(50 634)
Balance at end of the period	4 704	4 839	5 353	6 388	8 992	–	–
UK Life Risk (GMM)							
Balance at beginning of the period	7 751	7 246	6 781	5 589	4 002	1 732	7 751
Accretion of interest	211	191	491	649	818	477	2 837
Recognised in income statement	(716)	(656)	(1 683)	(2 236)	(3 088)	(2 209)	(10 588)
Balance at end of the period	7 246	6 781	5 589	4 002	1 732	–	–
Total balance at beginning of year	12 359						

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.16 Insurance finance reserve – expected run-off profile

The following table sets out when the Group expects to recognise the remaining insurance finance income and expense reserve after the reporting date for insurance contracts measured under the GMM and VFA, including long-term claims in the Group Life business.

2.16.1 INSURANCE CONTRACTS

Group R million Cumulative debit balance/ (Cumulative credit balance)	Year of expected run-off of the IFIE reserve < 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years	Total
Assets/liabilities arising from insurance contract issued							
Year ended 30 June 2026							
SA Life Risk (GMM)							
Balance at beginning of the period	**(2 333)**	**(1 801)**	**(1 234)**	**250**	**461**	**(7 258)**	**(2 333)**
Movement in IFIE reserve	**532**	**567**	**1 484**	**211**	**(7 719)**	**7 258**	**2 333**
Balance at end of the period	**(1 801)**	**(1 234)**	**250**	**461**	**(7 258)**	**–**	**–**
SA Life: Group Life and other (PAA)							
Balance at beginning of the period	**7**	**(63)**	**(131)**	**(300)**	**(414)**	**75**	**7**
Movement in IFIE reserve	**(70)**	**(68)**	**(169)**	**(114)**	**489**	**(75)**	**(7)**
Balance at end of the period	**(63)**	**(131)**	**(300)**	**(414)**	**75**	**–**	**–**
UK Life Risk (GMM)							
Balance at beginning of the period	**(4 103)**	**(4 418)**	**(4 709)**	**(5 350)**	**(5 980)**	**(4 925)**	**(4 103)**
Movement in IFIE reserve	**(315)**	**(291)**	**(641)**	**(630)**	**1 055**	**4 925**	**4 103**
Balance at end of the period	**(4 418)**	**(4 709)**	**(5 350)**	**(5 980)**	**(4 925)**	**–**	**–**
Total balance at beginning of year	**(6 429)**						
Year ended 30 June 2025							
SA Life Risk (GMM)							
Balance at beginning of the period	9 464	11 588	13 788	20 747	27 038	7 549	9 464
Movement in IFIE reserve	2 124	2 200	6 959	6 291	(19 489)	(7 549)	(9 464)
Balance at end of the period	11 588	13 788	20 747	27 038	7 549	–	–
SA Life: Group Life and other (PAA)							
Balance at beginning of the period	(411)	(522)	(626)	(934)	(1 184)	(321)	(411)
Movement in IFIE reserve	(111)	(104)	(308)	(250)	863	321	411
Balance at end of the period	(522)	(626)	(934)	(1 184)	(321)	–	–
UK Life Risk (GMM)							
Balance at beginning of the period	(3 764)	(4 154)	(4 381)	(5 004)	(5 750)	(4 896)	(3 764)
Movement in IFIE reserve	(390)	(227)	(623)	(746)	854	4 896	3 764
Balance at end of the period	(4 154)	(4 381)	(5 004)	(5 750)	(4 896)	–	–
Total balance at beginning of year	5 289						

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.16 Insurance finance reserve – expected run-off profile *continued*

The following table sets out when the Group expects to recognise the remaining reinsurance finance income and expense reserve after the reporting date for contracts measured under GMM and VFA, including the long-term claims in the Group Life business.

2.16.2 REINSURANCE CONTRACTS

Group R million Cumulative credit balance/ (Cumulative debit balance)	Year of expected run-off of the IFIE reserve < 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years	Total
Liabilities arising from reinsurance contracts held							
Year ended 30 June 2026							
SA Life Risk (GMM)							
Balance at beginning of the period	**647**	**685**	**720**	**781**	**710**	**147**	**647**
Movement in IFIE reserve	**38**	**35**	**61**	**(71)**	**(563)**	**(147)**	**(647)**
Balance at end of the period	**685**	**720**	**781**	**710**	**147**	**–**	**–**
SA Life: Group Life and other (PAA)							
Balance at beginning of the period	**(1)**	**(9)**	**(17)**	**(35)**	**(44)**	**3**	**(1)**
Movement in IFIE reserve	**(8)**	**(8)**	**(18)**	**(9)**	**47**	**(3)**	**1**
Balance at end of the period	**(9)**	**(17)**	**(35)**	**(44)**	**3**	**–**	**–**
UK Life Risk (GMM)							
Balance at beginning of the period	**23**	**(27)**	**(76)**	**(192)**	**(324)**	**(345)**	**23**
Movement in IFIE reserve	**(50)**	**(49)**	**(116)**	**(132)**	**(21)**	**345**	**(23)**
Balance at end of the period	**(27)**	**(76)**	**(192)**	**(324)**	**(345)**	**–**	**–**
Total balance at beginning of year	**669**						
Year ended 30 June 2025							
SA Life Risk (GMM)							
Balance at beginning of the period	1 330	1 476	1 617	2 014	2 200	536	1 330
Movement in IFIE reserve	146	141	397	186	(1 664)	(536)	(1 330)
Balance at end of the period	1 476	1 617	2 014	2 200	536	–	–
SA Life: Group Life and other (PAA)							
Balance at beginning of the period	(52)	(64)	(74)	(102)	(117)	(24)	(52)
Movement in IFIE reserve	(12)	(10)	(28)	(15)	93	24	52
Balance at end of the period	(64)	(74)	(102)	(117)	(24)	–	–
UK Life Risk (GMM)							
Balance at beginning of the period	39	(8)	6	(20)	(154)	(250)	39
Movement in IFIE reserve	(47)	14	(26)	(134)	(96)	250	(39)
Balance at end of the period	(8)	6	(20)	(154)	(250)	–	–
Total balance at beginning of year	1 317						

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.17 Claims development

Given the insurance risks underwritten by the Group and the timely settlement of valid claims, uncertain claims which extend beyond 12 months are limited to certain annuity payments only.

Some insurance claims, such as Income Continuation Benefits (ICB), are settled through regular annuity benefit payments that may span several years. The initial claim for ICB contracts is established at the date of the disability event, however, the full extent of the annuity payments remains subject to ongoing insurance events, such as future mortality, and may also vary due to morbidity outcomes. Nevertheless, once the insured event has occurred, the future benefit payments for these products can be estimated with a high degree of certainty,

Total claims and benefits for the financial year ended 30 June 2026 was R30 802 million (30 June 2025: R30 231 million). Total ICB annuity claims and benefits for the same period was R1 491 million or 4.8% of total claims and benefits (30 June 2025: R1 136 million or 3.8% of total claims). Due to the uncertainty in claims development being immaterial, no further information is disclosed.

The following table outlines the total ICB for incurred claims reconciled with the aggregate carrying amount of the groups of insurance contracts.

Group R million	Estimate of cumulative claims Expected gross of reinsurance claim payments	 Expected net of reinsurance claim payments
Year ended 30 June 2026		
Total annuity ICB for incurred claims	**21 562**	**17 431**
Effect of discounting	**(10 089)**	**(8 140)**
Risk adjustment	**126**	**101**
Other claims settled within 1 year	**4 262**	**2 703**
Total liabilities for incurred claims in the Statement of financial position	**15 861**	**12 095**
Included in the LIC balance for the following portfolios:		
SA Life (Risk) | GMM	**8 294**	**5 630**
SA Life: Group Life and Other | PAA	**7 567**	**6 465**
Year ended 30 June 2025		
Total annuity ICB for incurred claims	18 513	15 067
Effect of discounting	(8 980)	(7 338)
Risk adjustment	126	100
Other claims settled within 1 year	4 738	3 429
Total liabilities for incurred claims in the Statement of financial position	14 397	11 258
Included in the LIC balance for the following portfolios:		
SA Life (Risk) |GMM	7 873	5 658
SA Life: Group Life and Other | PAA	6 524	5 600

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.18 Significant accounting estimates and judgements in applying accounting policies

In preparing the Annual financial statements, estimates, assumptions, and judgements are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Accounting estimates and judgements are regularly reviewed and are based on historical experience, current best estimates, and expectations of future outcomes as well as anticipated changes in the environment. The following represents the most material key assumptions applied by management in preparing these Annual financial statements.

I. INSURANCE CONTRACTS SCOPE AND GROUPING

DEFINITION AND CLASSIFICATION

a. Definition

IFRS 17 does not specify what significant insurance risk is. Discovery's policy defines significant insurance risk as follows: The possibility that the present value of losses arising on the insurance contract exceeds 10% of the present value of income and receipts collected when applying a worst-case scenario upon the inception of the insurance contract.

b. Classification

Eligibility for VFA

Within Discovery, the unit-linked insurance products offered by Discovery Life are examples of insurance contracts with direct participation features. The VFA is used to measure insurance contracts with direct participating features.

Discovery exercises judgement in determining whether the VFA eligibility criteria are met at initial recognition. Judgement is applied for the following eligibility criteria to use VFA:

- Discovery expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items and
- Discovery expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Within Discovery, a "substantial share" and "substantial proportion" is deemed to represent a proportion that exceeds 50% as a rebuttable presumption.

UNIT OF ACCOUNT, AGGREGATION AND RECOGNITION OF INSURANCE AND REINSURANCE CONTRACTS

Discovery uses judgement to determine at what level of granularity Discovery has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous.

For GMM and VFA business Discovery assesses the profitability of each contract at initial recognition for allocation of that contract to either the profitable, profitable-at-risk or onerous group of insurance contracts. For reinsurance contracts, the profitability at initial recognition is either profitable, profitable-at-risk or net gain on reinsurance contracts.

Discovery performs stress testing on portfolios measured using GMM/VFA. The stresses are modelled at the policy inception date and may differ between portfolios but will correspond to the most significant non-financial stresses currently run as part of the risk appetite work. If any policy that was originally determined to be profitable becomes onerous under any of the three additional stresses calculated, that policy is classified as profitable-at-risk.

JUDGEMENTS TO DETERMINE THE CONTRACT BOUNDARIES OF POLICIES WITHIN THE PAC ARRANGEMENT

The PAC arrangement is designed for UK Life to assume full economic exposure, including returns and insurance risk, of the underlying insurance contracts. Accordingly, as UK Life has taken on this risk, it was granted full control over underwriting decisions for underlying new contracts written under the arrangement. Based on the legal rights and obligations, UK Life has exposure to monthly insurance contracts under this arrangement with PAC i.e. although new underlying life insurance contracts could be sold at any time, policy inception occurred only on a monthly basis, consistent with Discovery's other life insurance business lines. Exercising judgement under IFRS 17, the contract with PAC has been modelled using groups of contracts comprising annual groups of insurance contracts written.

Notes to the group annual financial statements *continued*
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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.18 Significant accounting estimates and judgements in applying accounting policies *continued*

II. CONTRACTS MEASURED UNDER THE GMM AND VFA

Discovery provides detailed qualitative information about the inputs, assumptions, and estimation techniques that are considered significant and material for measuring insurance and reinsurance contracts. Where applicable, Discovery also provides quantitative information. However, detailed disclosure of quantitative information is not provided when it is impracticable to do so. This impracticality may arise due to one or a combination of the following reasons:

- The assumptions are set at a highly granular level to support the unique dynamic underwriting approach used in the product design. The quantitative inputs are therefore extensive.
- The dynamic underwriting approach leads to assumptions which are interdependent therefore the quantitative inputs in one category may be misleading or misinterpreted if not considered together with other assumptions and inputs.
- The assumptions are partly derived from internal data which is commercially sensitive and impacts Discovery's competitive position.

III. EXPECTED FULFILMENT CASH FLOWS (EFCF)

In line with the requirements of IFRS 17, Discovery applies judgement to determine which cash flows within the boundary of insurance contracts relate directly to the fulfilment of the contracts, including the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

Discovery primarily uses deterministic projections to estimate the present value of future cash flows. The assumptions used are best estimate assumptions determined using probability-weighted estimates based on past experience and taking into account expected future experience which may include planned management actions. A margin for risk in the assumption being allowed for in the risk adjustment. The following assumptions were used when estimating future cash flows:

A. MORTALITY AND MORBIDITY

Assumptions of future mortality and morbidity experience are derived from reinsurers and industry data and compared to actual past experience. Where appropriate, the assumptions are adjusted to reflect actual past experience or for expected changes in future experience.

The assumptions are modified for each policy based on actual data from underwriting performed on the policy and compared against standard industry tables for reasonability. The key mortality and morbidity assumptions are reviewed and benchmarked against the industry to ensure the reasonability of assumptions for Discovery Life. An adjustment to the standard mortality and morbidity assumptions is made to reflect the expected impact of engagement in the Vitality programme. It has been observed that higher rates of engagement result in lower mortality and morbidity claims.

For VitalityLife the mortality assumptions are set using mortality tables published by the Continuous Mortality Investigation (CMI), a subsidiary of the Institute and Faculty of Actuaries, and using the CMI projection model to allow for future mortality improvements. Where appropriate, the assumptions are adjusted to reflect actual past experience or for expected changes in future experience. Morbidity assumptions are derived from reinsurer and industry data where available and adjusted for actual past experience where appropriate. An adjustment to the standard mortality and morbidity assumptions is made to reflect the expected impact of engagement in the Vitality programme and the policyholder's level of physical activity.

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM. For a sensitivity analysis, refer to section 2.19.3.

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.18 Significant accounting estimates and judgements in applying accounting policies *continued*

B. ASSUMPTIONS ON LAPSE AND SURRENDER RATES

Lapse and surrender rates are based on actual past experience where available. The lapse analysis is done by considering the in–force duration of policies. For durations longer than actual data, lapse rates are set based on expectations of future experience based on internal and external expert advice as well as available industry benchmarking. The lapse experience investigation covers at least the last two years of lapse experience to identify trends.

Lapse and surrender assumptions are varied between different types of policies where the lapse experience is expected to differ significantly. Allowance is made for the estimated impact of the economic environment. For Discovery Life and VitalityLife, an adjustment is made to the lapse assumptions to reflect the expected impact of engagement in the Vitality programme because it has been observed that higher rates of engagement result in lower lapses.

Possible increases in lapse and surrender rates could increase or decrease estimates of future cash flows and thus decrease or increase the CSM, depending on the product specifics.

The lapse and surrender rates are assumed to range between 2.8% and 17.5% for the SA Life Risk (GMM) portfolio (2025: 2.8% to 17.6%), up to 3.0% for the SA Invest Risk (GMM) portfolio (2025: up to 3.0%), between 2.0% and 11.0% for the SA Invest Participating (VFA) portfolios (2025: 2.3% to 11.0%), and between 1.3% and 11.10% for the UK Life Risk (GMM) portfolio (2025: 1.4% to 11.0%). The disclosed ranges for the GMM portfolios represent the API-weighted average assumptions and for the VFA portfolio represent asset-weighted assumptions. Both are based on the in-force book exposure over the past 12 months and reflect the key attributes considered in setting assumptions. The ranges exclude funeral business, policies cancelled from inception, policy alterations, and, for the VFA portfolio, paid-up assumptions.

The sensitivity of the policyholder assets and liabilities due to changes in lapse rate assumptions are set out in section 2.19.3.1 and 2.19.3.2.

C. DISCOUNT RATES AND INVESTMENT RETURNS

Discount rate

The bottom-up approach was used to derive the discount rate for the cash flows of portfolios. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics of the insurance contracts sold, where applicable.

The adjustment for the liquidity premium should reflect the contract's liquidity from the policyholder's perspective, i.e., it should consider both the explicit and implicit impediments for the policyholder to terminate the contract.

From Discovery's perspective, the life insurance portfolio carries an immaterial liquidity risk because:

- the products do not charge a surrender penalty on lapse. There is no direct impediment for the policyholder to lapse their contract.
- most policyholders select age-based premium escalation patterns – this provides a broad match between the increase in premium and the escalating risk over time, leading to a significantly lower implicit impediment to lapse their contract as value does not accumulate to the extent it would in a level-premium contract for example.

For Discovery, the risk-free yield curve will be 'current' and reflect the risk-free yield curve derived on the last day of the reporting period. The nominal risk-free yield curve is used to discount nominal cash flows, while real cash flows are discounted using the real risk-free yield curve.

Risk-free rates are determined by reference to the market interest rates in the currency of the underlying cash flows for the groups of contracts.

Notes to the group annual financial statements *continued*

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.18 Significant accounting estimates and judgements in applying accounting policies *continued*

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

R million	< 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years
Year ended 30 June 2026						
Insurance contract cash flows						
SA Life (Risk) | GMM	**7.5 %**	**7.6 %**	**8.0 %**	**8.6 %**	**9.5 %**	**8.8 %**
SA Invest (Risk) | GMM	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**
SA Invest (Participating) |VFA	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**
UK Life (Risk) | GMM	**4.0 %**	**4.0 %**	**4.0 %**	**4.2 %**	**4.7 %**	**4.5 %**
SA Life: Group Life | PAA	**7.5 %**	**7.6 %**	**8.0 %**	**8.6 %**	**9.5 %**	**8.8 %**
Reinsurance contract cash flows						
SA Life (Risk) | GMM	**7.5 %**	**7.6 %**	**8.0 %**	**8.6 %**	**9.5 %**	**8.8 %**
UK Life (Risk) | GMM	**4.0 %**	**4.0 %**	**4.0 %**	**4.2 %**	**4.7 %**	**4.5 %**
SA Life: Group Life | PAA	**7.5 %**	**7.6 %**	**8.0 %**	**8.6 %**	**9.5 %**	**8.8 %**
Year ended 30 June 2025						
Insurance contract cash flows						
SA Life (Risk) | GMM	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %
SA Invest (Risk) | GMM	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %
SA Invest (Participating) |VFA	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %
UK Life (Risk) | GMM	3.8 %	3.7 %	3.6 %	3.8 %	4.3 %	4.1 %
SA Life: Group Life | PAA	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %
Reinsurance contract cash flows						
SA Life (Risk) | GMM	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %
SA Invest (Risk) | GMM	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %
SA Invest (Participating) |VFA	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %
UK Life (Risk) | GMM	3.8 %	3.7 %	3.6 %	3.8 %	4.3 %	4.1 %
SA Life: Group Life | PAA	7.6 %	7.9 %	8.6 %	10.2 %	12.6 %	12.2 %

Notes to the group annual financial statements *continued*

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.18 Significant accounting estimates and judgements in applying accounting policies *continued*

Discovery Life

To determine the risk-free rate in South Africa, the daily nominal and real yield curves produced and published daily by the Discovery Bank Treasury function. These curves are consistent with the current market value of South African Government Bond issuances, and consistent with observable current market prices.

Discovery Life considers for inclusion all bonds included in the GOVI index while applying exclusion criteria designed to only include homogeneous bonds within the curve construction. Negotiable Certificates of Deposit are also used making appropriate adjustments to allow for credit risk.

The South African Government does not issue bonds across all maturities which implicitly creates the need to interpolate between various securities and extrapolate beyond the last liquid bond used in the construction of the yield curve.

The sensitivity of the policyholder liabilities due to changes in real curve assumptions are set out in section 2.19.3.

Vitality Life

To determine the risk-free rate in the UK, the nominal and yield curves are produced and published monthly by the Bank of England (BOE).

D. EXPENSE ASSUMPTIONS

IFRS 17 does not specify a methodology for attributing directly attributable fixed overhead expenses to the respective groups of insurance contracts and to individual policies. It requires that the methods used be systematic and rational. Discovery has applied judgement in developing its methodology.

Estimates of future expenses relating to fulfilment of contracts in the scope of IFRS 17 are based on the results of the latest expense and budget information. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads.

Expenses are considered non-recurring when they relate to the start-up of a new business area or when they are material and are specific to an event that is not expected to occur in the future.

The allocation of expenses between initial and renewal is based on the latest expense analysis, where expenses are directly allocated based on the function performed. Where an expense could relate to both initial and renewal functions, the expenses are allocated proportionately based on estimates of the functions performed.

Per Discovery's policy, expenses are projected to increase in line with consumer price inflation. Non-recurring expenses are excluded from the expense analysis used to derive the assumption.

The sensitivity of the policyholder liabilities due to changes in expense assumptions are set out in section 2.19.3.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.18 Significant accounting estimates and judgements in applying accounting policies *continued*

CONTRACTUAL SERVICE MARGIN

The CSM is a component of the asset or liability for the group of insurance contracts that represents the future unearned profit. The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year.

The determination of coverage units requires significant judgements due to consideration of the quantity of the benefits provided, the expected coverage period and time value of money for each contract. The coverage units are reviewed and updated at each reporting date.

The quantity of services provided by insurance contracts may include insurance coverage, investment-return services and investment-related services, as applicable. Discovery determines the quantity of the benefits provided under each contract as follows:

Portfolio	Benefit type	Measurement model	Quantity of benefits
Insurance contracts			
SA Life (Risk), SA Invest (Risk) and UK Life (Risk)	Lump sum benefits paid on death, disability or disablement and survival	GMM	For contracts where coverage for an insured event is provided, the quantity of benefits is considered to be the maximum amount payable under each insurance contract at each point in time. For contracts where the company provides investment-return services on insurance contracts in Invest without direct participation features, the coverage unit is primarily dependent on the investment services provided under the contract given this constitutes the majority of the service provided to policyholders over the lifetime of the contract.
	Annuity-type payment on death or disability		The expected maximum amount at risk at each point in time.
SA Invest (Participating)	Investment linked insurance contracts.	VFA	The coverage unit should allow for the coverage provided for the insured event as well as the management of the underlying items on behalf of the policyholder. On VFA contracts, the determination of the coverage unit is primarily dependent on the investment services provided under the contract given this constitutes the majority of the service provided to policyholders over the lifetime of the contract.
Reinsurance contracts			
SA Life (Risk) and UK Life (Risk)	Quota share reinsurance	GMM	Same basis as underlying insurance contract
	Excess of loss and stop loss reinsurance		Expected amount of underlying claims to be covered in each period

Notes to the group annual financial statements *continued*

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.18 Significant accounting estimates and judgements in applying accounting policies *continued*

For GMM contracts, Discovery has elected to allow for the real time value of money in the equal allocation of CSM to coverage units:

- For Discovery Life and VitalityLife's life insurance policies this is allowed for implicitly by assuming that the same coverage is provided in real terms over time. Practically this is achieved by projecting benefits with a 0% CPI rate solely for the determination of the coverage units.
- For Discovery Life's guaranteed endowment and annuity business modelled using the GMM approach, this is allowed for by explicitly discounting the coverage units at the real rate of return.

For VFA contracts, Discovery's chosen approach is to allow for the nominal time value of money in the equal allocation of CSM to coverage units.

RISK ADJUSTMENT

When applying a confidence level technique, the first step in the process is to calculate the best estimate reserve, where there is an equal chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The risk adjustment is then calculated such that there is a specified percentage probability that the reserves will be sufficient to cover future claims. For Discovery, the determination of specified percentage is set out in Accounting policy 12.2.

III. CONTRACTS MEASURED UNDER THE PAA

INSURANCE ACQUISITION CASH FLOWS

Discovery uses judgement in determining the initial and renewal periods for which the insurance acquisition cash flows are attributed to groups. For VitalityHealth, the initial and subsequent renewal period is set at ten years.

In the current and prior year, Discovery did not identify any facts and circumstances indicating that the assets for insurance acquisition cash flows may be impaired.

RISK ADJUSTMENT

For contracts measured under the PAA, the explicit risk adjustment for non-financial risk is estimated to measure the LIC. The risk adjustment will be determined by applying a confidence level technique. For Discovery, the determination of specified percentage is set out in Accounting policy 12.2.

REINSURANCE

All prospective liabilities are measured on a gross basis. A separate adjustment is then made to reflect the expected effect of reinsurance. For liabilities arising from insurance contracts, reinsurance recoveries are recognised as a distinct component and are not offset against the underlying insurance liabilities.

The Global Linkage Benefit is fully reinsured. The cost of the future reinsurance is dependent on the cost at which the reinsurer can buy assets to match the liability under this benefit. Assumptions are made around the cost at which the reinsurer can purchase these benefits based on the current and historical costs of these assets.

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Notes to the group annual financial statements *continued*
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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk

Discovery's accounting policy to recognise and measure insurance contracts can be viewed in Annexure A, Accounting policy 12.

Discovery issues both short-term and long-term contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. An insurance contract is a contract in which Discovery as the issuer and/or insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The insurance risk includes mortality and morbidity risk for life insurance contracts, as well as non-life risk from events such as fire or accident arising under general insurance contracts. As such, Discovery is exposed to the uncertainty surrounding the timing and severity of such claims.

Risk management objectives and policies for mitigating insurance risk

The Group manages insurance risk through the following mechanisms:

- Discovery manages its exposure to risks arising from insurance contracts in terms of its risk management framework and holds regulatory and economic capital for protection against adverse experience.
- The diversification of business over several classes of insurance and large numbers of uncorrelated individual risks, by which the Group seeks to reduce variability in loss experience.
- An agreed risk appetite for all risk types, including those relating to insurance.
- Reinsurance, which is used to limit Discovery's exposure to large single claims and catastrophes. When selecting a reinsurer, consideration is given to those companies that provide high security using rating information from both public and private sources.
- The maintenance and use of information management systems, which provide current data on the risks to which the business is exposed and the quantification of such risks.
- Actuarial models, which use the above information to calculate premiums and monitor decrements and claims patterns.
- Past experience and statistical methods are used.
- Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.

Notes to the group annual financial statements *continued*
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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

The following summarises the risk associated with the various insurance contracts offered by Discovery, and how Discovery manages these risks.

Type of risk	Nature of risk	How Discovery manages the risk
Lapse and surrender risk	Risk that policyholders discontinue, reduce or withdraw policies earlier than expected, leading to reduced future profits and potential non-recovery of acquisition costs.	***Product design*** Products are designed for long-term sustainability, with new offerings made available to existing policyholders where it is possible to mitigate lapse and re-entry risk, and integration across Discovery's product suite enhancing the overall value proposition. ***Commission claw back*** Commission claw back arrangements apply where policies lapse within a specified period after inception. ***Experience monitoring and conservation*** Lapse experience is monitored monthly to identify emerging trends and inform management action, supported by proactive, targeted conservation initiatives, including adviser engagement to encourage the adoption of policy features associated with improved persistency.
Modelling and data risk	Actuarial liabilities are calculated using complex discounted cash flow models. There is a risk that the models do not accurately project the policy cash flows in the future. The models rely on data from the administration system, and there is thus a further risk that the data does not accurately reflect the policies being valued.	The risk is mitigated by using established actuarial modelling platforms, supported by formal model governance and change control processes, independent model validation and review. Regular experience investigations and analysis of change, and comprehensive data reconciliation and reasonability checks are performed at each valuation date.
Catastrophe and concentration risk	Risk of large losses arising from a single catastrophic event or from the accumulation of correlated risks across policyholders or geographic areas.	The risk is mitigated through exposure limits, portfolio diversification and catastrophe reinsurance arrangements appropriate to each portfolio, supported by ongoing monitoring of aggregate exposures and active management of underwriting, pricing and benefit structures.
Expense risk	Expense risk is the risk that insurance-related actual expenses and expense inflation being higher than expected adversely affecting insurance contract profitability.	Expenses are monitored monthly against budgeted expenses. Any deviation from the budget is investigated, reported and where necessary, remedial action is taken.
Reinsurance risk	Risk that reinsurance arrangements are insufficient, ineffective or misaligned with the Group's risk profile.	Reinsurance risk is managed through regular review of reinsurance programmes, assessment of reinsurer credit quality, use of financially strong counterparties and alignment of reinsurance structures with the Group's risk appetite and capital objectives.

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Notes to the group annual financial statements *continued*

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

Insurance risk	Description	How Discovery manages the risk
Mismatching and market risk	Mismatching is the risk that insurance related cash outflows (for example, benefit payments, administration expenses) do not match expected future cash inflows (predominately future premiums or proceeds from assets). Mismatching risk can also arise when movements in the value of assets and liabilities are out of line given changes in market variables, including equity prices, interest rates or foreign exchange rates.	For assets arising from insurance contracts, Discovery covers the insurance-related outflows by expected future cash inflows (predominately future premiums). For liabilities arising from insurance contracts, the insurance related cash outflows are matched with a combination of a release of policyholder assets (net of retained fees) and expected cash inflows. Asset portfolios of appropriate nature and duration are held to match guaranteed liabilities arising from insurance contracts. For further discussion on how Discovery manages this risk, refer to the following notes: ■ For mismatching risk, refer note 2.19.1 ■ For interest rate risk, refer note 2.19.4; and ■ For currency risk, refer note 2.19.5

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

Insurance risk	Description	How Discovery manages the risk
Contracts measured under the GMM and VFA		
Underwriting risk – mortality. morbidity and longevity risk	***Mortality and Morbidity risk*** There is a risk that actual mortality and morbidity experience is higher than expected on life insurance business. This could arise as a result of the number of claims or the value of claims being higher than expected. ***Longevity risk*** There is a risk that actual mortality experience is lower than expected on fixed annuity business.	Medical underwriting is applied at point of sale and on an ongoing basis through the Shared Value Model. Where elevated risks are identified, premium loadings and/or exclusions are applied. Underwriting quality is supported through monthly internal quality assurance audits to minimise the risk of incorrect underwriting decisions. Financial underwriting is applied to ensure that the level of cover requested is appropriate and justifiable for each policyholder. ***Experience monitoring*** Claims and experience investigations are performed regularly, with corrective actions implemented where adverse experience is identified. Monitoring is conducted at least quarterly, and monthly for certain business lines. ***Reinsurance*** Reinsurance is used to protect against volatility in claims experience and the accumulation of risk. Facultative reinsurance is applied where there is uncertainty regarding appropriate terms for individual risks. Reinsurers also provide specialist input in the development of new products.
Underwriting risk – selection risk	Selection risk is the higher-risk lives or assets are attracted to the Group's products at insufficient premium levels, resulting in adverse experience.	***Product design and pricing*** Products are designed to minimise adverse selection through the application of appropriate rating factors to standard premium rates. Integration across Discovery's product offerings attracts healthier-than-average lives, resulting in positive selection and incentivising engagement in the Vitality programme, which supports improved risk experience. The Vitality programme encourages healthy lifestyle behaviour through rewards and benefits, with policyholder Vitality status directly influencing claims, lapse and premium assumptions used in the valuation of insurance contract assets and liabilities. The shared-value design of the model mitigates the risk of extreme adverse financial impacts arising from changes in policyholder behaviour.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

Insurance risk	Description	How Discovery manages the risk
Contracts measured under the PAA approach		
Underwriting – claims frequency and severity (short-term Insurance)	The principal risk is that the frequency and/or severity of claims are greater than expected due to adverse experience or external events.	Risk is managed through individual risk-based pricing, portfolio diversification and the use of behavioural and risk-management tools, supported by catastrophe and excess-of-loss reinsurance. Experience monitoring is performed across both premiums and claims, with actual experience regularly compared against financial forecasts and any deviations investigated, providing a feedback loop into pricing and enabling timely responses to changes in policyholder behaviour. ***Product design and pricing*** Product design and pricing are subject to ongoing review, including contract-by-contract reviews of Group Life business at least every two years. Discovery Life predominantly operates in the higher-income segment of the South African market, where HIV/AIDS risk is lower than the market average; this risk is appropriately allowed for in product development and pricing based on overall claims experience and reinsurer input. For VitalityHealth, new business is written in line with approved pricing assumptions and defined underwriting criteria, while existing business is managed through annual risk-based repricing at policy renewal. Discovery Insure manages risk through geographical and portfolio diversification, individual risk pricing with minimal cross-subsidy, and the use of telematics to support improved motor risk management.

2.19.1 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with insurance liabilities due to insufficient cash being available to meet commitments as and when they become due. This is exacerbated by timing mismatches between assets and liabilities.

2.19.1.1 Contracts with long-term exposures

Currently, Discovery Life's and VitalityLife's expected outflows are mostly long-term, and the main liquidity requirement is to fund acquisition expenses on new business and unexpected fluctuations in benefit payments. As discussed in note 3.12.2, Discovery invests primarily in liquid financial assets.

For Discovery Life, large sums assured above a defined retention level are reinsured, providing stability in claims experienced and further reducing liquidity risk.

There is a need to meet liquidity requirements arising from Discovery Invest's Guaranteed Plan book. Liquidity requirements are managed to ensure a liquidity buffer is maintained to meet potential outflows if exit rates are higher than expected. The liquidity risk on the existing portfolio is thus relatively small.

VitalityLife also receives partial financing for new business strain from financing reinsurance treaties with reinsurers. The FinRe reduces liquidity risk as it flexes with new business volumes and reduces the impact of loss of premiums in a lapse stress.

Notes to the group annual financial statements *continued*

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.1.2 Contracts not measured under the PAA model

2.19.1.2.1 MATURITY ANALYSIS

The following table shows a maturity analysis of discounted cash flows for participating insurance contracts and risk insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. This analysis does not include the liability for remaining coverage for contracts measured under the PAA. The maturity analysis for insurance- linked investment contracts and unit-linked insurance contracts is based on projected future cash flows. Cash flows are allocated to maturity buckets based on the expected timing of policyholder benefits and withdrawals, taking into account product features, projected policy terms and expected policyholder behaviour.

Insurance contracts cash flows

	Assets arising from insurance contracts		Liabilities arising from insurance contracts		
R million	SA Life (Risk)	UK Life (Risk)	SA Invest (Risk)	SA Invest (Participating)	SA Life Group risk and other (PAA)
30 June 2026					
< 1 year	**(693)**	**(3 978)**	**4 117**	**7 777**	**2 147**
Years 1 to 2	**(3 529)**	**(4 828)**	**4 143**	**9 301**	**802**
Years 3 to 4	**(3 079)**	**(4 136)**	**4 609**	**8 354**	**680**
Years 4 to 5	**(3 093)**	**(3 622)**	**3 175**	**8 847**	**587**
Years 5 to 6	**(3 326)**	**(3 223)**	**1 943**	**8 400**	**514**
Years 6 to 10	**(15 471)**	**(11 619)**	**2 086**	**20 478**	**1 659**
Years 10 to 20	**(23 717)**	**(8 716)**	**2 171**	**21 578**	**968**
>20 years	**(24 761)**	**1 259**	**1 025**	**9 541**	**107**
Total	**(77 669)**	**(38 863)**	**23 269**	**94 276**	**7 464**
30 June 2025					
< 1 year	17	(3 952)	5 223	5 911	2 069
Years 1 to 2	(3 392)	(4 447)	3 634	7 076	794
Years 3 to 4	(3 275)	(3 800)	3 566	6 503	648
Years 4 to 5	(2 883)	(3 359)	3 925	6 508	540
Years 5 to 6	(2 642)	(3 015)	2 627	7 079	451
Years 6 to 10	(13 477)	(11 094)	1 729	18 436	1 323
Years 10 to 20	(17 793)	(8 676)	1 419	20 319	560
>20 years	(15 210)	251	447	8 294	32
Total	(58 655)	(38 092)	22 570	80 126	6 417

The amounts from insurance contract liabilities noted in the maturity table above include amounts payable on demand. The amounts that are payable on demand are set out below.

For the unit-linked and similar investment-linked insurance contracts where the policyholder has the option to terminate or transfer their contracts at any time and the policyholder receives money back, the money payable to the policyholder is referred to as the amounts payable on demand. The termination or transfer of the insurance contract will be at the discretion of the policyholder.

Amounts payable on demand excludes the amounts payable on a valid claim event. The SA Life and Invest (Risk) and UK Life (Risk) insurance contracts have no amounts payable on demand.

	2026	2025
R million	**Amount payable on demand**	Amount payable on demand
SA Life and Invest (Participating)	**104 785**	91 235

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SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

Reinsurance contracts cash flows

R million	Assets arising from insurance contracts – SA Life Group Risk and other (PAA)	Liabilities arising from insurance contracts – SA Life (Risk)	Liabilities arising from insurance contracts – UK Life (Risk)
30 June 2026			
< 1 year	**(434)**	**(264)**	**3 067**
Years 1 to 2	**(107)**	**541**	**3 518**
Years 3 to 4	**(90)**	**475**	**3 011**
Years 4 to 5	**(77)**	**470**	**2 497**
Years 5 to 6	**(67)**	**477**	**2 192**
Years 6 to 10	**(201)**	**1 393**	**3 441**
Years 10 to 20	**(105)**	**1 676**	**1 075**
>20 years	**(8)**	**966**	**29**
Total	**(1 089)**	**5 734**	**18 830**
30 June 2025			
< 1 year	(368)	(132)	2 944
Years 1 to 2	(110)	516	2 940
Years 3 to 4	(87)	502	2 452
Years 4 to 5	(71)	482	2 096
Years 5 to 6	(58)	468	1 700
Years 6 to 10	(159)	1 653	3 580
Years 10 to 20	(57)	1 420	1 183
>20 years	(3)	741	127
Total	(913)	5 650	17 022

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

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.1 LIQUIDITY RISK *continued*

2.19.1.3 Contracts measured under the PAA model

SA INSURE AND OTHER

Discovery Insure holds the majority of working and solvency capital in cash or near cash instruments to minimise liquidity risk. Large sums assured above a defined retention level are reinsured, providing stability in claims experience and further reducing the liquidity risk. Catastrophe reinsurance further reduces this risk.

UK HEALTH

VitalityHealth maintains sufficient liquid assets to meet short-term liabilities and to allow for the initial cash flow strain when writing new business. Currently, VitalityHealth's expected liabilities are mostly short-term, and the main liquidity requirement is to fund acquisition expenses on new business, with the existing book mature enough to generate sufficient liquidity to cover cash flow strain of writing consistent levels of new business.

2.19.2 CONCENTRATION OF INSURANCE RISK

Discovery manages concentration risk through various mechanisms and monitors the opportunities for mitigating actions. Such mechanisms include:

- underwriting principles and product pricing procedures.
- reinsurance.
- the diversification of business over several classes of insurance and large numbers of uncorrelated individual risks.

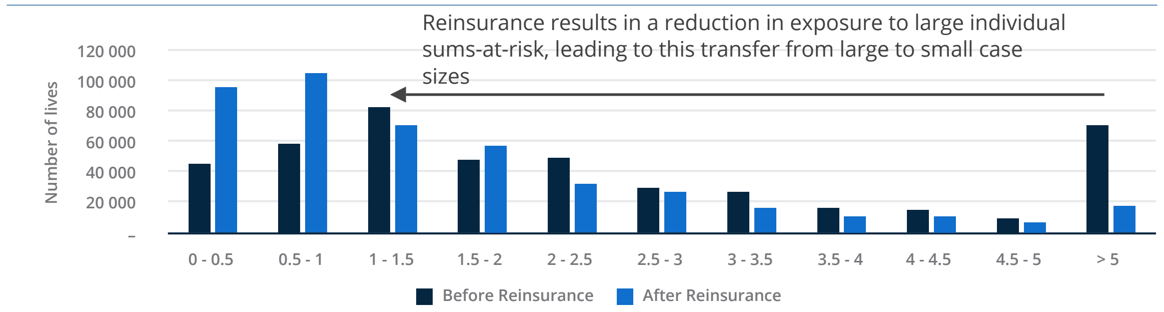
SA LIFE AND INVEST (RISK AND GROUP LIFE)

Discovery Life maintains a well-diversified portfolio of policies. Reinsurance is further used to protect against the concentration of risk. Catastrophe reinsurance protects against the accumulation of claims from a single event, within a period of time and area of a limited radius, for example, an airplane crash. The catastrophe reinsurance for Discovery Life covers single event disasters for up to R1 130 million, where the net of reinsurance impact is greater than R55 million. For its biggest four group schemes, a further layer of catastrophe reinsurance cover of R4 300 million in excess of R1 185 million is in place.

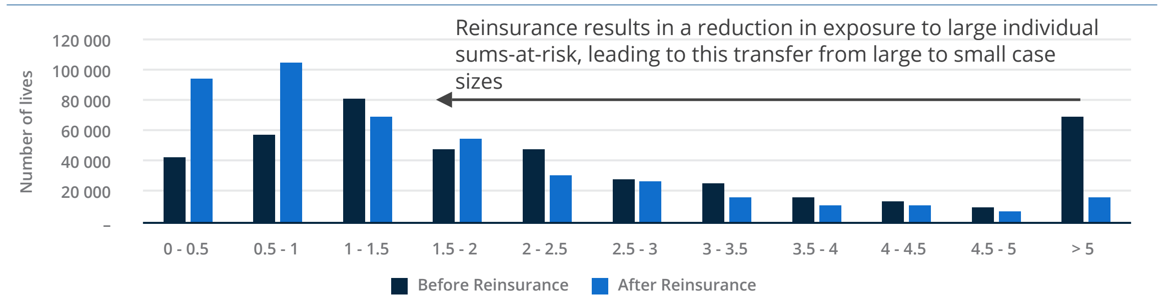
2.19.2.1 SA Life Risk (GMM)

Reinsurance removes the exposure to large individual claims. The following graph demonstrates that the distribution of policies by sum assured is shifted towards lower sum assured due to the reinsurance cover.

2026 Distribution of Sums Retained: Before and after reinsurance (Sum retained – Rm)



2025 Distribution of Sums Retained: Before and after reinsurance (Sum retained – Rm)



Notes to the group annual financial statements *continued*
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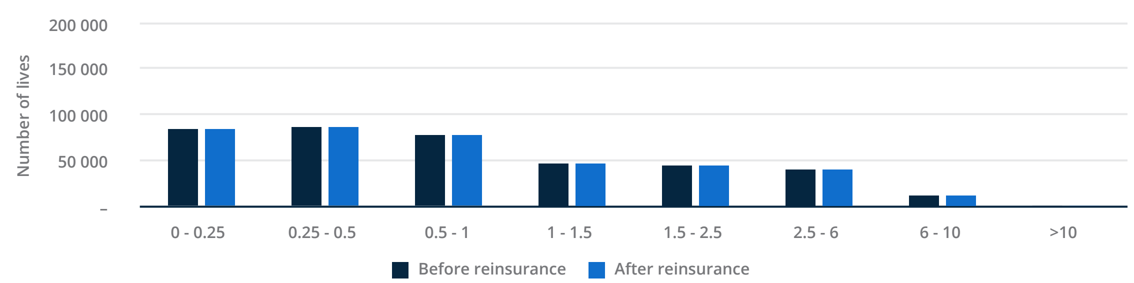
SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

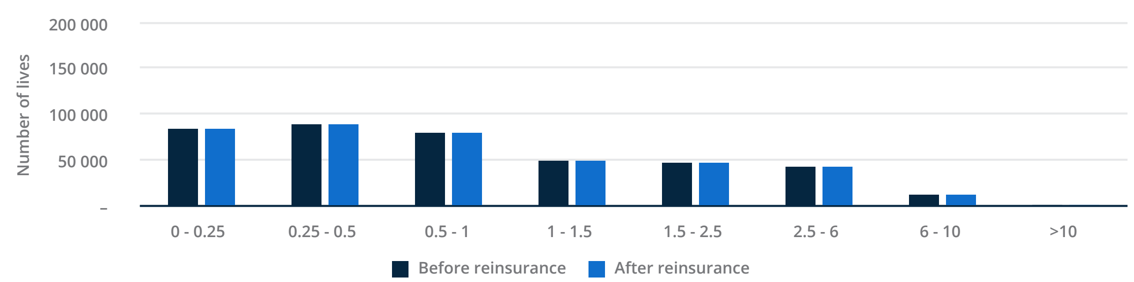
2.19.2 CONCENTRATION OF INSURANCE RISK *continued*

2.19.2.2 SA Life and Invest: Group Risk and other (PAA)

2026 Distribution of Sums Retained: Before and after reinsurance (Sum retained – Rm)



2025 Distribution of Sums Retained: Before and after reinsurance[1] (Sum retained – Rm)

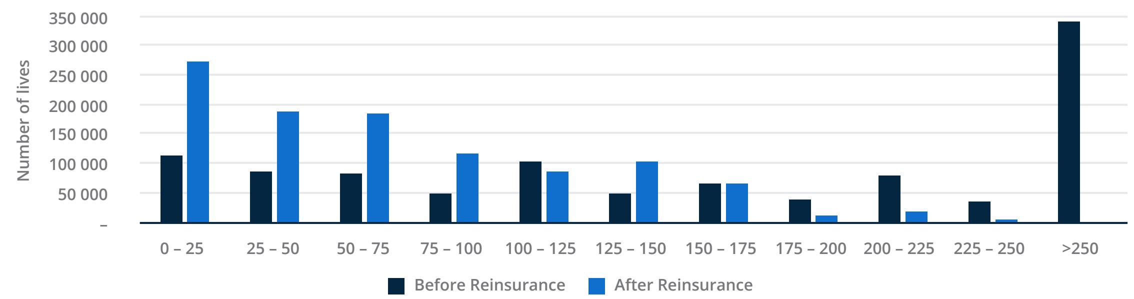


1 *Effective 1 July 2025, the Group updated the presentation of the concentration risk disclosure to better reflect the underlying concentration risk profile. As a result, the brackets previously disclosed for the distribution of the sums retained have been amended to provide a more meaningful presentation of the distribution of policies. In addition, the Group identified a prior period error in the comparative concentration risk disclosure, where the vertical axis (representing the number of lives) was incorrectly presented. The comparative information has been restated accordingly.*

2.19.2.3 UK Life (Risk) (GMM)

VitalityLife maintains a well-diversified portfolio of policies. Reinsurance removes the exposure to large individual claims. The following graph demonstrates that the distribution of policies by sum assured is shifted towards lower sum assured due to the reinsurance cover. The profile is largely the same as the prior period, although a shift towards higher sums assured due to annual benefit increases and inflationary impacts on new business was observed as expected.

2026 Distribution of Sums Retained: Before and after reinsurance (Sum retained – GBP'000)



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

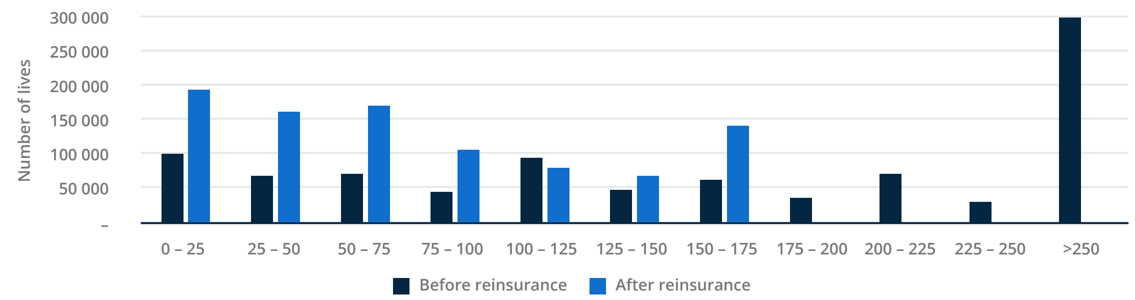
SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.2 CONCENTRATION OF INSURANCE RISK *continued*

2.19.2.3 UK Life (Risk) (GMM) *continued*

2025 Distribution of Sums Retained: Before and after reinsurance (Sum retained – GBP'000)



UK HEALTH (PAA)

VitalityHealth has the risk of single large medical expense claims arising abroad or multiple small travel claims due to a single event, which could cause losses. To manage these risks, VitalityHealth holds a reinsurance policy specifically on travel benefits, which can help cover the concentration risks from these events. The threshold for a potential claim on the reinsurance for either of these reasons is GBP350 000.

SA INSURE AND OTHER (PAA)

There is a risk that a concentration of risk can lead to a worse-than-expected claims experience. To manage this concentration of insurance risk, Discovery has entered a catastrophe excess of loss reinsurance treaty that would limit the loss of the Group to pre-determined levels following the occurrence of a localised catastrophe in that area.

Discovery Insure has a concentration of policyholders in the main metropolitan areas such as Johannesburg, Pretoria, Cape Town and Durban. A catastrophic flood, hail, fire or earthquake would result in disproportionate losses in these areas, given the accumulation of risk. Catastrophe reinsurance is used to limit the size of such losses and their impact on the underwriting result.

2.19.3 UNDERWRITING RISK-SENSITIVITY ANALYSIS

The financial impact of the key risks that Discovery is exposed to can be demonstrated by considering the sensitivity of the financial results to a hypothetical change in the underlying assumptions or prevailing market conditions.

Although the sensitivities demonstrate the impact of a change in assumption, the results generally cannot be extrapolated to demonstrate the impact on future earnings and earnings forecasts.

For each sensitivity illustrated, all other assumptions have been left unchanged. No allowance has been made for any management action, for example, premium increases, to react to the worse-than-expected experience.

The sensitivities shown below consider a change in the long-term assumption used in the projection model. The following sensitivities are provided under insurance risk:

- **Lapse and surrender rates:** The lapse, surrender and withdrawal rates are increased or decreased across all policies and investment plans;
- **Long-term investment return and inflation:** A parallel shift is assumed in the yield curve. The investment return, inflation, renewal expense inflation, and inflation-linked premium increases are adjusted consistently;
- **Renewal expenses:** Renewal expense per policy is increased or decreased across all policies and investment plans;
- **Mortality and morbidity:** The mortality rate, disability rate and severe illness rates are increased and decreased across all policies and investment plans; and
- **Real rate returns:** The assumed real rate curve is increased or decreased across all policies and investment plans.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.3 UNDERWRITING RISK-SENSITIVITY ANALYSIS *continued*

2.19.3.1 Sensitivity analysis – assets arising from insurance contracts

The sensitivity analysis below considers how the CSM, profit or loss and equity would have increased (decreased) given illustrative changes to key assumptions. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant. The results do not include the impact of any management actions which may be taken under these scenarios.

For portfolios where Discovery has elected to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income (OCI), the movement in equity under each scenario is not necessarily equivalent to the change in profit or loss, with the difference between the two being reflected in a change in the OCI balance. Consideration also needs to be given to items of asymmetry. Positive and negative assumption changes may have non-linear impacts on profit or loss due to the impact on items such as the loss component on onerous contracts.

SA Life (Risk)

R million (Decrease)/Increase	CSM		Profit or loss		Equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Base: June 2026 assumptions						
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)[1]	**(6 673)**	**(6 456)**	**(1 718)**	**(1 682)**	**(1 926)**	**(1 887)**
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	**8 974**	**8 738**	**933**	**895**	**1 577**	**1 533**
Investment return and inflation -1% (e.g. from 5% to 4%)	*****	*****	**(1)**	*****	**1 987**	**1 795**
Investment return and inflation +1% (from 5% to 6%)	*****	*****	**1**	**1**	**(1 883)**	**(1 717)**
Expense assumption +10%	**(468)**	**(469)**	**(105)**	**(103)**	**(104)**	**(102)**
Expense assumption -10%	**471**	**473**	**92**	**90**	**100**	**97**
Mortality and morbidity +10%	**(7 425)**	**(5 722)**	**(3 141)**	**(1 950)**	**(2 956)**	**(2 236)**
Mortality and morbidity -10%	**10 052**	**7 801**	**1 223**	**1 015**	**1 882**	**1 565**
Real curve -1% and inflation +1%	*****	*****	*****	*****	**5 591**	**5 351**
Real curve +1% and inflation –1%	*****	*****	*****	*****	**(4 392)**	**(4 198)**
Base: June 2025 assumptions						
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)[1]	(6 837)	(6 645)	(1 367)	(1 304)	464	497
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	9 244	8 991	660	630	(1 412)	(1 405)
Investment return and inflation -1% (e.g. from 5% to 4%)	–	–	(2)	(1)	1 510	1 365
Investment return and inflation +1% (from 5% to 6%)	–	–	3	2	(1 395)	(1 262)
Expense assumption +10%	(467)	(473)	(72)	(67)	(54)	(49)
Expense assumption -10%	472	478	71	65	50	45
Mortality and morbidity +10%	(7 800)	(5 914)	(2 638)	(1 859)	(818)	(527)
Mortality and morbidity -10%	10 215	7 991	877	692	(651)	(508)
Real curve -1% and inflation +1%	–	–	6	5	3 668	3 462
Real curve +1% and inflation –1%	–	–	(2)	(2)	(2 942)	(2 766)

** Amount is less than R500 000.*

1 SA Life and Invest (Risk): an increase in lapse rates on risk policies erodes value (as demonstrated by the CSM impact). Due to differences in the discount rates used to measure the impact of changes in fulfilment cashflows (at current rates) and the CSM (at initial recognition rates), the impacts between the two are not consistent and may lead to instances where the net equity position is a gain, although the overall balance sheet position has deteriorated.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.3 UNDERWRITING RISK-SENSITIVITY ANALYSIS *continued*

2.19.3.1 Sensitivity analysis – assets arising from insurance contracts *continued*

UK Life (Risk)

R million (Decrease)/Increase	CSM		Profit or loss		Equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Base: June 2026 assumptions						
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)[1]	**(1 485)**	**(1 189)**	**490**	**369**	**58**	**(52)**
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	**1 629**	**1 333**	**(558)**	**(448)**	**(106)**	**(12)**
Investment return and inflation -1% (e.g. from 5% to 4%)	**(11)**	**(10)**	**(81)**	**(79)**	**(478)**	**(854)**
Investment return and inflation +1% (from 5% to 6%)	**(10)**	**(10)**	**(4)**	**4**	**171**	**527**
Expense assumption +10%	**(453)**	**(452)**	**(321)**	**(321)**	**(177)**	**(177)**
Expense assumption -10%	**461**	**506**	**315**	**280**	**171**	**136**
Mortality and morbidity +10%	**(4 183)**	**(1 146)**	**(2 116)**	**(703)**	**(992)**	**(540)**
Mortality and morbidity -10%	**4 426**	**1 215**	**2 002**	**664**	**844**	**489**
Real curve -1% and inflation +1%	**(10)**	**(10)**	**(4)**	**4**	**542**	**488**
Real curve +1% and inflation –1%	**(11)**	**(10)**	**(78)**	**(75)**	**(599)**	**(553)**
Base: June 2025 assumptions						
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)[1]	(1 622)	(1 262)	412	294	122	(33)
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	1 723	1 402	(587)	(494)	(134)	(27)
Investment return and inflation -1% (e.g. from 5% to 4%)	–	–	(115)	(128)	(543)	(921)
Investment return and inflation +1% (from 5% to 6%)	–	–	(16)	(13)	132	487
Expense assumption +10%	(416)	(415)	(313)	(313)	(173)	(172)
Expense assumption -10%	427	470	308	275	164	130
Mortality and morbidity +10%	(4 025)	(1 289)	(2 117)	(811)	(981)	(591)
Mortality and morbidity -10%	4 215	1 327	2 056	789	867	572
Real curve -1% and inflation +1%	–	–	(17)	(16)	554	490
Real curve +1% and inflation –1%	–	–	(112)	(125)	(697)	(642)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.3 UNDERWRITING RISK-SENSITIVITY ANALYSIS *continued*

2.19.3.2 Sensitivity analysis – liabilities arising from insurance contracts

The table below analyses how the CSM, profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

SA Invest (Risk)

R million (Decrease)/Increase	CSM		Profit or loss		Equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Base: June 2026 assumptions						
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)	*****	*****	**3**	**3**	**3**	**3**
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	*****	*****	**(3)**	**(3)**	**(3)**	**(3)**
Investment return and inflation -1% (e.g. from 5% to 4%)	*****	*****	**(781)**	**(781)**	**(781)**	**(781)**
Investment return and inflation +1% (from 5% to 6%)	*****	*****	**688**	**688**	**688**	**688**
Expense assumption +10%	**(4)**	**(4)**	**(4)**	**(4)**	**(4)**	**(4)**
Expense assumption -10%	**4**	**4**	**4**	**4**	**4**	**4**
Mortality and morbidity +10%	**38**	**38**	**83**	**83**	**83**	**83**
Mortality and morbidity -10%	**(37)**	**(37)**	**(94)**	**(94)**	**(94)**	**(94)**
Real curve -1% and inflation +1%	*****	*****	**(56)**	**(56)**	**(56)**	**(56)**
Real curve +1% and inflation –1%	*****	*****	**47**	**47**	**47**	**47**
Base: June 2025 assumptions						
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)	–	–	4	4	4	4
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	–	–	(4)	(4)	(4)	(4)
Investment return and inflation -1% (e.g. from 5% to 4%)	–	–	(812)	(812)	(812)	(812)
Investment return and inflation +1% (from 5% to 6%)	–	–	738	738	738	738
Expense assumption +10%	(3)	(3)	(6)	(6)	(6)	(6)
Expense assumption -10%	3	3	6	6	6	6
Mortality and morbidity +10%	25	25	43	43	43	43
Mortality and morbidity -10%	(18)	(18)	(54)	(54)	(54)	(54)
Real curve -1% and inflation +1%	–	–	(66)	(66)	(66)	(66)
Real curve +1% and inflation –1%	–	–	55	55	55	55

* *Amount is less than R500 000.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.3 UNDERWRITING RISK-SENSITIVITY ANALYSIS *continued*

2.19.3.2 Sensitivity analysis – liabilities arising from insurance contracts *continued*

SA Invest (Participating)

R million (Decrease)/Increase	CSM	Profit or loss	Equity
	Gross of reinsurance	Gross of reinsurance	Gross of reinsurance
Base: June 2026 assumptions			
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)	**(354)**	**(5)**	**(5)**
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	**381**	**2**	**2**
Investment return and inflation -1% (e.g. from 5% to 4%)	**78**	**(47)**	**(47)**
Investment return and inflation +1% (from 5% to 6%)	**(78)**	**47**	**47**
Expense assumption +10%	**(66)**	**(11)**	**(11)**
Expense assumption -10%	**66**	**11**	**11**
Mortality and morbidity +10%	**(72)**	**(4)**	**(4)**
Mortality and morbidity -10%	**75**	**4**	**4**
Real curve -1% and inflation +1%	**150**	**12**	**12**
Real curve +1% and inflation –1%	**(138)**	**(11)**	**(11)**
Base: June 2025 assumptions			
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)	(335)	(29)	(29)
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	361	25	25
Investment return and inflation -1% (e.g. from 5% to 4%)	7	(6)	(6)
Investment return and inflation +1% (from 5% to 6%)	(7)	6	6
Expense assumption +10%	(56)	(14)	(14)
Expense assumption -10%	56	14	14
Mortality and morbidity +10%	(61)	(9)	(9)
Mortality and morbidity -10%	64	9	9
Real curve -1% and inflation +1%	118	16	16
Real curve +1% and inflation –1%	(108)	(14)	(14)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.3 UNDERWRITING RISK-SENSITIVITY ANALYSIS *continued*

2.19.3.2 Sensitivity analysis – liabilities arising from insurance contracts *continued*

SA Life Group Risk and other

R million (Decrease)/Increase	Profit or loss		Equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Base: June 2026 assumptions				
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)	**–**	**–**	**–**	**–**
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	**–**	**–**	**–**	**–**
Investment return and inflation -1% (e.g. from 5% to 4%)	*****	*****	**(26)**	**(23)**
Investment return and inflation +1% (from 5% to 6%)	*****	*****	**43**	**37**
Expense assumption +10%	**(14)**	**(14)**	**(14)**	**(14)**
Expense assumption -10%	**14**	**14**	**14**	**14**
Mortality and morbidity +10%	**157**	**135**	**154**	**133**
Mortality and morbidity -10%	**(171)**	**(147)**	**(168)**	**(145)**
Real curve -1% and inflation +1%	*****	*****	**(192)**	**(171)**
Real curve +1% and inflation –1%	*****	*****	**196**	**174**
Base: June 2025 assumptions[1]				
Lapse and surrender rates +10% (e.g. from x% to 1.1x%)	–	–	–	–
Lapse and surrender rates -10% (e.g. from x% to 0.9x%)	–	–	–	–
Investment return and inflation -1% (e.g. from 5% to 4%)	–	–	(27)	(23)
Investment return and inflation +1% (from 5% to 6%)	–	–	35	30
Expense assumption +10%	(12)	(12)	(12)	(12)
Expense assumption -10%	12	12	12	12
Mortality and morbidity +10%	157	133	154	131
Mortality and morbidity -10%	(171)	(146)	(169)	(143)
Real curve -1% and inflation +1%	–	–	(121)	(108)
Real curve +1% and inflation –1%	–	–	125	111

1 *The prior-period sign convention has been updated for consistency with this section. The underlying values remain unchanged.*

Changes in underwriting variables mainly affect the CSM, profit or loss and equity as follows.

CSM	– Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.
Profit or loss	– Changes in fulfilment cash flows relating to loss components. – Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
Equity (includes OCI)	– Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI. – The effect on profit or loss as noted.

The effects on profit or loss and equity are presented net of the related income tax.

2.19.3.3 Insurance contracts measured under the PAA approach

Discovery estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowances for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss-reserving techniques. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and, therefore, the ultimate claims cost.

The sensitivity shown below considers a change in the assumption used in the reserving model for portfolios measured under the PAA approach. The following sensitivity is provided under insurance risk:

Ultimate claims: The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.3 UNDERWRITING RISK-SENSITIVITY ANALYSIS *continued*

2.19.3.3 Insurance contracts measured under the PAA approach *continued*

SA Life Group Risk and other

R million (Decrease)/Increase	Profit or loss		Equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Base: June 2026 assumptions				
Ultimate claims cost +5%	**(51)**	**(49)**	**(51)**	**(49)**
Ultimate claims cost -5%	**51**	**49**	**51**	**49**
Base: June 2025 assumptions				
Ultimate claims cost +5%	(52)	(49)	(52)	(49)
Ultimate claims cost -5%	52	49	52	49

SA Insure and other

R million (Decrease)/Increase	Profit or loss		Equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Base: June 2026 assumptions				
Ultimate claims cost +5%	**(28)**	**(28)**	**(28)**	**(28)**
Ultimate claims cost -5%	**28**	**28**	**28**	**28**
Base: June 2025 assumptions				
Ultimate claims cost +5%	(24)	(24)	(20)	(18)
Ultimate claims cost -5%	24	24	20	18

UK Health

R million (Decrease)/Increase	Profit or loss		Equity	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Base: June 2026 assumptions				
Ultimate claims cost +5%	**(40)**	**(39)**	**(40)**	**(39)**
Ultimate claims cost -5%	**40**	**39**	**40**	**39**
Base: June 2025 assumptions				
Ultimate claims cost +5%	(45)	(45)	(45)	(45)
Ultimate claims cost -5%	45	45	45	45

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.4 MARKET RISK – INTEREST RATE RISK

SA Life and Invest (Risk) (GMM)

For Discovery Life, increased nominal or real interest rates would result in an adverse impact on the present value of future profits. Cash flows on a material segment of the book are linked to inflation. While this segment retains cash flows in real terms, it is exposed to real interest rate movements. The balance of the book is exposed to changes in the nominal rates.

The outstanding claims and incurred but not reported claims are mostly short-term in nature and have consequently been matched with cash. Reserves backing income contribution benefits in payment are backed by a combination of cash, money market, gilts, and negative Rand reserves of appropriate duration.

The risk arising from the global linkage benefit is fully reinsured, and Discovery does not face any net direct market risk.

For Discovery Invest, guaranteed return plan liabilities are backed by a combination of tangible assets of an appropriate duration. Furthermore, investment policy fee income is dependent on the underlying value of policyholders' investments, which may be interest rate-sensitive.

UK Life (Risk) (GMM)

As a long-term insurance provider in the UK, VitalityLife has significant exposure to long-term interest rate risk, given the impact on reserves of lower investment rate assumptions related to fixed future premium receipts to meet policy obligations. Accordingly, changes in long-term interest rates and yield assumptions may negatively impact on the valuation of future policy obligations and result in a valuation loss.

2.19.4.1 Sensitivity analysis

An analysis of the sensitivity of the Group's profit or loss and equity to a 1% increase or decrease in interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

R million	Profit or loss		Equity	
(Decrease)/Increase	Increase	Decrease	Increase	Decrease
30 June 2026				
Insurance contracts issued (net of reinsurance contracts)				
– SA Life (Risk) (GMM)	*****	*****	**(5 807)**	**7 284**
– SA Invest (Risk) (GMM)[1]	**688**	**(781)**	**688**	**(781)**
– SA Invest (Participating) (VFA)	**47**	**(47)**	**47**	**(47)**
– UK Life (Risk) (GMM)	**(1)**	**(2)**	**26**	**(313)**
– SA Life Group Risk and other (PAA)	*****	*****	**194**	**(214)**
– SA Insure and other (PAA)	**4**	**(4)**	**4**	**(4)**
30 June 2025				
Insurance contracts issued (net of reinsurance contracts)				
– SA Life (Risk) (GMM)	(1)	1	(3 968)	4 912
– SA Invest (Risk) (GMM)[1]	738	(812)	738	(812)
– SA Invest (Participating) (VFA)	6	(6)	6	(6)
– UK Life (Risk) (GMM)	3	1	(18)	(281)
– SA Life Group Risk and other (PAA)	–	–	131	(143)
– SA Insure and other (PAA)	(3)	3	(3)	3

* *Amount is less than R500 000.*

Changes in interest rates mainly affect the profit or loss and equity as follows.

Profit or loss	– Insurance finance income or expenses recognised in profit or loss for SA Life and Invest (Risk), UK Life (Risk) and SA Life and Invest (Participating) as a result of discounting future cash flows at a revised current rate.
Equity (includes OCI)	– Insurance finance income and expenses recognised in OCI for life risk and life discretionary contracts as a result of discounting future cash flows at a revised current rate.

The effects on profit or loss and equity are presented net of the related income tax.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.5 MARKET RISK – CURRENCY RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

All the UK Life (Risk) portfolio's insurance benefits and premiums are Pound Sterling, denominated as all business is sold in the UK market, thereby exposing Discovery to currency risk. A significant part of operational expenses are Rand denominated as systems and administration are based in South Africa. This creates a potential mismatch risk.

The Dollar Life Plan included in the SA Life (Risk) portfolio, provides a sum insured in US dollars. Premiums are paid in Rands but linked to the Rand/USD exchange rate. Certain versions of the Dollar Life Plan provide guarantees on the Rand/USD exchange rate for a specified period, thereby exposing Discovery Life to currency risk.

Other insurance business lines do not have significant currency risk.

The following table segregates the currency exposure by major currency:

R million (Assets)/Liabilities	Total	USD
30 June 2026		
Assets arising from insurance contracts issued		
– SA Life and Invest (Risk) (GMM)	**(932)**	**(932)**
Total insurance and reinsurance assets	**(932)**	**(932)**
Liabilities arising from reinsurance contracts held		
– SA Life and Invest (Risk) (GMM)	**20**	**20**
Total insurance and reinsurance liabilities	**20**	**20**
30 June 2025[1]		
Assets arising from insurance contracts issued		
– SA Life and Invest (Risk) (GMM)	(829)	(829)
Total insurance and reinsurance assets	(829)	(829)
Liabilities arising from reinsurance contracts held		
– SA Life and Invest (Risk) (GMM)	11	11
Total insurance and reinsurance liabilities	11	11

1 *The prior-period sign convention has been updated for consistency with this section. The underlying values remain unchanged.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.5 MARKET RISK – CURRENCY RISK *continued*

2.19.5.1 Sensitivity analysis

The Group determined that a 10% change is a reasonable expected strengthening or weakening of the US dollar and the UK pound against the other functional currencies, most notably South African Rand, US Dollar and Pound Sterling.

The effect of translation differences which are recognised separately in other comprehensive income through the foreign currency translation reserve (FCTR), has also been excluded. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The impact on profit or loss and equity at 30 June is shown below. This analysis assumes that all other variables remain constant.

The effects on profit or loss and equity are presented net of the related income tax. Changes in foreign, exchange rates mainly affect the profit or loss and equity as follows.

R million	Profit or loss		Equity	
(Decrease)/Increase	Strengthening	Weakening	Strengthening	Weakening
30 June 2026				
USD	*****	**(1)**	**79**	**(78)**
GBP	**–**	**–**	**62**	**(62)**
30 June 2025				
USD	–	–	73	(72)
GBP	–	–	96	(96)

* *Amount is less than R500 000.*

Profit or loss	– Foreign currency gains and losses on insurance and reinsurance contracts that are recognised in profit or loss, including those arising from the translation of the carrying amount of the CSM.
Equity (includes OCI)	– Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI. – The effect on profit or loss as noted above.

2.19.6 REGULATORY ADEQUACY REQUIREMENTS AND PROTECTION AGAINST ADVERSE EXPERIENCE

Regulatory capital requirements

Discovery endeavours to manage its capital so that its regulated entities meet local regulatory capital requirements, in each country in which Discovery operates, the local regulator specifies the minimum amount and type of capital that each of the regulated entities must hold in addition to their liabilities. In addition to the minimum capital required to comply with the solvency requirements, Discovery aims to hold an adequate buffer under local solvency requirements to ensure regulated subsidiaries can absorb a level of volatility and meet local capital requirements. Capital adequacy is monitored through regular governance processes, including Board oversight and the Own Risk and Solvency Assessment (ORSA).

2.19.6.1 Regulatory requirements in the South African market

South African insurance entities are required to demonstrate solvency to the Prudential Authority (PA) in accordance with the Insurance Act 18 of 2017 and related Prudential Standards. The regulatory framework seeks to enhance policyholder protection and financial stability by aligning insurers' capital requirements with their underlying risk profiles, while strengthening governance, risk management and internal control requirements.

Under the Prudential Standards, insurers are required to maintain sufficient shareholder assets (own funds) in excess of policyholder liabilities (being best-estimate liabilities plus a prescribed risk margin) to support the Solvency Capital Requirement (SCR). In practice, insurers hold capital buffers above the minimum regulatory requirement to absorb adverse experience.

Discovery Life and Discovery Insure undertake internal assessments of their risks and capital needs in addition to meeting the minimum regulatory capital requirements set by the PA. The SCR is calculated in accordance with the Prudential Standards and represents a risk-based measure intended to capture the major insurance risks faced by the entities.

Capital positions are reviewed regularly and assessed under various new business and stress scenarios, typically over a five-year new business projection horizon, to ensure that acceptable levels of capital cover are maintained at each valuation date.

Discovery Life has calculated its solvency position in accordance with the Insurance Act and related Prudential Standards since 30 June 2013 and has maintained solvency cover comfortably in excess of the statutory minimum at all valuation dates. Discovery Insure met its solvency cover requirements at all valuation dates.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Insurance and reinsurance contracts and management of insurance risk *continued*

2.19 Management of insurance risk *continued*

2.19.6 REGULATORY ADEQUACY REQUIREMENTS AND PROTECTION AGAINST ADVERSE EXPERIENCE *continued*

2.19.6.2 Regulatory requirements in the United Kingdom

In the UK market, the Prudential Regulation Authority (PRA) is a part of the Bank of England and responsible for the prudential regulation and supervision of insurers. UK insurance entities are subject to regulatory capital requirements under either Solvency I or Solvency II, depending on the legal entity and the licence under which the business is written. Discovery manages capital to ensure that all regulated entities meet their regulatory capital requirements at all times, together with an appropriate buffer to absorb adverse experience and volatility.

SOLVENCY I

Certain legacy life insurance business written on the Prudential Assurance Company (PAC) life insurance licence remains subject to Solvency I capital requirements. Under Solvency I, capital adequacy is assessed using a two-pillar framework comprising statutory capital requirements and a firm-specific Individual Capital Assessment (ICA). The required capital is the higher of the Pillar 1 and Pillar 2 results.

VitalityLife is required to provide capital to PAC equal to 1.5 times the Pillar 1 capital requirement. The cover requirements were observed at all valuation dates.

SOLVENCY II

Business written on the VitalityLife Limited (VLL) licence and VitalityHealth is subject to Solvency II, as transposed into UK law and enforced by the PRA. Solvency II applies a risk-based framework under which insurers are required to hold eligible own funds sufficient to meet or exceed the Solvency Capital Requirement (SCR), calculated using the standard formula.

Under Solvency II, insurance liabilities are valued on a best estimate basis with an explicit risk margin, and capital adequacy is assessed by comparing eligible own funds to the SCR. UK Solvency II entities operate within Board-approved risk appetites and maintain capital in excess of minimum regulatory requirements.

VITALITYLIFE

The VitalityLife business comprises policies written directly by VitalityLife Limited (VLL) and legacy policies written on the Prudential Assurance Company (PAC) life insurance licence. Through contractual arrangements, Discovery retains 100% of the insurance risk associated with policies written on the PAC licence, which are administered and managed together with VLL-written business. For IFRS 17 purposes, this arrangement is accounted for as an in-substance reinsurance arrangement.

The planned Part VII transfer of PAC-written business to the VLL licence has been deferred for the long term, with options to extend further, and for all intents and purposes is viewed as an indefinite deferral, subject to regulatory approval. Capital requirements for business written on the VLL licence are assessed under Solvency II, while capital support continues to be provided to PAC in respect of legacy business. All applicable capital requirements were met throughout the period.

VITALITYHEALTH

VitalityHealth is subject to Solvency II and applies the standard formula, incorporating a premium risk undertaking-specific parameter (USP) approved by the PRA. Where projected capital pressures arise, management actions may include capital support, reinsurance or adjustments to risk exposures. Capital requirements were met at all valuation dates.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk

3.1 Introduction and overview

This section provides information on financial instruments including the disclosure and reconciliation of all financial assets and liabilities, cash and cash equivalents and interest expenses. This section also details how financial risk is managed.

3.2 Primary financial statement and information analysed in this section

R million	Notes	Group 2026	Group 2025
Statement of financial position			
ASSETS			
Financial assets			
– Loans and advances to customers at amortised cost	3.3.1	**12 999**	8 513
– Investments at amortised cost	3.3	**15 077**	12 812
– Investments at fair value through other comprehensive income	3.3	**–**	14
– Investments at fair value through profit or loss	3.3	**222 884**	193 776
– Derivative financial instruments at fair value through profit or loss	3.4	**147**	63
Contract receivables and other receivables (only financial assets)		**6 011**	5 667
Cash and cash equivalents	3.6	**22 904**	21 968
		280 022	242 813
LIABILITIES			
Third-party interest in consolidated funds		**40 901**	35 932
Financial liabilities			
– Borrowings at amortised cost	3.7	**18 692**	20 046
– Other financial payables at amortised cost	3.9	**8 898**	9 148
– Deposits from customers	3.10	**27 202**	23 326
– Investment contracts at fair value through profit or loss	3.8	**38 614**	32 188
– Derivative financial instruments at fair value through profit or loss	3.4	**117**	135
		134 424	120 775
Income statement			
– Net fair value gains on financial assets at fair value through profit or loss		**26 139**	25 818
– Interest expenses on borrowings and lease liabilities	3.11	**1 817**	2 087
Additional information			
Expected credit loss: Secured loans	3.3.1.1.2		
Expected credit loss: Unsecured loans	3.3.1.2.3		
Expected credit loss reconciliation on all other instruments at amortised cost	3.5		
Management of financial risk	3.12		

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.3 Financial assets

For the accounting policies relevant to the recognition and measurement of financial assets, refer to Annexure A policies 8.1, 8.3, and 8.4.

R million	Notes	Group 2026	Group 2025
The Group's investment in financial assets are summarised by measurement category in the table below:			
Financial assets at fair value through profit or loss - mandatorily		**222 884**	193 776
– Equity portfolios		**133 388**	99 936
– Debt portfolios		**63 395**	55 868
– Money market portfolios		**11 664**	12 948
– Multi-asset portfolios		**14 437**	25 024
Financial assets at fair value through other comprehensive income		**–**	14
– Equity portfolios		**–**	14
Financial assets at amortised cost		**28 076**	21 325
Investments at amortised cost[1]		**15 077**	12 812
– Treasury Bills and Government Bonds		**13 074**	10 115
– Deposits		**2 003**	2 697
Loans and advances to customers at amortised cost[2]		**12 999**	8 513
Unsecured	3.3.1.2	**8 086**	6 828
– Personal cards		**8 086**	6 828
Secured	3.3.1.1	**4 913**	1 685
– Home loans		**3 889**	1 685
– Reverse repurchases		**1 024**	–
Total investments		**250 960**	215 115
Listed		**221 236**	184 976
Unlisted		**29 724**	30 139
Shareholder Investments:		**35 422**	27 990
– Investment at amortised cost		**28 076**	21 325
– Investments at fair value through profit or loss - mandatorily		**7 346**	6 651
– Investments at fair value through other comprehensive income		**–**	14
Policyholder Investments:		**215 538**	187 125
– Investments at fair value through profit or loss - mandatorily		**215 538**	187 125
Total Investments		**250 960**	215 115

1 *The carrying value of instruments at amortised cost approximates the fair amount due to the relatively short term nature of the instrument.*
2 *The carrying value of unsecured loans and advances approximates the fair amount due to on demand repayment terms. The carrying value of the secured loans and advances approximates the fair value due to the market related variable interest rates and strong collateral position.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.3.1 LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

R million	Notes	Group 2026	Group 2025
Total net secured loans and advances	3.3.1.1	**4 913**	1 685
Total net unsecured loans and advances	3.3.1.2	**8 086**	6 828
Total net loans and advances to customers at amortised cost		**12 999**	8 513

3.3.1.1 Secured loans and advances at amortised cost

R million	Notes	Group 2026	Group 2025
Secured			
Gross loans and advances		**4 893**	1 677
– Home Loans	3.3.1.1.4.3	**3 871**	1 677
– Reverse Repurchases		**1 022**	–
Accrued interest		**31**	13
– Home Loans		**29**	13
– Reverse Repurchases		**2**	–
Total Gross advances		**4 924**	1 690
Less: IFRS 9 Expected credit losses (ECL)	3.3.1.1.2	**(11)**	(5)
Total net secured loans and advances		**4 913**	1 685

3.3.1.1.1 SECURED LOANS AND ADVANCES PER CREDIT RISK RATING

R million	DRG 1 - 4	DRG 5 - 7	DRG 8 - 10	Total
As at 30 June 2026				
Stage 1	**857**	**2 750**	**195**	**3 802**
Stage 2: SICR[1]	**–**	**–**	**31**	**31**
Stage 2: Arrears	**–**	**2**	**26**	**28**
Stage 3	**–**	**–**	**10**	**10**
Home Loans	**857**	**2 752**	**262**	**3 871**
Stage 1	**1 022**	**–**	**–**	**1 022**
Reverse Repurchases	**1 022**	**–**	**–**	**1 022**
Total secured loans	**1 879**	**2 752**	**262**	**4 893**
As at 30 June 2025				
Stage 1	148	1 403	100	1 651
Stage 2: SICR[1]	–	–	21	21
Stage 2: Arrears	–	–	5	5
Home Loans	148	1 403	126	1 677

1 *Significant increase in credit risk.*

Discovery risk grade (DRG), is an internal client rate allocated on the basis of risk profile. An adjusted DRG is allocated for the purposes of calculating the expected credit losses.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.3 Financial assets *continued*

3.3.1 LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST *continued*

3.3.1.1 Secured loans and advances at amortised cost *continued*

3.3.1.1.2 RECONCILIATION OF THE EXPECTED CREDIT LOSS (ECL)

R million	Stage 1 (12 month ECL)	Stage 2 (Lifetime ECL, but no missed payments)	Stage 2 (Lifetime ECL, and missed payments)	Stage 3 (Lifetime ECL, and credit impaired, default)	Total
30 June 2026					
Balance at beginning of the year	**4**	**1**	**–**	**–**	**5**
Total changes in ECL due to changes in balances of advances	**2**	**1**	**–**	**–**	**3**
New loans originated and acquired	**3**	**1**	**–**	**–**	**4**
Repayments and other movements	**(1)**	**–**	**–**	**–**	**(1)**
Transfers between stages	**–**	**–**	**1**	**2**	**3**
Transfer (to)/from stage 1	**–**	**–**	**1**	**1**	**2**
Transfer (to)/from stage 2: Arrears	**–**	**–**	**–**	**1**	**1**
Balance at end of the year	**6**	**2**	**1**	**2**	**11**
30 June 2025					
Balance at beginning of the year	–	–	–	–	–
Total changes in ECL due to changes in balances of advances	4	1	–	–	5
New loans originated and acquired	4	1	–	–	5
Balance at end of the year	4	1	–	–	5

3.3.1.1.3 COLLATERAL HELD AS SECURITY ON LOANS AND ADVANCES

R million	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held[1]
30 June 2026				
Home Loans	**3 871**	**(11)**	**3 860**	**6 668**
Reverse repurchases	**1 022**	**–**	**1 022**	**1 022**
	4 893	**(11)**	**4 882**	**7 690**
30 June 2025				
Home Loans	1 690	(5)	1 685	2 826
	1 690	(5)	1 685	2 826

1 Fair value of collateral is determined by referencing the realisable value of security held before adjusting for expected recoveries.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.3 Financial assets *continued*

3.3.1 LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST *continued*

3.3.1.1 Secured loans and advances at amortised cost *continued*

3.3.1.1.4 Additional information on secured advances

The following disclosure on commitments, undrawn facilities and financial guarantees has been included effective for the financial year ended 30 June 2026 as the transactions become more material and relevant to the understanding of Discovery Bank's financial performance and results to the Discovery Group. Prior year information has been included accordingly for comparative purposes.

3.3.1.1.4.1 COMMITMENTS, UNDRAWN FACILITIES AND FINANCIAL GUARANTEES

R million	Gross exposure
30 June 2026	
Undrawn loan facilities – Secured	**463**
Financial Guarantees on behalf of clients (Irrevocable)	**64**
Total	**527**
30 June 2025	
Undrawn loan facilities – Secured	165
Financial Guarantees on behalf of clients (Irrevocable)	77
Total	242

3.3.1.1.4.2 UNDRAWN FACILITIES PER CREDIT RISK RATING (GROSS ADVANCES)

R million	DRG 1 - 4	DRG 5 - 7	DRG 8 - 10	Not rated	Total
As at 30 June 2026					
Stage 1	**187**	**271**	**5**		**463**
Stage 2: SICR[1]	**–**	**–**	**–**	**–**	**–**
Stage 2: Arrears	**–**	**–**	**–**	**–**	**–**
Stage 3	**–**	**–**	**–**	**–**	**–**
Secured loans	**187**	**271**	**5**	**–**	**463**
30 June 2025					
Stage 1	1	160	4		165
Stage 2: SICR[1]	–	–	–	–	–
Stage 2: Arrears	–	–			–
Stage 3	–	–	–	–	–
Secured loans	1	160	4	–	165

1 Significant increase in credit risk.

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
Group income statement
Group statement of other comprehensive income
Group statement of cash flows
Group statement of changes in equity
Notes to the Group annual financial statements
Company Annual Financial Statements
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Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.3 Financial assets *continued*

3.3.1 LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST *continued*

3.3.1.1 Secured loans and advances at amortised cost *continued*

3.3.1.1.4 ADDITIONAL INFORMATION ON SECURED ADVANCES *continued*

3.3.1.1.4.3 Reconciliation of gross advances secured advances

R million	2026	2025
Opening balance gross advances beginning of period	**1 677**	17
Total changes in ECL due to changes in balances of advances	**2 197**	1 660
New loans originated and acquired	**2 336**	1 661
Repayments and other movements	**(84)**	(1)
Change in ECL due to derecognition other than write-off	**(55)**	–
Change in ECL due to write-off	**–**	–
Transfers between stages	**(3)**	–
Transfer (to)/from stage 1	**19**	–
Transfer (to)/from stage 2: SICR	**1**	–
Transfer (to)/from stage 2: Arrears	**(15)**	–
Transfer (to)/from stage 3	**(8)**	–
Closing balance at end of the period	**3 871**	1 677

3.3.1.2 Unsecured loans and advances at amortised cost

R million	Notes	Group 2026	Group 2025
Unsecured			
Gross loans and advances		**8 873**	7 414
Accrued interest		**94**	81
Total Gross advances		**8 967**	7 495
Less: IFRS 9 Expected credit losses (ECL)	3.3.1.2.2	**(881)**	(667)
Total net unsecured loans and advances		**8 086**	6 828

3.3.1.2.1 UNSECURED LOANS AND ADVANCES PER CREDIT RISK RATING

R million	DRG 1 - 4	DRG 5 - 7	DRG 8 - 10	Not rated	Total
As at 30 June 2026					
Stage 1	**4 261**	**2 642**	**827**	**–**	**7 730**
Stage 2: SICR[1]	**9**	**38**	**420**	**–**	**467**
Stage 2: Arrears	**–**	**5**	**67**	**–**	**72**
Stage 3	**2**	**13**	**588**	**1**	**604**
Gross loans and advances	**4 272**	**2 698**	**1 902**	**1**	**8 873**
As at 30 June 2025					
Stage 1	3 590	2 218	628	5	6 441
Stage 2: SICR[1]	30	46	396	–	472
Stage 2: Arrears	–	4	61	–	65
Stage 3	2	11	423	–	436
Gross loans and advances	3 622	2 279	1 508	5	7 414

1 Significant increase in credit risk.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.3 Financial assets *continued*

3.3.1 LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST *continued*

3.3.1.2 Unsecured loans and advances at amortised cost *continued*

3.3.1.2.2 RECONCILIATION OF THE EXPECTED CREDIT LOSS (ECL)

R million	Stage 1 (12 month ECL)	Stage 2 (Lifetime ECL, but no missed payments)	Stage 2 (Lifetime ECL, and missed payments)	Stage 3 (Lifetime ECL, and credit impaired, default)	Total
30 June 2026					
Balance at beginning of the year	**174**	**92**	**41**	**360**	**667**
Total changes in ECL due to changes in balances of advances	**60**	**(3)**	**10**	**(115)**	**(48)**
New loans originated and acquired	**47**	**8**	**11**	**28**	**94**
Repayments and other movements[1]	**18**	**(8)**	**–**	**83**	**93**
Change in ECL due to derecognition other than write-off	**(5)**	**(3)**	**(1)**	**(5)**	**(14)**
Change in ECL due to write-off[2]	**–**	**–**	**–**	**(221)**	**(221)**
Transfers between stages	**(11)**	**(2)**	**(3)**	**278**	**262**
Transfer (to)/from stage 1	**–**	**11**	**23**	**157**	**191**
Transfer (to)/from stage 2: SICR	**(2)**	**–**	**5**	**63**	**66**
Transfer (to)/from stage 2: Arrears	**(1)**	**(1)**	**–**	**58**	**56**
Transfer (to)/from stage 3	**(8)**	**(12)**	**(31)**	**–**	**(51)**
Balance at end of the year	**223**	**87**	**48**	**523**	**881**
30 June 2025					
Balance at beginning of the year	157	88	30	293	568
Total changes in ECL due to changes in balances of advances	28	7	6	(162)	(121)
New loans originated and acquired	27	9	7	23	66
Repayments and other movements[1]	5	1	–	68	74
Change in ECL due to derecognition other than write-off	(4)	(3)	(1)	(4)	(12)
Change in ECL due to write-off[2]	–	–	–	(249)	(249)
Transfers between stages	(11)	(3)	5	229	220
Transfer (to)/from stage 1	–	12	20	127	159
Transfer (to)/from stage 2: SICR	(1)	–	6	65	70
Transfer (to)/from stage 2: Arrears	(1)	(1)	–	37	35
Transfer (to)/from stage 3	(9)	(14)	(21)	–	(44)
Balance at end of the year	174	92	41	360	667

1 For the year ended 30 June 2026, the forecasted inflation and interest rates in the near term remains higher than the long run average and the Bank therefore quantified a forward looking ECL adjustment of R9.2 million labelled as a macroeconomic overlay.

2 The contractual amount outstanding on financial assets that were written off during the year ended 30 June 2026 and that are still subject to enforcement activity is R691 million (2025: R600 million).

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.4 Derivative financial instruments

For the accounting policies relevant to the recognition and measurement of derivatives, refer to Annexure A policy 9.

R million	Group 2026 Assets	Group 2026 Liabilities	Group 2025 Assets	Group 2025 Liabilities
Derivatives used as cash flow hedges:				
Interest rate swaps[1]	1	(68)	1	(117)
Equity price risk derivatives	–	(11)	–	–
Derivatives not designated as hedging instruments:				
Equity price risk derivatives	24	–	35	–
Interest rate swaps	122	(38)	27	(18)
Total derivative financial instruments	147	(117)	63	(135)
Current	58	(46)	52	(15)
Non-current	89	(71)	11	(120)
Total derivative financial instruments	147	(117)	63	(135)

1 *The interest rate derivative portfolio consists of both interest rate swaps and interest rate caps.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.4 Derivative financial instruments *continued*

Group R million	Year ended 30 June 2026 Nominal amount of the hedging instrument	Carrying amount of the hedging instrument Assets	 Liabilities	Line item in the Statement of financial position where the hedging instrument is presented	Changes in fair value of hedging instrument used for calculating hedge ineffectiveness	Ineffectiveness recognised in profit or loss	Line item in which hedge ineffectiveness is presented in profit or loss
Equity price risk	396	–	(11)		5	–	
Total return swap	396	–	(11)	Financial liabilities: Derivative	5	–	Net fair value gains on financial assets at FVTPL
Interest rate risk	9 905	1	(68)		5	–	
Interest rate swaps	9 905	1	(68)	Financial assets: Derivative/ Financial liabilities: Derivative	5	–	Net fair value gains on financial assets at FVTPL

Group R million	Year ended 30 June 2026 Changes in the value of the hedging instrument recognised in other comprehensive income	Amount reclassified from the cash flow hedge reserve to profit or loss	Line item in which the reclassified amount is presented in profit or loss	Changes in fair value of hedged item used for calculating hedge ineffectiveness	Cash flow hedge reserve
Equity price risk	(5)	1		(5)	(4)
Total return swap	(5)	1	Marketing and administration expenses and Insurance service expenses	(5)	(4)
Interest rate risk	(5)	59		–	(68)
Interest rate swaps	(5)	59	Interest expense on borrowings and lease liabilities	–	(68)

Refer to note 3.12.4 for a detailed description of the derivative financial instruments listed above.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.4 Derivative financial instruments *continued*

Group R million Interest rate risk	Year ended 30 June 2025 Notional amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the Statement of financial position where the hedging instrument is presented	Changes in fair value of hedging instrument used for calculating hedge ineffective-ness	Ineffective-ness recognised in profit or loss	Line item in which hedge ineffectiveness is presented in profit or loss
		Assets	Liabilities				
Interest rate risk	6 768	1	(117)	–	106	–	–
Interest rate swaps	6 768	1	(117)	Financial Asset-Derivative/ Financial Liability-Derivative	106	–	Net fair value gains on financial assets at fair value through profit or loss

Refer to note 3.12.4 for a detailed description of the derivative financial instruments listed above.

Group R million Interest rate risk	Year ended 30 June 2025 Changes in the value of the hedging instrument recognised in other comprehensive income	Amount reclassified from the cash flow hedge reserve to profit or loss	Line item in which the reclassified amount is presented in profit or loss	Carrying amount of the hedged item		Changes in fair value of hedged item used for calculating hedge ineffectiveness	Cash flow hedge reserve
				Assets	Liabilities		
Interest rate risk	(106)	2	–	–	6 820	–	(124)
Interest rate swaps	(106)	2	Interest Expense On Borrowings And Lease Liabilities	–	6 820	–	(124)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.5 Expected credit loss reconciliation

For breakdown of those contract receivables and other receivables for which allowance for expected credit loss was recognised, refer to note 5.8 Contract receivables and other receivables. For the accounting policies relevant to the recognition and measurement of expected credit losses refer to Annexure A policy 8.1.2.

		General model			Simplified model		
R million	Notes	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL/credit impaired)	Not Credit impaired	90 days past due/ credit impaired	Total
Year ended 30 June 2026							
Balance at beginning of the year		**5**	**56**	**371**	**2**	**67**	**501**
Decrease in ECL		**(1)**	**(2)**	**5**	**1**	**(16)**	**(13)**
Amounts utilised during the year		**2**	**6**	**(77)**	**–**	**(27)**	**(96)**
Balance end of the year	5.8	**6**	**60**	**299**	**3**	**24**	**392**
Year ended 30 June 2025							
Balance at beginning of the year		7	30	351	6	30	424
Increase in ECL		–	28	20	(4)	42	86
Amounts utilised during the year		(2)	(2)	–	–	(5)	(9)
Balance end of the year	5.8	5	56	371	2	67	501

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.6 Cash and cash equivalents

For the accounting policies relevant to the recognition and measurement of Cash and cash equivalents, refer to Annexure A policies 8.1.2 and 10.

R million	Group 2026	Group 2025
Cash at bank and in hand	13 789	15 272
Short-term deposits	1 650	1 825
Money market investments	6 804	4 322
Cash and cash equivalents excluding mandatory reserve deposits with central banks	22 243	21 419
Mandatory reserve deposits with central bank[1]	661	549
Total cash and cash balances with central banks	22 904	21 968

1 *Banks are required to deposit a minimum average balance, calculated monthly, with the central bank, which is available for use by the group subject to certain restrictions and limitations determined by the central bank in South Africa. These deposits bear no interest.*

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

To meet the requirements for cash equivalents, as outlined in Annexure A, Policy 8.1.2 and 10 Cash and cash equivalents, Discovery conducts assessments of its money market instruments. These instruments will only be classified as cash equivalents if they meet the following criteria:

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

Additionally, the investment must not introduce speculative grade or equity-type risks and exposures. This can be demonstrated by the yield returns relative to other deposit-type investments within the same jurisdiction.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.7 Borrowings at amortised cost

For the accounting policies relevant to the recognition and measurement of Borrowings, refer to Annexure A policies 14 and 21.1.

R million	Notes	Group 2026	Group 2025
Borrowings from banks	3.7.1	17 787	16 103
Lease liabilities	3.7.2	905	3 941
Bank overdraft		–	2
Balance at end of the year		18 692	20 046
Current		5 261	7 452
Non-current		13 431	12 594
Balance at end of the year		18 692	20 046

3.7.1 BORROWINGS FROM BANKS

Movement analysis of borrowings

R million	Group 2026	Group 2025
Balance at beginning of the year	16 103	17 511
Loans raised	13 042	3 255
Loans repaid	(11 060)	(4 836)
Interest accrued	1 321	1 546
Interest paid	(1 352)	(1 575)
Raising fees capitalised	8	9
Translation differences	(275)	193
Balance at end of the year	17 787	16 103

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.7 Borrowings at amortised cost *continued*

3.7.1 BORROWINGS FROM BANKS *continued*

Movement analysis of borrowings *continued*

R million	Reference	Weighted average funding rate[2]	Group 2026[1] Carrying amount	Group 2026[1] Facility value	Group 2025 Carrying amount	Group 2025 Facility value
SA Borrowings			**17 324**	**18 296**	12 393	12 674
Fixed interest rate loan facilities			**2 758**	**3 197**	3 757	4 104
– Unsecured: Other[3]		9.21%	**2 758**	**3 197**	1 707	2 050
– Unsecured: DMTN			**–**	**–**	2 050	2 054
Floating interest rate with floating-to-fixed interest rate swap			**9 947**	**9 905**	6 821	6 768
– Unsecured: Other			**–**	**–**	1 500	1 500
– Unsecured: DMTN[4]		8.03%	**6 823**	**6 768**	5 321	5 268
– Secured: Other[4]	(i)	7.22%	**3 124**	**3 137**	–	–
Floating interest rate			**4 619**	**5 194**	1 815	1 802
– Unsecured: Other[4]		8.41%	**1 507**	**1 500**	694	691
– Unsecured: DMTN[4]		7.84%	**2 710**	**2 694**	1 121	1 111
– Secured: Other[4]	(i)	8.08%	**402**	**1 000**	–	–
UK Borrowings			**463**	**1 195**	3 710	3 773
Floating interest rate			**463**	**1 195**	3 710	3 773
– Unsecured: Other	(ii)	6.58%	**463**	**1 195**	3 710	3 773
Total borrowings			**17 787**	**19 491**	16 103	16 447

1 *The borrowings note has been redesigned in this financial year to enhance the presentation of of the Group's funding arrangements and related risk exposures. Comparative information has been re-presented on a consistent basis.*
2 *The weighted average annual interest rate has been calculated by weighting the all-in rate (or hedged rate where hedge accounting was applied) by facility value at the reporting date.*
3 *Includes Redeemable Preference shares issued of R1.2 billion.*
4 *Included in the weighted average rate are JIBAR linked interest rates.*

i. During June 2026, Discovery finalised the acquisition of Phase 1 of 1 Discovery Place (1DP), which was fully funded through bank borrowings. The increase in the Borrowings from banks was offset by the termination of the leases of Phase 1 and Phase 2 of 1DP, which resulted in the derecognition of the related lease liabilities also presented within Borrowings at amortised cost. Refer to note 3.7.2 and 5.5.

ii. In October 2025, the Group settled £100 million of UK borrowings ahead of their contractual maturity in December 2025. The settlement was funded through a drawdown of R1.5 billion under the Group's existing revolving credit facility, together with additional South African borrowings to fund the remaining balance. The refinancing was executed through an intercompany loan arrangement, with the associated foreign exchange and interest rate exposures managed through a cross-currency basis swap.

For variable rate loans the carrying amount approximates the fair value because the variable rate is set on market related terms. For fixed rate loans, the fair value is R2 629 million (2025: R3 677 million) relative to the carrying value of R2 758 million (2025: R3 759 million).

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.7 Borrowings at amortised cost *continued*

3.7.2 LEASES

Movement analysis of leases

R million	Note(s)	Group 2026	Group 2025
Balance at beginning of the year		**3 941**	4 145
New leases entered into		**301**	107
Lease incentive payment received		**56**	–
Interest paid		**(396)**	–
Interest accrued		**396**	418
Repayments		**(379)**	(737)
Modifications and termination	(i)	**(2 959)**	(4)
Translation difference		**(55)**	12
Balance at end of the year		**905**	3 941

Total payments for leases for the year is R824 million (2025: R811 million).

i. During June 2026, Discovery terminated Phase 1 and Phase 2 leases of 1 Discovery Place (1DP) as part of its acquisition of Phase 1 of 1DP. The termination resulted in the derecognition of the related lease liabilities of R2 959 million and an increase in borrowings from banks. Refer to note 3.7.1.

3.8 Investment contracts at fair value through profit or loss

R million	Group 2026	Group 2025
The movements during the year were as follows:		
Balance at the beginning of the year	**32 188**	25 710
Deposits received	**6 727**	6 762
Account balances paid on withdrawal and other terminations in the year	**(4 195)**	(4 094)
Fair value adjustment	**3 894**	3 810
Balance at end of the year	**38 614**	32 188
Current[1]	**38 614**	32 188

1 *There is no maturity profile for these liabilities as this will depend on policyholder behaviour. Contractually, policyholders may disinvest on demand.*

The benefits offered under the Group's unit-linked investment contracts are based on the return on selected equities, debt securities and money market securities. The Group communicates the actual performance of these contracts to its contract holders.

Investment contracts at fair value through profit or loss are exactly matched with related assets and managed collectively as a pool. Discovery's credit risk is not reflected in the measurement of the assets or consequently the liability, which is measured with reference to the underlying assets. Own credit risk has been assessed and determined to be immaterial.

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
Group income statement
Group statement of other comprehensive income
Group statement of cash flows
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Notes to the group annual financial statements *continued*
for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.9 Other financial payables at amortised cost

R million	Group 2026	Group 2025
Commissions payable	**73**	370
Consolidated unit trust payables	**763**	627
Intermediary payables	**71**	32
Payables and accrued liabilities	**3 892**	3 722
Payroll creditors	**1 166**	1 275
Policyholder unallocated funds	**1 545**	1 751
Security deposits on derivatives	**15**	53
Unsettled trades	**173**	87
Other financial payables	**1 200**	1 231
Balance at end of the year	**8 898**	9 148
Current	**8 575**	8 901
Non-current	**323**	247
Total other payables	**8 898**	9 148

For those financial payables measured at amortised cost, the amortised cost approximates the fair value due to the nature of the items.

3.10 Deposits from customers

For the accounting policies relevant to the recognition and measurement of Deposits from customers, refer to Annexure A policy 8.2.

R million	Group 2026	Group 2025
Term deposits from customers – fixed rates	**3 313**	3 174
Term deposits from customers – variable rates	**7 473**	6 404
On demand deposits from customers – non rate sensitive	**803**	653
On demand deposits from customers – variable rates	**15 613**	13 095
Total customer deposits	**27 202**	23 326

The carrying amount of deposits due to customers approximates fair value, as the majority of instruments are either at variable market-related rates or are short term in nature.

3.11 Interest expense on borrowings and lease liabilities

For the accounting policies relevant to the recognition and measurement of Borrowings, refer to Annexure A policies 14 and 23.

R million	Group 2026	Group 2025
FINANCE COSTS		
Cash flow hedge reclassified from other comprehensive income	**60**	2
Interest expense on:		
– Borrowings measured at amortised cost using the effective interest method	**1 344**	1 546
– Lease liability (IFRS 16)	**396**	418
– Interest on other payables using the effective interest rate method	**4**	1
– Other	**13**	120
Total	**1 817**	2 087

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk

Discovery's activities expose it to a variety of financial risks. Financial risks include market risk, credit risk and liquidity risk.

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

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

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

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

Financial risks are managed by Discovery as follows:

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

DISCOVERY'S APPROACH IN MONITORING CREDIT RISK

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

RATING SCALES FOR FUNDS

A credit rating, which is a ranking of creditworthiness, is allocated to the obligor. Where external ratings are unavailable, internal rating assessments are conducted through analysis of the latest financial and other relevant information, in a consistent and systematic manner. Where external ratings are available, the standard rating classifications used by the external rating agencies have been applied and mapped to the internal categories per the Group's internal rating scale. The internal rating scale is based on internal definitions influenced by both published external definitions and ratings equivalent to Moody's rating scales.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

DISCOVERY'S APPROACH IN MONITORING CREDIT RISK *continued*

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

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

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

Where a short-term rating is unavailable, for example, short-term cash deposits, Discovery includes, for the purpose of credit risk disclosures the financial instrument as per the respective entity's long-term credit rating. Discovery's internal grading for disclosures aligns with Moody's Investors Service definitions of their respective ratings as follows:

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

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

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

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

DISCOVERY'S APPROACH IN MONITORING CREDIT RISK *continued*

POOLED FUNDS

The Group invests in funds through which it is also exposed to the credit risk of the underlying assets in which the funds are invested. The Group's exposure to risk is classified at fund level and not at the underlying asset level. Although funds are not rated, fund managers are required to invest in credit assets within the defined parameters stipulated in the fund's mandate. These rules limit the extent to which fund managers can invest in unlisted and/or unrated credit assets and generally restrict funds to the acquisition of local currency investment-grade assets.

DISCOVERY BANK

Loans and advances to customers are categorised according to Discovery Bank's own internally developed credit models. The Discovery Bank model uses a 10-point Discovery Risk Grade classification, with each point being in two decrements to further distinguish risk. The following table summarises how Discovery Bank classifies its loans:

Discovery Risk Category	Discovery Risk Grades	Risk of default assessment
Exceptionally low risk	DRG1 – DRG2	Less than 0.4%
Low risk	DRG3 – DRG5	Less than 1.5%
Medium risk	DRG5 – DRG8	Less than 6%
High risk	DRG8 – DRG9	Less than 24%
Very high risk	DRG10	More than 24%

CATEGORISATION OF BUSINESS IN THE ANALYSIS OF FINANCIAL RISK

To assist in the analysis of the financial risks that Discovery and its policyholders are exposed to, the Statement of financial position has been divided into five categories based on the nature of the products provided by Discovery and the nature of the financial assets held to back the policyholder liabilities.

- **Unit-linked investment contracts:** this category relates to contracts issued by Discovery where there is a direct relationship between the returns earned on the underlying portfolio and the returns credited to the contract. Discovery holds the assets on which the unit prices are based, and as a result, there is no mismatch. The market risk (including equity price, interest rate and currency risk) as well as the credit risk for these contracts are therefore borne by the policyholder and not the Discovery shareholders.
- **Unit-linked insurance contracts:** this category relates to insurance contracts issued by Discovery that have a component that is linked to the units of an underlying portfolio. For this component, Discovery holds the assets on which the unit prices are based. However, the gross unit liabilities are reduced by the present value of future charges less the present value of future expenses and risk claims. Under IFRS Accounting Standards, the unit-linked component is not accounted for separately from the host insurance contract. These contracts expose both Discovery shareholders and policyholders to financial risks.
- **Insurance contracts:** this category relates to insurance contracts issued by Discovery which Discovery funds with a portfolio of matching assets, exposing the Discovery shareholders to financial risk. The financial assets in this category include those financial assets held within specific portfolios matched to specific liabilities, for example claims reserves and liabilities for incurred claims.
- **Shareholder financial assets and liabilities:** this category includes the financial assets and financial liabilities that expose Discovery shareholders to financial risks, including financial assets and cash backing insurance reserves and statutory capital. This category includes those financial assets that are not held in specific portfolios matched to insurance-related liabilities.
- **Shareholder non-financial assets and liabilities:** No financial risk disclosures are required for these items.

The financial assets at fair value in each of these categories are sub-categorised into a second tier of classification, namely:

- Equity portfolios
- Debt portfolios
- Money market portfolios
- Multi-asset portfolios

In applying the definitions below, reliance is placed on the classifications made by asset managers.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

EQUITY PORTFOLIOS

The following have been defined as equity portfolios:

- Portfolios that invest a minimum of circa 75% of the market value of the portfolio in equities and generally seek maximum capital appreciation as their primary goal. These portfolios invest in selected shares across the range of large, mid, and smaller-cap shares. While the managers of these portfolios may subscribe to different investment styles or approaches, their intent is to produce a risk/return profile that is comparable with the risk/return profile of the overall equities market. The portfolios in this category offer medium to long-term capital growth as their primary investment objective.
- Investments or portfolios of equity-linked notes.

DEBT (INTEREST-BEARING) PORTFOLIOS

Interest-bearing portfolios are portfolios that invest exclusively in bonds, money market investments and other interest earning securities. These portfolios may not include equity securities, real estate securities or cumulative preference shares.

In addition to the above, inflation-linked bonds have been defined as debt portfolios. Inflation-linked bonds are essentially loans where the principal and interest payments are contractually linked to an inflation measure.

MONEY MARKET PORTFOLIOS

Money market portfolios are portfolios that seek to maximise interest income, preserve the portfolio's capital, and provide immediate liquidity. This is achieved by investing in money market instruments with a maturity of less than 13 months, while the average duration of the underlying assets may not exceed 90 days and a weighted average legal maturity of 120 days. The portfolios are typically characterised as short term, highly liquid vehicles.

MULTI-ASSET PORTFOLIOS

Multi-asset portfolios are portfolios that invest in a wide spread of investments in the equity, bond, money, and property markets to maximise total returns, comprising capital and income growth over the long term. These portfolios do not fall within the thresholds that have been determined for the equity portfolios or the debt portfolios.

The following tables reconcile the Group statement of financial position to the classes of risks and the categories listed on the previous pages.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

Group R million	Total	Unit-linked investment contracts	Unit-linked insurance contracts	Insurance contracts	Shareholder	
					Financial assets and liabilities	**Other assets and liabilities**
30 June 2026						
Assets arising from insurance contracts issued	63 681	–	–	63 681	–	–
Assets arising from reinsurance contracts held	1 049	–	–	1 049	–	–
Loans and advances to customers at amortised cost	12 999	–	–	–	12 999	–
Investments at amortised cost:						
Unlisted:						
– Debt	10 177	–	–	–	10 177	–
– Fixed deposits	2 003	–	–	–	2 003	–
Listed:						
– Debt	2 897	–	–	–	2 897	–
Financial instruments mandatorily at fair value through profit or loss:						
Listed:						
– Equity portfolios	133 100	55 994	76 032	340	734	–
– Debt portfolios	63 314	16 450	18 538	25 975	2 351	–
– Money market portfolios	7 488	1 008	1 318	1 680	3 482	–
– Multi-asset portfolios	14 437	4 027	10 349	7	54	–
Unlisted:						
– Equity portfolios	288	27	240	–	21	–
– Debt portfolios	81	33	45	2	1	–
– Money market portfolios	4 176	934	1 487	1 052	703	–
Derivative financial instruments at fair value:						
– used as cash flow hedges	1	–	–	–	1	–
– not designated as hedging instruments	146	14	37	2	93	–
Receivables:						–
– Contract receivables	1 728	–	–	–	1 728	–
– Other receivables	6 215	720	763	85	2 715	1 932
Cash and cash equivalents	22 904	1 395	3 311	261	17 937	–
Other non-financial assets	34 989	–	–	–	–	34 989
Total assets	381 673	80 602	112 120	94 134	57 896	36 921
Liabilities arising from insurance contracts issued	136 139	–	103 729	32 410	–	–
Liabilities arising from reinsurance contracts held	10 686	–	–	10 686	–	–
Borrowings at amortised cost	18 692	–	–	–	18 692	–
Deposits from customers	27 202	–	–	–	27 202	–
Other payables	8 898	832	1 313	664	6 089	–
Investment contracts at fair value through profit or loss	38 614	38 614	–	–	–	–
Third-party interest in consolidated funds	40 901	40 901	–	–	–	–
Derivative financial instruments at fair value:						
– used as cash flow hedges	79	–	–	–	79	–
– not designated as hedging instruments	38	15	19	3	1	–
Other non-financial liabilities	17 763	–	–	–	–	17 763
Total liabilities	299 012	80 362	105 061	43 763	52 063	17 763

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

Group R million	Total	Unit-linked investment contracts	Unit-linked insurance contracts	Insurance contracts	Shareholder: Financial assets and liabilities	Shareholder: Other assets and liabilities
30 June 2025						
Assets arising from insurance contracts issued	48 047	–	–	48 047	–	–
Assets arising from reinsurance contracts held	962	–	–	962	–	–
Loans and advances to customers at amortised cost	8 513	–	–	–	8 513	–
Investments at amortised cost:						
Unlisted:						
– Debt	8 849	–	–	–	8 849	–
– Fixed deposits	2 697	–	–	–	2 697	–
Listed:						
Debt	1 266	–	–	–	1 266	–
Financial instruments mandatorily at fair value through profit or loss:						
Listed:						
– Equity portfolios	99 627	41 583	57 303	254	487	–
– Debt portfolios	55 612	14 767	16 616	21 639	2 590	–
– Money market portfolios	3 447	481	568	519	1 879	–
– Multi-asset portfolios	25 024	8 898	15 903	59	164	–
Unlisted:						
– Equity portfolios	309	28	255	–	26	–
– Debt portfolios	256	37	50	87	82	–
– Money market portfolios	9 501	993	1 723	5 362	1 423	–
– Unlisted:						
Equity portfolios	14	–	–	–	14	–
Derivative financial instruments at fair value:						
– used as cash flow hedges	1	–	–	–	1	–
– not designated as hedging instruments	62	5	6	–	51	–
Receivables:		–	–	–	–	–
– Contract receivables	1 653	–	–	–	1 653	–
– Other receivables	5 715	545	711	49	2 709	1 701
Cash and cash equivalents	21 968	1 646	2 817	289	17 216	–
Other non-financial assets	33 927	–	–	–	–	33 927
Total assets	327 450	68 983	95 952	77 267	49 620	35 628
Liabilities arising from insurance contracts issued	118 878	–	88 150	30 728	–	–
Liabilities arising from reinsurance contracts held	9 121	–	–	9 121	–	–
Borrowings at amortised cost	20 046	1	1	–	20 044	–
Deposits from customers	23 326	–	–	–	23 326	–
Other payables	9 148	688	1 111	774	6 575	–
Investment contracts at fair value through profit or loss	32 188	32 188	–	–	–	–
Third-party interest in consolidated funds	35 932	35 932	–	–	–	–
Derivative financial instruments at fair value:						
– used as cash flow hedges	117	–	–	–	117	–
– not designated as hedging instruments	18	7	8	3	–	–
Other non-financial liabilities	12 977	–	–	–	–	12 977
Total liabilities	261 751	68 816	89 270	40 626	50 062	12 977

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

The financial risks associated with each category are discussed below.

3.12.1 UNIT-LINKED INVESTMENT CONTRACTS

Unit-linked investment contracts relate to contracts where there is a direct relationship between the returns earned on the underlying portfolio and the returns credited to the contract.

R million	Investments held at risk of policyholders: Group 2026	Investments held at risk of policyholders: Group 2025
Financial instruments mandatorily at fair value through profit or loss:		
Listed:		
– Equity portfolios	**55 994**	41 583
– Debt portfolios	**16 450**	14 767
– Money market portfolios	**1 008**	481
– Multi-asset portfolios	**4 027**	8 898
Unlisted:		
– Equity portfolios	**27**	28
– Debt portfolios	**33**	37
– Money market portfolios	**934**	993
Derivative financial instruments at fair value:		
– Not designated as hedging instruments	**14**	5
Receivables:		
– Other receivables at amortised cost	**720**	545
Cash and cash equivalents	**1 395**	1 646
Total assets	**80 602**	68 983
Borrowings at amortised cost	**–**	1
Other payables	**832**	688
Investment contracts at fair value through profit or loss	**38 614**	32 188
Third-party interest in consolidated funds	**40 901**	35 932
Derivative financial instruments at fair value:		
– not designated as hedging instruments	**15**	7
Total liabilities	**80 362**	68 816

3.12.1.1 Market risk

EQUITY AND INTEREST RATE RISK

Discovery's primary exposure to market risk from these contracts is the volatility in asset management fees earned by Discovery, due to the impact of interest rate, equity price and currency movements on the fair value of the assets held in the linked funds, on which the investment management fees are based. An increase of 10% in the value of the assets would increase the asset management fees by R115 million per annum before tax (2025: R89 million). A decrease of 10% in the value of the assets would reduce the asset management fees by R115 million per annum before tax (2025: R89 million).

In respect of IFRS-defined investment management contracts, there may be an associated asset for the costs of obtaining contracts. There is a risk that in the event of adverse market movements, future expected management fees may reduce, and consequently, this asset may not be realised and therefore necessitate impairment. There were no impairments necessary in the current or previous financial year.

CURRENCY RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The currency risk is borne by the policyholder.

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.1 UNIT-LINKED INVESTMENT CONTRACTS *continued*

3.12.1.2 Credit risk
Credit risk is borne by the policyholder. For the majority of the unit-linked investments, Discovery has invested in mutual funds in order to provide for obligations under unit-linked investment contract liabilities. Each mutual fund has its own legal constitution and operates within a mandate that is delegated to the appointed fund manager. Credit risks assumed within the assets held are controlled by various protection mechanisms within the mandate and in law. Each fund's trustees or board appoints administrators who are responsible for ensuring that the fund's mandate and any internal and legislated control procedures are adhered to. In the event of a breach, they are obligated to bring it immediately to the attention of the fund's trustees or board and the management of the administrators for remedial action.

3.12.1.3 Liquidity risk
Certain contracts can be surrendered before maturity for a cash surrender value specified in the contractual terms and conditions. This surrender value is equal to or less than the carrying amount of the contract liabilities. If all the contracts with this option were surrendered at the financial year-end, a loss of R1 326 million (2025: R1 237 million) would have been recorded in profit or loss. This loss would result from an impairment to the asset raised for costs of obtaining contracts, but the impact is reduced by the surrender penalties receivable. A maturity analysis based on the earliest contractual repayment date would present 100% (2025: 100%) of the policyholder liabilities due within one year. The assets held to match these policyholder liabilities are realisable in the short term.

3.12.2 UNIT-LINKED INSURANCE CONTRACTS
A unit-linked insurance contract is an IFRS-defined insurance contract with a component that is linked to the units of an underlying portfolio.

	Investments held at risk of policyholders	
R million	Group 2026	Group 2025
Financial instruments mandatorily at fair value through profit or loss:		
Listed:		
– Equity portfolios	**76 032**	57 303
– Debt portfolios	**18 538**	16 616
– Money market portfolios	**1 318**	568
– Multi-asset portfolios	**10 349**	15 903
Unlisted:		
– Equity portfolios	**240**	255
– Debt portfolios	**45**	50
– Money market portfolios	**1 487**	1 723
Derivative financial instruments at fair value:		
– not designated as hedging instruments	**37**	6
Receivables:		
– Other receivables	**763**	711
Cash and cash equivalents	**3 311**	2 817
Total assets	**112 120**	95 952
Liabilities arising from insurance contracts issued	**103 729**	88 150
Borrowings at amortised cost	**–**	1
Other payables	**1 313**	1 111
Derivative financial instruments at fair value:		
– not designated as hedging instruments	**19**	8
Total liabilities	**105 061**	89 270

3.12.2.1 Credit risk
The credit risk for the unit-linked insurance contracts is similar to the credit risk for the unit-linked investment contracts. Refer to section 3.12.1.2 for details on the exposure to the credit risk.

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.2 UNIT-LINKED INSURANCE CONTRACTS *continued*

3.12.2.2 Liquidity risk
All contracts can be surrendered before maturity for a cash surrender value specified in the contractual terms and conditions. This surrender value is equal to or less than the carrying amount of the contract liabilities. If all the contracts with this option were surrendered at the financial year-end, a loss of R1 211 million (2025: R3 158 million) would have been recorded in profit or loss. This loss results from the impairment of assets arising from insurance contracts relating to these contracts, but the impact is reduced by the surrender penalties receivable.

The assets held to match these policyholder liabilities are highly liquid and are realisable in the short term. A maturity analysis based on the earliest contractual repayment date is as follows:

Group R million	Total	< 1 Year	1 – 2 Years	3 – 5 Years
30 June 2026				
Unit-linked insurance contracts	**110 983**	**106 591**	**1 495**	**2 897**
30 June 2025				
Unit-linked insurance contracts	95 144	92 911	478	1 755

3.12.2.3 Market risk
The market risk for assets and liabilities arising from insurance contracts is discussed in the insurance risks in Section 2.19.4 and 2.19.5.

3.12.3 INSURANCE CONTRACTS
For insurance contracts, Discovery funds the insurance liabilities with a portfolio of matching assets.

R million	Group 2026	Group 2025
Assets arising from insurance contracts issued	**63 681**	48 047
Assets arising from reinsurance contracts held	**1 049**	962
Financial instruments mandatorily at fair value through profit or loss:		
Listed:		
– Equity portfolios	**340**	254
– Debt portfolios	**25 975**	21 639
– Money market portfolios	**1 680**	519
– Multi-asset portfolios	**7**	59
Unlisted:		
– Debt portfolios	**2**	87
– Money market portfolios	**1 052**	5 362
Derivative financial instruments at fair value:		
– not designated as hedging instruments	**2**	–
Receivables:		
– Other receivables	**85**	49
Cash and cash equivalents	**261**	289
Total assets	**94 134**	77 267
Liabilities arising from insurance contracts	**32 410**	30 728
Liabilities arising from reinsurance contracts	**10 686**	9 121
Derivative financial instruments at fair value:		
– not designated as hedging instruments	**3**	3
Other payables	**664**	774
Total liabilities	**43 763**	40 626

3.12.3.1 Market risk
When calculating the liabilities arising from insurance contracts, an increase or decrease in the investments would result in an increase or decrease in the liability but it may not be an equal rand value movement, resulting in the difference being accrued to the shareholders. Discovery aims to closely match liabilities with appropriate assets and maintains sufficient assets to protect against residual mismatches between assets and liabilities at a 99.5% confidence interval over a one-year time horizon.

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.3 INSURANCE CONTRACTS *continued*

3.12.3.2 Credit risk

Discovery is exposed to credit risk through financial investments comprising money market portfolios and debt portfolios entered into to match policyholders' insurance contract liabilities. Discovery is exposed to the issuer's credit standing on these instruments, which is monitored by the CCIC by setting a minimum credit rating.

Group R million	Total	Aaa1 Aaa2 Aaa3	Aa1 Aa2 Aa3	A1 A2 A3	Ba1 Ba2 Ba3	Baa1 Baa2 Baa3	Govt[1]	Not rated
30 June 2026								
Assets arising from reinsurance contracts held	**1 049**	**–**	**1 114**	**–**	**–**	**–**	**–**	**(65)**
Financial instruments mandatorily at fair value through profit or loss:								
Listed:								
– Debt portfolios	**25 975**	**–**	**2 205**	**52**	**893**	**1 093**	**21 732**	**–**
– Money market portfolios	**1 680**	**–**	**574**	**8**	**353**	**734**	**11**	**–**
Unlisted:								
– Debt portfolios	**2**	**–**	**–**	**–**	**–**	**–**	**2**	**–**
– Money market portfolios	**1 052**	**–**	**3**	**32**	**188**	**808**	**21**	**–**
Cash and cash equivalents	**261**	**–**	**1**	**2**	**–**	**258**	**–**	**–**
Total	**30 019**	**–**	**3 897**	**94**	**1 434**	**2 893**	**21 766**	**(65)**
30 June 2025								
Assets arising from reinsurance contracts held	962	–	1 023	–	–	–	–	(61)
Financial instruments mandatorily at fair value through profit or loss:								
Listed:								
– Debt portfolios	21 639	–	60	41	439	1 089	20 010	–
– Money market portfolios	519	–	–	3	116	310	90	–
Unlisted:								
– Debt portfolios	87	–	–	–	61	26	–	–
– Money market portfolios	5 362	–	2 408	–	24	2 854	76	–
Cash and cash equivalents	289	–	7	1	–	281	–	–
Total	28 858	–	3 498	45	640	4 560	20 176	(61)

1 *These instruments are issued by the South African government.*

3.12.3.3 Liquidity risk

The liquidity risk for assets and liabilities arising from insurance contracts is discussed in the insurance risks in Section 2.19.1 Liquidity risk. The financial investments held at fair value through profit or loss are realisable in the short term.

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES

The shareholders are exposed to financial risk through the following financial assets and liabilities:

	Investments held at risk of shareholders	
R million	**Group 2026**	Group 2025
Loans and advances to customers at amortised cost	**12 999**	8 513
Investments at amortised cost:		
– Unlisted:		
– Debt	**10 177**	8 849
– Fixed deposits	**2 003**	2 697
Listed:		
– Debt	**2 897**	1 266
Financial instruments mandatorily at fair value through profit or loss:		
Listed:		
– Equity portfolios	**734**	487
– Debt portfolios	**2 351**	2 590
– Money market portfolios	**3 482**	1 879
– Multi-asset portfolios	**54**	164
Unlisted:		
– Equity portfolios	**21**	26
– Debt portfolios	**1**	82
– Money market portfolios	**703**	1 423
Financial assets at fair value through other comprehensive income:		
Unlisted:		
– Equity portfolios	**–**	14
Derivative financial instruments at fair value:		
– used as cash flow hedges	**1**	1
– not designated as hedging instruments	**93**	51
Receivables:		
– Contract receivables	**1 728**	1 653
– Other receivables at amortised cost	**2 715**	2 709
Cash and cash equivalents	**17 937**	17 216
Total assets	**57 896**	49 620
Borrowings at amortised cost	**18 692**	20 044
Deposits from customers	**27 202**	23 326
Other payables	**6 089**	6 575
Derivative financial instruments at fair value:		
– used as cash flow hedges	**79**	117
– not designated as hedging instruments	**1**	–
Total liabilities	**52 063**	50 062

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk

3.12.4.1.1 EQUITY PRICE RISK

Investments

Discovery is exposed to equity price risk through its equity investments held that have been classified as investments at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) on the Group statement of financial position. To manage its equity risk arising from investments in equity portfolios of R755 million (2025: R527 million), the Group diversifies its portfolio and uses experienced asset managers.

For shareholder investments, a reasonable increase of 10% in the equity markets would result in a profit of R73 million before tax (2025: R49 million). A reasonable decrease of 10% in the equity markets would result in a loss of R73 million before tax (2025: R49 million). This impact would be recognised in profit or loss and equity. The sensitivity assumes that the equity markets had increased or decreased by 10% with all other variables held constant.

Hedge derivative instruments

Discovery is also exposed to equity price risk through its cash-settled share incentive schemes, namely the Acquisition share scheme, the details of which are described in note 4.5. This liability has been included in 'Other financial payables at amortised cost' in the table in note 3.12.4. To manage this risk, Discovery has purchased total return equity swaps (TRS) from Baa3 rated South African banks to hedge a portion of its exposure to changes in the Discovery share price.

During the current year, Discovery has designated certain TRS's as effective hedging instruments and apply cash flow hedge accounting. Hedge ineffectiveness for TRS can arise from:

- differences between the strike price/initial price per the derivative contract and the Discovery spot price on hedge designation date
- difference due to the fixed funding element inherent in TRS which does not exist in the hedged item being the share based payment liability raised in terms of IFRS 2 *Share-based payment* and
- changes in employee forfeiture rates and vesting assumptions affecting the share-based payment liability.

The Group sets the hedging ratio by matching the notional amount of the designated hedged items to the notional amount of the corresponding TRS used as the hedging instruments, after applying expected forfeiture rates to each vesting. The hedge ratio is 1:1. The hedge accounting relationship is reviewed on a monthly basis and the hedging instruments and hedged items are de-designated, if necessary, based on the effectiveness test results and changes in the hedged exposure. The Group hedges the spot component of the equity price risk associated with the hedged item, rather than the entirety of the equity price risk.

Under the Group's policy, the critical terms of the hedging instrument, such as the settlement dates, maturity dates and notional amounts are matched with the equity price risk of the hedged item.

As at 30 June 2026 100% of this exposure is hedged. The hedges were designed to be highly effective, where the terms of the hedge or total return equity swaps substantially match that of the acquisition share scheme on a per instrument basis.

When these hedges are entered into, they are designated as the hedge of a highly probable forecast transaction and accounted for as a cash flow hedge.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk *continued*

3.12.4.1.1 EQUITY PRICE RISK *continued*

The total return equity swaps held by the Group at 30 June were:

Maturity date	Reference price	Number of total return swaps
Acquisition schemes		
2026		
01/07/2026 - 30/06/2027	270.97	455 349
01/07/2027 - 30/06/2028	270.97	467 558
01/07/2028 - 30/06/2029	270.97	426 703
01/07/2029 - 30/06/2030	270.97	78 250
01/07/2030 - 30/06/2031	270.97	32 402

At 30 June 2026, the fair value of the derivative instruments purchased to hedge the Acquisition share schemes, is R11 million (refer to note 4.5). To reduce the credit risk exposure from the hedge derivative instruments purchased, Discovery has entered into collateral agreements with the relevant financial institutions to post cash collateral periodically, equal to the fair value of the derivatives.

Discovery recognises the effective portion of fair value changes of derivatives that are designated and qualify as cash flow hedges and prove to be highly effective in relation to the hedged risk, in the cash flow hedging reserve in the Statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. No gain or loss was recognised as a result of ineffectiveness in profit or loss during the current year.

The movement in the hedging reserve relating to the Acquisition share schemes, is summarised in the table below:

Group R million	**2026**
Balance at beginning of the year	**–**
Unrealised losses accumulated in equity	**5**
Reclassified to profit or loss during the current year[1]	**(1)**
Balance at end of the year	**4**
The cash flow hedge will be reclassified to profit or loss as follows:	
Reclassified to profit or loss within one year	**1**
Reclassified to profit or loss within two to five years	**3**
Reclassified to profit or loss within six to ten years	**–**
	4

1 *Disclosed as marketing and administration expenses and insurance service expenses.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk *continued*

3.12.4.1.2 INTEREST RATE RISK *continued*

Sensitivity to changes in interest rates is relevant to financial assets and financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. However, sensitivity will also be relevant to fixed-rated financial assets and financial liabilities that are re-measured to fair value. The table below details the specific interest rate risk that the Group is exposed to:

Group R million	**Carrying amount**	**Fixed**	**Floating**	**Non-interest bearing**
30 June 2026				
Loans and advances to customers at amortised cost	12 999	–	12 999	–
Investments at amortised cost:				
Unlisted:				
– Debt	10 177	7 677	2 500	–
– Fixed deposits	2 003	1 403	600	–
Listed:				
– Debt	2 897	2 649	248	–
Financial instruments mandatorily at fair value through profit or loss:				
Listed:				
– Debt portfolios	2 351	1 429	922	–
– Money market portfolios	3 482	136	3 346	–
– Multi-asset portfolios	54	–	–	54
Unlisted:				
– Debt portfolios	1	1	–	–
– Money market portfolios	703	202	501	–
Derivative financial instruments at fair value:				
– used as cash flow hedges	1	1	–	–
– not designated as hedging instruments	93	–	88	5
Receivables				
– Contract receivables	1 728	–	–	1 728
– Other receivables at amortised cost	2 715	127	485	2 103
Cash and cash equivalents	17 937	603	16 553	781
Total financial assets	**57 141**	**14 228**	**38 242**	**4 671**
Borrowings at amortised cost	18 692	3 662	15 030	–
Deposits from customers	27 202	3 313	23 086	803
Other payables at amortised cost	6 089	–	52	6 037
Derivative financial instruments at fair value:				
– used as cash flow hedges	79	60	8	11
– not designated as hedging instruments	1	–	–	1
Total financial liabilities	**52 063**	**7 035**	**38 176**	**6 852**

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk *continued*

3.12.4.1.2 INTEREST RATE RISK *continued*

Group R million	Carrying amount	Fixed[1]	Floating	Non-interest bearing
30 June 2025				
Loans and advances to customers at amortised cost	8 513	–	8 513	–
Investments at amortised cost:				
Unlisted:				
– Debt	8 849	6 865	1 984	–
– Fixed deposits	2 697	2 132	565	–
Listed:				
– Debt	1 266	1 266	–	–
Financial instruments mandatorily at fair value through profit or loss:				
Listed:				
– Debt portfolios	2 590	2 112	478	–
– Money market portfolios	1 879	42	1 837	–
– Multi-asset portfolios	164	–	–	164
Unlisted:				
– Debt portfolios	82	3	79	–
– Money market portfolios	1 423	33	1 390	–
Derivative financial instruments at fair value:				
– used as cash flow hedges	1	1	–	–
– not designated as hedging instruments	51	–	–	51
Receivables				
– Contract receivables	1 653	–	–	1 653
– Other receivables at amortised cost	2 709	138	704	1 867
Cash and cash equivalents	17 216	342	16 764	110
Total financial assets	49 093	12 934	32 314	3 845
Borrowings at amortised cost	20 044	7 697	12 347	–
Deposits from customers	23 326	3 174	19 498	654
Other payables at amortised cost	6 575	–	16	6 559
Derivative financial instruments at fair value:				
– used as cash flow hedges	117	117	–	–
Total financial liabilities	50 062	10 988	31 861	7 213

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk *continued*

3.12.4.1.2 INTEREST RATE RISK *continued*

INVESTMENTS

For shareholder investments with a floating rate at amortised cost, a 1% increase or decrease in the local interest rate would result in an impact on profit or loss (investment income) and equity, before tax, of R171 million (2025: R18 million). The sensitivity assumes that the interest rate had increased or decreased by 1% with all other variables held constant.

BORROWINGS AT AMORTISED COST AND RELATED HEDGES

For the floating interest rate borrowings at amortised cost, a 1% increase in the local interest rate would result in an impact on profit or loss (finance costs) and equity, before tax, of R50 million (2025: R44 million). The sensitivity assumes that the interest rate had increased or decreased by 1% with all other variables held constant.

Discovery is exposed to interest rate risk through long-term borrowings held with various financial institutions. Refer to note 3.7 Borrowings at amortised cost, for a breakdown of the borrowings, including details of fixed-rate and floating rate-facilities.

Group R million	Ref	2026 Carrying value	2026 Facility value	2025 Carrying value	2025 Facility value
Interest rate risk from borrowings from banks					
SA borrowings					
Fixed interest rate loan facilities		**2 758**	**3 250**	3 757	4 104
Floating interest rate facilities with floating-to-fixed interest rate swap	i	**9 947**	**9 905**	6 821	6 768
Floating interest rate facilities		**4 619**	**5 194**	1 815	1 802
UK borrowings					
Floating interest rate facilities		**463**	**1 195**	3 710	3 773
Total bank borrowings (refer to note 3.7)		**17 787**	**19 544**	16 103	16 447

i. During prior years and in the current financial year, Discovery entered into long-term borrowing facilities at floating interest rates, which expose Discovery to cash flow interest rate risk. This risk has been managed by using floating-to-fixed interest rate swaps. These interest rate swaps have the economic effect of converting the borrowings from floating to fixed rates. Interest is payable quarterly in arrears, with capital repayable on maturity. The hedge ratio is 1:1.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities, and notional amount. As all critical terms matched during the year, there is an economic relationship.

Under the Group's policy, the critical terms of the hedging instrument, such as the settlement dates, maturity dates and notional amount, are matched with the interest rate risk of the hedged item.

Hedge ineffectiveness for interest rate swaps can arise from:

- Day one fair value of the swap;
- Events leading to mismatch in terms; and
- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan.

The fair value movement of the notional cash flow interest rate hedge accumulated in equity is as follows:

Group R million	2026	2025
Balance at beginning of the year	**124**	20
Unrealised losses accumulated in equity	**5**	106
Tax on unrealised losses	**(2)**	–
Reclassified to profit or loss during the current year[1]	**(59)**	(2)
Balance at end of the year	**68**	124
The cash flow hedge will be reclassified to profit or loss as follows:		
Reclassified to profit or loss within one year	**11**	4
Reclassified to profit or loss within two to five years	**57**	120
Reclassified to profit or loss within six to ten years	**–**	
	68	124

1 *Disclosed as interest on borrowings and lease liabilities in profit or loss.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk *continued*

3.12.4.1.2 INTEREST RATE RISK *continued*

The interest rate swaps held by the Group at 30 June were:

Group R million	2026 Nominal value	2026 Fair value (liability)/ asset	2025 Nominal value	2025 Fair value (liability)/ asset
Maturity date:				
21 August 2026	**300**	**(2)**	300	(2)
21 August 2026	**700**	**(3)**	700	(12)
21 April 2027	**509**	**(4)**	509	(9)
21 April 2027	**509**	**–**	509	1
22 November 2027	**576**	**(2)**	576	(6)
22 November 2027	**750**	**1**	750	(3)
02 March 2028	**1 000**	**(17)**	1 000	(34)
10 March 2028	**500**	**(1)**	500	(6)
29 June 2029	**3 137**	**(8)**	–	–
21 November 2029	**924**	**(26)**	924	(34)
21 November 2029	**1 000**	**(6)**	1 000	(11)
	9 905	**(68)**	6 768	(116)

Deposits from customers

For the floating interest rate deposits measured at amortised cost a 1% increase or decrease in the local interest rate would result in an impact on profit or loss and equity, before tax, of R231 million (2025: R209 million). The sensitivity assumes that the interest rate had increased or decreased by 1% with all other variables held. Refer to note 3.10 for details on deposits from customers.

NON-HEDGE DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swap

VitalityLife has significant exposure to long-term interest rate risk, given the impact of rates on the long-term assumptions applicable to the valuation of insurance contracts.

VitalityLife has an exposure to the FTSE Actuaries UK Conventional Gilts over 15 Year Index ("the index") because of products underwritten by The Prudential Assurance Company (PAC) on behalf of VitalityLife. To economically hedge the Vitality UK group's exposure to the index, a number of over-the-counter total return interest rate swap derivatives have been entered into, to provide VitalityLife with the capital depreciation or appreciation and coupon payments on a basket of Gilts designed to closely match that of the index in return for a payment of fixed interest to the counterparty. VitalityLife continues to hold certain interest rate swaps and total returns swaps ("TRS") to manage the interest rate risk on the legacy PAC book of business. These instruments are contracted on the balance sheet of the PAC and, therefore, deemed integral to the underlying insurance contracts entered into under IFRS17.

Refer to note 2.19.4 for sensitivity on the interest rate exposures.

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
Group income statement
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Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk *continued*

3.12.4.1.3 CURRENCY RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The following table segregates the currency exposure by major currency:

Group R million	**Total**	**Rand**	**GBP in UK subsidiary**	**GBP Other**	**USD in US subsidiary**	**USD Other**	**Other currencies**
30 June 2026							
Loans and advances to customers at amortised cost	**12 999**	**12 999**	**–**	**–**	**–**	**–**	**–**
Investments at amortised cost:							
Unlisted:							
– Debt	**10 177**	**10 177**	**–**	**–**	**–**	**–**	**–**
– Fixed deposits	**2 003**	**1 009**	**969**	**–**	**–**	**25**	**–**
Listed: Debt							
– Debt	**2 897**	**2 897**	**–**	**–**	**–**	**–**	**–**
Financial instruments mandatorily at fair value through profit or loss:							
Listed:							
– Debt portfolios	**2 351**	**1 467**	**849**	**–**	**25**	**9**	**1**
– Equity portfolios	**734**	**407**	**–**	**2**	**64**	**259**	**2**
– Money market portfolios	**3 482**	**3 459**	**–**	**–**	**–**	**23**	**–**
– Multi-asset portfolios	**54**	**50**	**–**	**–**	**2**	**2**	**–**
Unlisted:							
– Debt portfolios	**1**	**–**	**–**	**–**	**–**	**1**	**–**
– Equity portfolios	**21**	**20**	**–**	**–**	**–**	**1**	**–**
– Money market portfolios	**703**	**513**	**–**	**–**	**–**	**190**	**–**
Derivative financial instruments at fair value:							
– used as cash flow hedges	**1**	**1**	**–**	**–**	**–**	**–**	**–**
– not designated as hedging instruments	**93**	**93**	**–**	**–**	**–**	**–**	**–**
Receivables							
– Contract receivables	**1 728**	**1 238**	**–**	**–**	**480**	**–**	**10**
– Other Receivables	**2 715**	**1 905**	**425**	**1**	**168**	**158**	**58**
Cash and cash equivalents	**17 937**	**8 055**	**6 670**	**311**	**804**	**1 315**	**782**
Total financial assets	**57 896**	**44 290**	**8 913**	**314**	**1 543**	**1 983**	**853**
Borrowings at amortised cost	**18 692**	**17 641**	**891**	**–**	**159**	**–**	**1**
Deposits from customers	**27 202**	**26 400**	**–**	**115**	**–**	**463**	**224**
Other payables	**6 089**	**3 107**	**2 296**	**54**	**485**	**101**	**46**
Derivative financial instruments at fair value:	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– used as cash flow hedges	**79**	**79**	**–**	**–**	**–**	**–**	**–**
– not designated as hedging instrument	**1**	**1**	**–**	**–**	**–**	**–**	**–**
Total financial liabilities	**52 063**	**47 228**	**3 187**	**169**	**644**	**564**	**271**

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.1 Market risk *continued*

3.12.4.1.3 CURRENCY RISK *continued*

Group R million	Total	Rand	GBP in UK subsidiary	GBP Other	USD in US subsidiary	USD Other	Other currencies
30 June 2025							
Loans and advances to customers at amortised cost	8 513	8 513	–	–	–	–	–
Investments at amortised cost:							
Unlisted:							
– Debt	8 849	8 849	–	–	–	–	–
– Fixed deposits	2 697	1 364	1 333	–	–	–	–
Listed: Debt							
Debt	1 266	1 266	–	–	–	–	–
through profit or loss:	–	–	–	–	–	–	–
Listed:							
– Debt portfolios	2 590	1 369	1 194	–	–	26	1
– Equity portfolios	487	375	–	1	–	110	1
– Money market portfolios	1 879	1 874	–	–	–	5	–
– Multi-asset portfolios	164	99	–	–	–	65	–
Unlisted:							
– Debt portfolios	82	81	–	–	–	1	–
– Equity portfolios	26	26	–	–	–	–	–
– Money market portfolios	1 423	1 423	–	–	–	–	–
Financial assets at fair value through other comprehensive income:							
Unlisted:							
– Equity portfolios	14	14	–	–	–	–	–
Derivative financial instruments at fair value:							
– used as cash flow hedges	1	1	–	–	–	–	–
– not designated as hedging instruments	51	51	–	–	–	–	–
Receivables							
Contract receivables	1 653	1 166	–	–	444	–	43
Other Receivables	2 709	2 001	397	15	165	91	40
Cash and cash equivalents	17 216	9 364	4 796	483	399	1 941	233
Total financial assets	49 620	37 836	7 720	499	1 008	2 239	318
Borrowings at amortised cost	20 044	15 811	4 051	–	182	–	–
Deposits from customers	23 326	22 672	–	97	–	386	171
Other payables	6 575	3 570	2 235	90	481	165	34
Derivative financial instruments at fair value:							
– used as cash flow hedges	117	117	–	–	–	–	–
Total financial liabilities	50 062	42 170	6 286	187	663	551	205

Financial assets and financial liabilities in respect of the Group's US and UK subsidiaries are accounted for in their functional currency. Foreign currency movements will be recognised in the foreign currency translation reserve.

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

	USD	**GBP**
30 June 2026	**16.37**	**21.73**
30 June 2025	17.77	24.34

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

SECTION 3: Financial instruments and management of financial risk *continued*
3.12 Management of financial risk *continued*
3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*
3.12.4.1 Market risk *continued*
3.12.4.1.3 CURRENCY RISK *continued*

SENSITIVITY ANALYSIS

The Group determined that a 10% change is a reasonable expected strengthening or weakening of the US dollar and the UK pound against all other currencies. The impact on profit or loss and equity before tax as at 30 June is shown below. For the purpose of the analysis, the foreign exchange impact of intergroup balances which eliminate on consolidation has been excluded. The effect of translation differences that are recognised separately in other comprehensive income has also been excluded. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity	
R million	Strengthening	Weakening	Strengthening	Weakening
30 June 2026				
USD	**200**	**(200)**	**200**	**(200)**
GBP	**32**	**(32)**	**32**	**(32)**
30 June 2025				
USD	169	(169)	169	(169)
GBP	31	(31)	31	(31)

INVESTMENTS

Discovery has offshore assets in its investment portfolios. These offshore investments are made for the purpose of seeking international diversification. There is a risk to future earnings that the value of these assets reduces due to a strengthening in the rand. Performance of foreign currency assets is benchmarked against the MSCI World Index, an international index that represents large and mid-capitalisation companies across 23 developed market countries. Refer to www.msci.com for further details.

BORROWINGS

Discovery has long-term borrowings in the UK, which exposes the Group to currency risk. This risk is managed by aligning the currency exposure to the underlying operational assets for which these borrowings have been raised. The currency risk is mitigated as the cash flows emerging from the underlying assets are in the same currency (GBP) as the interest and capital payments.

DEPOSITS FROM CUSTOMERS

Discovery Bank offers its customers the option to hold deposits in foreign currency of GBP, USD and EUR. These risks are managed by aligning the currency exposure to the underlying assets. Discovery Bank does so by holding deposits in foreign currency of GBP, USD and EUR. The currency risk is therefore matched in a 1:1 ratio to not transfer foreign currency risk to the Group.

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

SECTION 3: Financial instruments and management of financial risk *continued*
3.12 Management of financial risk *continued*
3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*
3.12.4.2 Credit risk
Key areas where Discovery is exposed to credit risk are:

- **Financial investments comprising money market and debt instruments entered into to invest surplus shareholder funds:** Discovery is exposed to the issuer's credit standing on these instruments, which is monitored by the CCIC by setting a minimum credit rating and maximum exposure per issuer. Discovery has appointed reputable asset managers to manage these instruments. Information regarding the aggregated credit risk exposure for debt and money market instruments categorised by credit ratings is provided below.
- **Cash and cash equivalents:** This risk is managed by monitoring exposure to external financial institutions against approved limits per institution. Credit ratings are provided below.
- **Certain accounts within the Statement of Financial Position category of contract receivables and other non-financial receivables.**
- **Reinsurance assets comprising receivables raised for expected recoveries on projected claims (Discovery's liability as primary insurer is not discharged) and amounts due from reinsurers in respect of claims already paid:** This risk is limited as risk premiums are paid monthly to reinsurers and claims can be offset against risk premiums. Further, it is expected that there will be little build-up of actuarial liability on the reinsurers' side. The risk thus mainly arises following a period of higher-than-expected claims. Credit ratings of reinsurers are considered in reinsurance placement decisions. Credit exposure to reinsurers is also limited using several reinsurers. Reinsurance is placed with reputable international companies directly or through their national offices. The reinsurance companies used by Discovery are rated A or higher by A.M. Best, a rating agency with an exclusive insurance industry focus. Refer to www.ambest.com for further detail.
- **Loans and advances to customers at amortised cost**, which arises from credit extended to Discovery Bank customers.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.2 Credit risk *continued*

The following table details the aggregated credit risk exposure that the Group is exposed to, categorised by the rating scale noted in note 3.12 in section 3 Discovery's approach to monitoring credit risk.

Group R million	Total	Aaa	Aa1 Aa2 Aa3	A1 A2 A3	Baa1 Baa2 Baa3	Ba1 Ba2 Ba3	Govt[1]	Inter nally rated	Pooled funds
30 June 2026									
Loans and advances to customers at amortised cost	**12 999**	**–**	**–**	**–**	**–**	**–**	**1 024**	**11 975**	**–**
Investments at amortised cost:									
Unlisted:									
– Debt	**10 177**	**–**	**–**	**–**	**–**	**–**	**10 177**	**–**	**–**
– Fixed deposits	**2 003**	**–**	**–**	**994**	**733**	**276**	**–**	**–**	**–**
Listed debt	**2 897**	**–**	**–**	**–**	**–**	**248**	**2 649**	**–**	**–**
Financial instruments mandatorily at fair value through profit or loss:									
Listed:									
– Debt portfolios	**2 351**	**–**	**166**	**524**	**740**	**365**	**527**	**–**	**29**
– Money market portfolios	**3 482**	**–**	**45**	**5**	**217**	**123**	**2**	**–**	**3 090**
Unlisted:									
– Debt portfolios	**1**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**–**
– Money market portfolios	**703**	**44**	**106**	**58**	**434**	**57**	**4**	**–**	**–**
Derivative financial instruments at fair value:									
– used as cash flow hedges	**1**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**–**
– not designated as hedging instruments	**93**	**–**	**–**	**–**	**93**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**17 937**	**5 678**	**1 438**	**1 906**	**4 344**	**554**	**4 017**	**–**	**–**
	52 644	**5 722**	**1 755**	**3 487**	**6 563**	**1 623**	**18 400**	**11 975**	**3 119**
30 June 2025									
Loans and advances to customers at amortised cost	8 513	–	–	–	–	–	–	8 513	–
Investments at amortised cost:									
Unlisted:									
– Debt	8 849	–	–	–	–	–	8 849	–	–
– Fixed deposits	2 697	–	–	1 376	1 321	–	–	–	–
Listed debt	1 266	–	–	–	–	–	1 266	–	–
Financial instruments mandatorily at fair value through profit or loss:									
Listed:									
– Debt portfolios	2 590	18	183	713	658	172	826	–	20
– Money market portfolios	1 879	–	–	1	72	25	5	–	1 776
Unlisted:									
– Debt portfolios	82	–	–	–	71	9	–	–	2
– Money market portfolios	1 423	–	–	1	1 385	13	24	–	–
Derivative financial instruments at fair value:									
– used as cash flow hedges	1	–	–	–	1	–	–	–	–
– not designated as hedging instruments	30	–	–	–	30	–	–	–	–
Cash and cash equivalents	17 216	3 457	556	2 584	4 434	533	5 652	–	–
	44 546	3 475	739	4 675	7 972	752	16 622	8 513	1 798

1 *These instruments are issued by the South African government.*

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

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.2 Credit risk *continued*

CREDIT RISK RELATING TO RECEIVABLES

The table below summarises Discovery's shareholder contract receivables and other receivables as at 30 June 2026. This table reflects shareholder's credit exposure for those financial receivables as disclosed in note 5.8.

R million	Notes	Group 2026	Group 2025
Contract receivables:		**1 728**	1 653
– Closed scheme debtors	(i)	**161**	146
– Discovery Health Medical Scheme	(i)	**1 078**	1 019
– Other contract receivables		**495**	490
– Less allowance for expected credit losses	3.5	**(6)**	(2)
Other loans and receivables:		**2 715**	2 709
– Agents and brokers	(ii)	**459**	721
– Cash-in-transit debtors		**44**	8
– Consolidated unit trust debtors		**11**	8
– Loans to BEE initiatives	(iii)	**563**	497
– Security deposit on derivatives[1]		**40**	57
– Vitality partner debtors		**245**	200
– Other financial receivables		**1 739**	1 717
– Less allowance for expected credit losses	3.5	**(386)**	(499)
		4 443	4 362

1 *Refer to note 3.12.7 for an explanation of the nature of the security deposit (cash collateral).*

Credit risk relating to receivables is managed as follows:

i. The Discovery Health Medical Scheme (DHMS) has been rated AAA(za) by Global Credit Ratings. The closed schemes have not been rated. Payments by DHMS and the other closed schemes are managed by Discovery and are paid by the seventh of the following month.

ii. Agents and brokers are subject to a comprehensive relationship management programme, including credit assessment. Agents and brokers are not rated by Discovery, as exposure to any single intermediary is insignificant. The widespread nature of the individual amounts combined, with this close management relationship, reduces credit risk. Most commission claw backs are offset against future payments and hence the risk of outstanding commission clawbacks is reduced.

iii. These loans are structured considering creditworthiness of the individual partners, and the purpose of the BEE relationship. These loans are managed and monitored on an individual basis, and ECL is accordingly recognised on an individual basis using management's best estimate.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.2 Credit risk *continued*

Discovery ages and pursues unpaid accounts on a monthly basis. The ageing of the components of receivables as at 30 June was:

Group R million	Gross 2026	Impairment 2026	Gross 2025	Impairment 2025
Not past due (current)	**3 684**	**(78)**	3 901	(140)
30 days	**158**	**(1)**	51	(1)
60 days	**91**	**(2)**	34	(1)
90 days	**50**	**(19)**	34	(2)
120 days	**111**	**(16)**	106	(2)
150 days	**27**	**(5)**	5	(1)
>150 days	**714**	**(271)**	732	(354)
	4 835	**(392)**	4 863	(501)

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

For an analysis of the movement in the allowance for expected credit losses, refer to note 3.5 Expected credit loss reconciliation as included in section 3.

3.12.4.3 Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to always meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities (refer to note 3.7). Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and, if applicable, external regulatory or legal requirements – such as capital requirements.

Cash held by the operating entities is managed by Group Treasury. Group Treasury invests this cash in interest-bearing accounts, time deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. For information on the liquidity risk management of contracts with insurance risk, refer to note 2.19.1 Liquidity risk.

Discovery Bank manages its liquidity risk by comparing the credit utilisation and expected future utilisation of committed facilities on its loans and advances against the deposits it holds. Discovery Bank performs normal stresses as well as additional stresses to ensure that it can meet its obligations continuously.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.4 SHAREHOLDER FINANCIAL ASSETS AND LIABILITIES *continued*

3.12.4.3 Liquidity risk *continued*

The table below examines the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts are the undiscounted contractual payments and will therefore not agree to the Group statement of financial position.

Group R million	Total	<1 year	1 – 2 years	3 – 5 years	6 – 10 years	> 10 years
30 June 2026						
Loans and advances to customers at amortised cost	**21 787**	**6 781**	**3 396**	**4 260**	**2 847**	**4 503**
Investments at amortised cost	**18 359**	**6 824**	**1 820**	**5 300**	**4 415**	**–**
Investments at fair value through profit or loss	**6 602**	**4 867**	**528**	**1 001**	**72**	**134**
Derivative financial instruments at fair value:						
– not designated as hedging instruments	**94**	**6**	**–**	**88**	**–**	**–**
Receivables	**4 445**	**3 974**	**53**	**41**	**87**	**290**
Cash and cash equivalents	**17 938**	**17 938**	**–**	**–**	**–**	**–**
Total financial assets	**69 225**	**40 390**	**5 797**	**10 690**	**7 421**	**4 927**
Deposits from customers	**27 615**	**25 852**	**772**	**991**	**–**	**–**
Borrowings from banks	**21 921**	**6 006**	**4 002**	**8 976**	**2 937**	**–**
Finance leases	**1 125**	**233**	**180**	**391**	**298**	**23**
Other payables at amortised cost	**6 406**	**5 792**	**477**	**118**	**19**	**–**
Derivative financial instruments at fair value:						
– used as cash flow hedges	**79**	**12**	**26**	**41**	**–**	**–**
– not designated as hedging instruments	**1**	**1**	**–**	**–**	**–**	**–**
Total financial liabilities	**57 147**	**37 896**	**5 457**	**10 517**	**3 254**	**23**
30 June 2025						
Loans and advances to customers at amortised cost	13 566	4 335	2 432	3 315	1 782	1 702
Investments at amortised cost	16 952	7 334	1 250	3 134	5 234	–
Investments at fair value through profit or loss	6 253	4 521	673	879	71	109
Investments designated fair value through other comprehensive income	14	14	–	–	–	–
Derivative financial instruments at fair value:						
– not designated as hedging instruments	52	41	11	–	–	–
Receivables	4 363	3 886	60	92	67	258
Cash and cash equivalents	17 216	17 216	–	–	–	–
Total financial assets	58 416	37 347	4 426	7 420	7 154	2 069
Deposits from customers	23 766	21 981	625	1 160	–	–
Borrowings from banks	18 837	8 220	3 370	7 247	–	–
Finance leases	5 725	737	729	2 134	2 079	46
Other payables at amortised cost	6 579	6 330	85	163	1	–
Derivative financial instruments at fair value:						
– used as cash flow hedges[1]	116	–	22	94	–	–
Total financial liabilities	55 023	37 268	4 831	10 798	2 080	46

1 To enhance presentation, interest rate swaps are presented separately in the maturity analysis, having previously been included in borrowings net of interest rate swaps. Comparative information has been restated accordingly. This change relates to presentation only.

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.5 CAPITAL MANAGEMENT

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

- To comply with the statutory capital and liquidity requirements in each of its regulated entities;
- To maintain a capital and liquidity buffer in excess of the statutory requirements in order to reduce the risk of breaching the statutory requirements;
- 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 ultimately overseen by the Board.

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

Financial leverage ratio

As part of the capital management process, the Group monitors its capital structure in line with a Financial Leverage Ratio (FLR) risk appetite. The Group's strategy is to maintain a prudent FLR in line with Discovery's risk appetite statement, with an overall maximum FLR of 28%, which remains conservative.

The FLR is calculated as follows: total debt[1] ÷ (total debt + total equity + 50% Contractual Service Margin (CSM) net of reinsurance and net of tax). Non-recourse financial reinsurance and all IFRS 16 lease liabilities are not included in the measurement of total debt.

R million	Group 2026	Group 2025
Borrowings at amortised cost, excluding lease liabilities (refer to note 3.7)	17 787	16 105
Total debt	**17 787**	16 105
Total equity	**82 661**	65 699
Total Contractual Service Margin (CSM)[2]	**29 393**	28 047
Financial leverage ratio % (50% CSM factored in)[1]	**15.4%**	16.8%

1 If the borrowings for 1 Discovery Place are excluded, the total debt would be R14 261million and the Finance leverage ratio would be 12.8%.
2 The CSM is net of reinsurance and net of tax.

The FLR at 30 June 2026 is within Discovery's risk appetite.

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

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.5 CAPITAL MANAGEMENT *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 the capital held for their liabilities and other regulatory financial obligations. 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 and the related Prudential Standards, while VitalityHealth and VitalityLife are regulated under the Solvency UK II regulatory regime.

Debt covenants

The information presented in the table below relating to the Embedded Value and Solvency Capital Requirement is unaudited. The following are the key debt covenants and their proximity to minimum requirements as per the contractual financial covenants.

Debt Covenant and explanation	Minimum requirement	Unaudited Group 2026	Unaudited Group 2025
Group Debt[1] to EBITDA[2] Ratio:	Less than 2.5 times	**0.91 times**	1.02 times
Group financial indebtedness to embedded value[3]	Less than 30% of Group Embedded value	**13.1 %**	13.3 %
Discovery Life Solvency Capital Requirement (SCR) Cover	SCR cover must be more than 1.1	**1.7 times**	1.9 times
Group embedded value	Greater than R30 billion	**R142 924 million**	R126 554 million
New business embedded value must not be negative	Positive value of new business for 3 consecutive 6-month periods	**June 2026: R1 465 million December 2025: R1 356 million June 2025: R1 201 million**	June 2025: R1 201 million December 2024: R953 million June 2024: R1 148 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 (Discovery head office building in Sandton, South Africa) 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 1 Discovery Place and excludes items deemed extraordinary and specified Financial Reinsurance (FinRe) arrangements.
3 Group financial indebtedness is as per Group Debt in the calculation.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.6 FAIR VALUE HIERARCHY

The Group's assets and liabilities measured at fair value are disclosed in accordance with the 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 those assets and liabilities that are measured using unadjusted, quoted prices in an active market for identical assets and liabilities, generally 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 those assets and liabilities that are valued using techniques based significantly on observable market data. Assets and liabilities in this category are valued using:

a. Quoted prices for similar or identical assets and liabilities, generally financial 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 those assets and liabilities 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 the instruments' valuation) cannot be based on observable market data.

R million	Level 1	Level 2	Level 3	Total
30 June 2026				
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:	177 449	45 435	–	222 884
– Equity portfolios	115 151	18 236	–	133 387
– Debt portfolios	62 084	1 311	–	63 395
– Money market portfolios	–	11 664	–	11 664
– Multi-asset portfolios	214	14 224	–	14 438
Derivative financial instruments at fair value:	–	147	–	147
– used as cash flow hedges	–	1	–	1
– not designated as hedging instruments	–	146	–	146
Cash and cash equivalents	–	26	–	26
Total financial assets	177 449	45 608	–	223 057
Financial liabilities				
Third-party interest in consolidated funds	–	40 901	–	40 901
Investment contracts at fair value through profit or loss	–	38 614	–	38 614
Derivative financial instruments at fair value:	–	117	–	117
– used as cash flow hedges	–	79	–	79
– not designated as hedging instruments	–	38	–	38
Total financial liabilities	–	79 632	–	79 632

There were no transfers between hierarchy levels during the current financial period.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Financial instruments and management of financial risk *continued*

3.12 Management of financial risk *continued*

3.12.6 FAIR VALUE HIERARCHY *continued*

R million	Level 1	Level 2	Level 3	Total
30 June 2025				
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:	141 140	52 636	–	193 776
– Equity portfolios	87 458	12 477	–	99 935
– Debt portfolios	53 682	2 186	–	55 868
– Money market portfolios	–	12 948	–	12 948
– Multi-asset portfolios	–	25 025	–	25 025
Financial instruments at fair value through other comprehensive income:	–	–	14	14
– Equity portfolios	–	–	14	14
Derivative financial instruments at fair value:	–	41	22	63
– used as cash flow hedges	–	1	–	1
– not designated as hedging instruments	–	40	22	62
Total financial assets	141 140	52 677	36	193 853
Non-financial assets				
Non-current asset held for sale[1]	–	–	62	62
Total assets	141 140	52 677	98	193 915
Financial liabilities				
Third-party interest in consolidated funds	–	35 932	–	35 932
Investment contracts at fair value through profit or loss	–	32 188	–	32 188
Derivative financial instruments at fair value:	–	135	–	135
– used as cash flow hedges	–	117	–	117
– not designated as hedging instruments	–	18	–	18
Total financial liabilities	–	68 255	–	68 255

1 *The fair value was determined from an agreed sales price between unrelated parties, reflecting an arm's length transaction under current market conditions. Given the agreed sales price, no variability is expected in the fair value measurement, as the transaction price represents the best available estimate of fair value. The measurement approach incorporates relevant observable market inputs where available.*

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

SECTION 3: Financial instruments and management of financial risk *continued*
3.12 Management of financial risk *continued*
3.12.6 FAIR VALUE HIERARCHY *continued*
Specific valuation techniques used to value financial instruments in level 2
If a quoted market price is not available on a recognised stock exchange or from a broker for non-exchange traded financial instruments, the fair value of the instrument is estimated by the asset managers, using valuation techniques including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

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

Instruments	Valuation technique	Main inputs and assumptions for level 2 fair value hierarchy
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 to check if the price provided by the provider is correct.	– discount rate – spot prices of the underlying
Debt portfolios and Money market instruments	Money market instruments are valued by discounting the future cash flows using a risk-adjusted discount rate.	– discount rate, credit spread
Multi-assets	The fair values 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.	– discount rate
Investment contracts at fair value, including third-party interest in consolidated funds	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 third-party interest in consolidated funds and investment contract liabilities is determined with reference to the fair value of the underlying assets (meaning, 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.	– 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	– discount rate – spot prices of the underlying – correlation factors – volatilities – earnings yield – valuation multiples
Unlisted equity instrument at fair value	For unlisted equity instruments, a discounted cash flow methodology is used. The discounted cash flow methodology values an asset by determining the present value of its expected future net cash flows. This valuation considers both historic experience and future projected budgets. The valuation is stress tested by considering earnings multiples, e.g., price-earnings multiple (P/E ratio).	– discount rate – growth rate – projected earnings – valuation – multiples, eg, P/E ratio

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

SECTION 3: Financial instruments and management of financial risk *continued*
3.12 Management of financial risk *continued*
3.12.7 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES
FINANCIAL ASSETS
The following financial assets are subject to offsetting:

Group R million	Gross financial assets	Gross offsetting financial liabilities	Net amount presented
30 June 2026			
Cash and cash equivalents	**23 260**	**(356)**	**22 904**
30 June 2025			
Cash and cash equivalents	22 126	(158)	21 968

Offsetting of cash and cash equivalents takes place as a result of sweeping arrangements that Discovery has in force with various financial institutions. No other amounts presented on the financial statements are subject to netting arrangements.

CASH COLLATERAL
To reduce the credit risk exposure from derivative instruments purchased (refer to note 3.4), Discovery has entered into collateral agreements with the relevant financial institutions to post cash collateral periodically, equal to the fair value of the derivatives. A total of R66 million (2025: R57 million) cash collateral was held by the various financial institutions and R15 million (2025: R53 million) was held by Discovery as at 30 June 2026.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 4: Equity, share-based payments and related parties

4.1 Introduction and overview

This section provides information on the authorised and outstanding ordinary and preference share capital and share premium of the Group, as well as changes thereto. The section further provides information on the share-based payment arrangements of the Group as well as transactions and balances with related parties and major customers.

4.2 Primary financial statement and information analysed in this section

R million		Notes	**Group 2026**	Group 2025
Statement of financial position				
	Capital and reserves			
	Ordinary share capital and share premium	4.3	**12 205**	11 358
	Perpetual preference share capital	4.4	**779**	779
			12 984	12 137
Additional information				
	Information on share-based payment arrangements and long-term incentives	4.5		
	Information on related parties, major customers	4.6		

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
Group income statement
Group statement of other comprehensive income
Group statement of cash flows
Group statement of changes in equity
Notes to the Group annual financial statements
Company Annual Financial Statements
Annexures
Glossary

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 4: Equity, share-based payments and related parties *continued*

4.3 Ordinary share capital and share premium

For the accounting policies relevant to the recognition and measurement of Share capital and share premium, refer to Annexure A Accounting policy 11.

	Issued		Treasury shares			
Group R million	Share capital	Share premium	Subsidiaries of Discovery Limited	BEE Share trust	Long-term incentive plan (LTIP)	Total outstanding
At 1 July 2024	1	12 534	(14)	(60)	(1 794)	10 667
Share movements:						
– new issue	–	626	–	–	–	626
– treasury shares delivered	–	–	–	2	689	691
– treasury shares purchased	–	–	–	–	(626)	(626)
At 30 June 2025	**1**	**13 160**	**(14)**	**(58)**	**(1 731)**	**11 358**
Share movements:						
– new issue	**–**	**625**	**–**	**–**	**–**	**625**
– treasury shares delivered	**–**	**2**	**–**	**2**	**843**	**847**
– treasury shares purchased	**–**	**141**	**14**	**–**	**(780)**	**(625)**
At 30 June 2026	**1**	**13 928**	**–**	**(56)**	**(1 668)**	**12 205**

		Treasury shares			
Number of shares	Company	Subsidiaries of Discovery Limited	BEE Share trust	LTIP	Total outstanding
At 1 July 2024	676 374 092	(680 268)	(692 152)	(13 980 525)	661 021 147
Share movements:					
– new issue	3 306 749	–	–	–	3 306 749
– treasury shares delivered	–	–	33 841	5 402 773	5 436 614
– treasury shares purchased	–	–	–	(3 306 749)	(3 306 749)
At 30 June 2025	**679 680 841**	**(680 268)**	**(658 311)**	**(11 884 501)**	**666 457 761**
Share movements:					
– new issue	**2 810 778**	**–**	**–**	**–**	**2 810 778**
– treasury shares delivered	**–**	**–**	**37 285**	**6 126 702**	**6 163 987**
– treasury shares purchased	**–**	**680 268**	**–**	**(3 491 046)**	**(2 810 778)**
At 30 June 2026	**682 491 619**	**–**	**(621 026)**	**(9 248 845)**	**672 621 748**

The total authorised number of ordinary shares is 1 billion (2025: 1 billion), with a par value of 0.1 cent per share.

SHARE MOVEMENTS DURING THE 2026 FINANCIAL REPORTING PERIOD

Discovery issued 2 810 778 shares for a cash consideration of R625 million (average share price R222.41). This was a specific issuance, to the Discovery Long-Term Incentive Plan Trust. The LTIP Trust effected an off-market acquisition of 680 268 shares from a subsidiary of Discovery Limited for a consideration of R155 million (at a volume weighted average price of R228.37 per share).

Discovery delivered 6 163 987 shares that vested through the Discovery Long-Term Incentive Plan and BEE share Trust for a cash consideration of R847 million.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 4: Equity, share-based payments and related parties *continued*

4.4 Perpetual preference share capital

For the accounting policies relevant to the recognition and measurement of Share capital and share premium, refer to Annexure A Accounting policy 11.

R million	Group 2026	Group 2025
Authorised		
20 000 000 B preference shares of R100 each	**2 000**	2 000
	2 000	2 000
Issued		
8 000 000 B preference shares of R100 each	**800**	800
Share issue costs	**(21)**	(21)
At 30 June 2026	**779**	779

The B preference shares are non-compulsory, non-cumulative, non-participating, non-convertible, voluntarily redeemable (at option of Discovery) preference shares and were issued at a coupon rate of 85% of prime rate. With the introduction of dividend withholding tax on 1 April 2012, the coupon rate on the preference shares was increased to 100% of the prime rate.

4.5 Share-based payments and long-term incentives

For the accounting policies relevant to the recognition and measurement of Share-based payments refer to Annexure A Accounting policy 16.3.

INCENTIVE SCHEMES

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

SHARE-BASED PAYMENT ARRANGEMENTS

1. BEE staff share trust (equity-settled)

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

ALLOCATION SCHEME

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

OPTION SCHEME

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

2. Discovery's phantom scheme (cash-settled)

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

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 4: Equity, share-based payments and related parties *continued*

4.5 Share-based payments and long-term incentives *continued*

3. Discovery long-term incentive plan (LTIP)

The LTIP was introduced in the financial year ended 30 June 2020 and replaced (with limited exceptions) the cash-settled Discovery Phantom scheme (see point 2 above) with an equity-settled scheme.

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

SINGLE INCENTIVE PLAN

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

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

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

4. Acquisition schemes (cash and equity-settled)

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

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

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

The fair value of the awards at the date of the modification was determined to be R141 million, with an incremental fair value of R40 million. In line with the Group's accounting policy, where the fair value of the share-based payment liability at the modification date exceeded the amount previously recognised in equity, the full liability was reclassified from equity, with no gain or loss recognised in profit or loss.

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

5. Discovery Bank scheme (equity-settled)

Participants will receive Discovery Limited shares subject to the 'Value Created', which references the growth in the value of Discovery Bank business after capital invested and interest. These awards vest from between the third and seventh anniversary of the market launch date of Discovery Bank, and each vesting is settled in three equal instalments over three years, if the participant is employed on each vesting date.

OTHER LONG-TERM INCENTIVE SCHEMES

The following schemes are long-term staff incentives where the value is determined with reference to something other than the Discovery Limited share price. These schemes are accounted for in terms of IAS 19: Employee benefits.

6. The VitalityHealth and VitalityLife phantom share scheme

Participants earn a cash bonus based on allocation of bonus scheme units which in turn are linked to the Embedded Value (EV) of VitalityLife and VitalityHealth respectively. The bonus is earned if the participant is employed on each vesting date. For units issued, the vesting of the units is two, three and four years after allocation of the bonus units. The bonus may not be carried forward.

7. All other segment schemes

Various other long-term incentive schemes exist within the Discovery Group in the All other segments. These schemes are individually and in aggregate immaterial and as a result no further information is disclosed.

The schemes mentioned in bullets 2 and 4 have been classified as cash-settled schemes and a liability is raised in terms of IFRS 2 *Share-based Payment*. The other long-term incentive schemes, have been accounted for in terms of IAS 19 *Employee Benefits*.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 4: Equity, share-based payments and related parties *continued*

4.5 Share-based payments and long-term incentives *continued*

SUMMARY OF UNITS GRANTED UNDER SHARE-BASED PAYMENT ARRANGEMENTS

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

Date granted	Share/ Option price	Final vesting date	Shares under option at beginning of year	Share/ Options granted during year	Share/ Options vested and exercised during year	Share/ Options forfeited or adjusted during year	**Shares under option at end of year**
1. BEE Staff share trust							
01/07/2019 - 30/06/2020	R0.00	30/09/2025	1 193	–	(1 193)	–	**–**
01/07/2020 - 30/06/2021	R0.00	31/03/2026	3 550	–	(3 550)	–	**–**
01/07/2021 - 30/06/2022	R0.00	30/09/2027	22 748	–	(17 368)	(752)	**4 628**
01/07/2022 - 30/06/2023	R0.00	30/04/2028	9 470	–	(3 156)	–	**6 314**
01/07/2023 - 30/06/2024	R0.00	30/04/2029	51 064	–	(13 863)	(3 210)	**33 991**
01/07/2024 - 30/06/2025	R0.00	30/09/2029	13 111	–	–	(2 907)	**10 204**
01/07/2025 - 30/06/2026	R0.00	30/09/2030	–	5 087	–	–	**5 087**
2. The Discovery Limited phantom scheme							
01/07/2022 - 30/06/2023	R0.00	30/09/2027	108 212	–	(91 905)	–	**16 307**
01/07/2023 - 30/06/2024	R0.00	30/09/2026	65 881	–	(43 337)	–	**22 544**
01/07/2024 - 30/06/2025	R0.00	30/09/2026	–	–	(1 453)	4 359	**2 906**
01/07/2025 - 30/06/2026	R0.00	30/09/2028	–	111 894	–	–	**111 894**
3. Discovery LTIP and SIP							
01/07/2020 - 30/06/2021	R0.00	30/09/2025	952 028	–	(951 099)	(929)	**–**
01/07/2021 - 30/06/2022	R0.00	30/09/2026	1 934 895	–	(973 169)	(16 379)	**945 347**
01/07/2022 - 30/06/2023	R0.00	30/09/2027	1 777 101	–	(1 430 665)	(1 486)	**344 950**
01/07/2023 - 30/06/2024	R0.00	30/09/2028	2 456 213	–	(1 200 268)	(29 401)	**1 226 544**
01/07/2024 - 30/06/2025	R0.00	30/09/2029	3 049 030	–	(950 228)	(50 186)	**2 048 616**
01/07/2025 - 30/06/2026	R0.00	30/09/2030	–	3 772 729	(480 425)	(38 845)	**3 253 459**
4. Acquisition schemes							
01/07/2019 - 30/06/2020	R0.00	30/09/2025	2 688	–	(2 688)	–	**–**
01/07/2020 - 30/06/2021	R0.00	30/09/2026	41 091	–	(70 518)	36 586	**7 159**
01/07/2021 - 30/06/2022	R0.00	30/09/2027	96 218	–	(63 001)	17 162	**50 379**
01/07/2023 - 30/06/2024	R0.00	30/09/2028	817 164	–	(11 376)	(70 720)	**735 068**
01/07/2024 - 30/06/2025	R0.00	30/09/2029	853 067	–	(10 556)	(33 497)	**809 014**
01/07/2025 - 30/06/2026	R0.00	30/09/2030	–	763 078	(43 763)	(14 295)	**705 020**

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 4: Equity, share-based payments and related parties *continued*

4.5 Share-based payments and long-term incentives *continued*

VALUATION OF SHARE-BASED PAYMENTS AND LONG-TERM INCENTIVES

The VitalityHealth and VitalityLife phantom share scheme is cash-settled and thus repriced at each reporting date. The value of the shares and options allocated are dependent on the performance of VitalityLife and VitalityHealth, more specifically the EV of each respective business.

The Discovery phantom scheme and certain Acquisition scheme awards are cash-settled and a liability is raised in terms of IFRS 2 *Share-based Payment* (IFRS 2). The liability is repriced at each reporting date. The closing share price at 30 June 2026 was R264.23.

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

	Fair value	Valuation methodology
Discovery LTIP and SIP		
01/07/2021 - 30/06/2022	135.94	
01/07/2022 - 30/06/2023	127.58	Unconditional fair value is equal to
01/07/2023 - 30/06/2024	117.16 - 133.04	the underlying share price in
01/07/2024 - 30/06/2025	153.00 - 217.40	Discovery at grant dates.
01/07/2025 - 30/06/2026	219.52	
BEE Staff share trust		
01/07/2021 - 30/06/2022	118.85 - 170.55	Unconditional fair value is equal to
01/07/2022 - 30/06/2023	111.48 - 135.95	the share price at grant date, less
01/07/2023 - 30/06/2024	109.75 - 137.96	the present value of estimated
01/07/2024 - 30/06/2025	183.87 - 204.22	dividends paid prior to the time of
01/07/2025 - 30/06/2026	205.72 - 243.19	exercise.
Acquisition Share Scheme		
01/07/2020 - 30/06/2021	109.36	
01/07/2021 - 30/06/2022	117.27 - 119.62	Unconditional fair value is equal to
01/07/2023 - 30/06/2024	146.46	the underlying share price in
01/07/2024 - 30/06/2025	192.69	Discovery at grant dates.
01/07/2025 - 30/06/2026	219.52	

4.6 Related parties

LIST OF RELATED PARTIES AS DEFINED

Subsidiaries

Details of subsidiaries directly owned by Discovery Limited are contained in Company note 3.3. In addition, Annexure B sets out all subsidiary and other investments held within Discovery Group.

Associates and joint ventures

Details of Discovery's material associates and joint ventures are contained in note 5.7.

Key management personnel

The Group revised its definition of key management personnel to align with changes in the composition of its business. Accordingly, with effect from 1 July 2025, key management personnel comprise only the directors and prescribed officers of Discovery Limited and no longer include the directors and prescribed officers of major subsidiaries previously identified as part of key management personnel. Comparative information has not been restated, as key management personnel for the prior period were determined in accordance with the definition applicable during that period.

A list of the directors and prescribed officers of Discovery Limited can be found in the Directors' report. Also refer to Annexure C for Directorate remuneration.

To the extent that specific transactions have occurred between Discovery and key management personnel, including close family members of key management, (as defined in IAS 24 *Related Party Disclosures*) the details are included within the aggregate disclosure contained below under key management personnel and where significant, full details of all relationships and terms of the transactions are provided.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 4: Equity, share-based payments and related parties *continued*

4.6 Related parties *continued*

TRANSACTIONS WITH RELATED PARTIES

Discovery Group had the following transactions and balances with the following equity-accounted investees:

Transactions (R'000)	2026	2025[1]
PAHI		
Other Income	10 247	16 012
Other		
Other Income	65 725	13 854
Other expenses	(118 656)	(62 324)

1 *Following the partial disposal of the interest in Cambridge Mobile Telematics Inc (CMT), refer note 5.7.2.2, CMT is no longer a material associate. For the year ended 30 June 2025 other expenses of R30 621 thousand relating to CMT is now included in Other.*

Outstanding balances (R'000)	2026	2025[1]
PAHI		
Other receivables	10 237	10 525
Other		
Other receivables	39 136	4 916
Other payables	(5 123)	(7 340)

1 *Following the partial disposal of the interest in Cambridge Mobile Telematics Inc (CMT), refer note 5.7.2.2, CMT is no longer a material associate. For the year ended 30 June 2025 other payables of R7 340 thousand relating to CMT is now included in Other.*

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

Key management personnel compensation

R'000	2026	2025
Salaries and other short-term benefits paid[1]	179 495	249 628
Long-term benefits	37 172	30 539
Share-based payments	64 587	111 598
	281 254	391 766

1 *Other short-term benefits paid include defined contributions, paid leave, and short-term bonuses.*

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

SECTION 4: Equity, share-based payments and related parties *continued*

4.6 Related parties *continued*

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

Insurance contracts

R'000	Aggregated insured cover 2026	Aggregated insured cover 2025	Premiums received 2026	Premiums received 2025	Claims paid 2026	Claims paid 2025
Life insurance	**744 248**	1 561 516	**7 075**	12 719	**–**	–
Short-term insurance	**541 291**	750 049	**1 869**	3 273	**388**	1 139
Short-term health insurance[1]	**430**	816	**7**	309	**15**	166

1 The comparative information has been restated to include GAP cover insurance within the aggregated insured cover disclosed in the related party note, aligning the presentation with the current period.

Investment contracts

R'000	Investment values 2026	Investment values 2025	Premiums received 2026	Premiums received 2025	Withdrawal benefits 2026	Withdrawal benefits 2025	Investment returns 2026	Investment returns 2025
Investment contracts	**33 474**	75 000	**1 559**	10 917	**–**	3 464	**2 678**	8 133

Vitality programme

R'000	Premiums received 2026	Premiums received 2025	Amounts paid 2026	Amounts paid 2025
Vitality benefits	**93**	214	**1 918**	1 914

Discovery Bank

R'000	Loans 2026	Loans 2025	Savings 2026	Savings 2025	Fees 2026	Fees 2025
Discovery Bank	**1 138**	1 856	**62 242**	75 104	**142**	373

Key management personnel, their families (as defined in IAS 24) and entities significantly influenced or controlled by key management accrued 260 622 Discovery miles as part of the Vitality Reward Programme for the year ended 30 June 2026 (2025: 484 952).

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 R8 829 million (2025: R8 386 million). DHMS owes Discovery Health R1 075 million (2025: R989 million) at year-end.

Discovery offers the members of DHMS access to the Vitality programme. Southern Rx and Discovery HealthCare provide wellness services to DHMS for which it received fees totalling R176.7 million (2025: R94 million). Discovery Vitality also receives monthly contributions from DHMS members that have activated the Vitality Wellness programme through various product integrations. The membership fees totalled R2 534 million for the year ended 30 June 2026 (2025: R2 331 million).

Discovery Third Party Recovery Services (Pty) Ltd (DTPRS) provides a service to DHMS to recover all claims that are due from the Compensation for Occupational Injuries and Diseases. DTPRS received R31.6 million (2025: R29.7 million) for this service. DHMS owes DTPRS R3.1 million (2025: R2.2 million owed by DHMS to DTPRS) at year-end.

Discovery Central Services receives monthly rent from DHMS for office space at 1 Discovery Place which totalled R8.0 million for the year ended 30 June 2026 (2025: R7.5 million).

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

SECTION 4: Equity, share-based payments and related parties *continued*

4.6 Related parties *continued*

MAJOR CUSTOMERS AND OTHER DISCOVERY ENTITIES NOT PART OF DISCOVERY GROUP *continued*

Closed schemes

Discovery Health administers the following restricted membership medical schemes:

- Anglo Medical Scheme
- Anglovaal Group Medical Scheme
- Bankmed Medical Scheme
- BMW Employees Medical Aid Society
- Engen Medical Benefit Fund
- Glencore Medical Scheme
- LA Health Medical Scheme
- Malcor Medical Scheme
- MediPos Medical Scheme (Effective 1 April 2025)
- Multichoice Medical Aid Scheme
- Netcare Medical Scheme
- Remedi Medical Scheme
- Retail Medical Scheme
- Sasolmed
- TFG Medical Scheme
- Tsogo Sun Group Medical Scheme
- UKZN Medical Scheme

Discovery Health charges these schemes administration fees which are determined on an annual basis and approved by the trustees of the respective closed schemes. The fees totalled R1 786 million (2025: R1 621 million). Discovery Health and its subsidiaries also provide wellness services to these schemes. The fees received for these services totalled R22.1 million (2025: R8.5 million). Amounts due to Discovery Health at year-end totalled R153 million (2025: R143 million). DTPRS provides a service to some of the closed schemes to recover all claims that are due from the Compensation for Occupational Injuries and Diseases. DTPRS received R2.5 million (2025: R2.2 million) for this service.

Discovery Vitality receives monthly contributions from the closed scheme members that have activated the Vitality Wellness programme through various product integrations. The membership fees totalled R149 million (2025: R130 million).

Discovery franchises

Discovery has established a network of 27 (2025: 29) franchises in order to establish a national footprint for its products. Discovery has paid R275 million (2025: R268 million) in fees to the franchises.

The franchises participate in the Acquisition Scheme (refer to note 4.5 for further details). During the year, R42 million (2025: R32 million) was accrued for in terms of this scheme.

The Discovery Foundation

The Discovery Foundation's principal aim is to invest in the education and training of medical specialists and the development of academic and research centres. It is an independent shareholder of Discovery. During the year, the Discovery Foundation received a management fee of R3.5 million (2025: R3.4 million).

The Discovery Fund

The Discovery Fund is a fund for sustainable non-governmental healthcare projects, especially in primary healthcare. These projects complement the delivery of primary and preventative care in the public sector and help to relieve the burden on state facilities.

The Discovery Fund received contributions from Discovery of R25 million during the year (2025: R25 million). Discovery also paid a management fee of R2.7 million (2025: R2.6 million).

Discovery retirement funds

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

Contributions to the Funds by Discovery Staff during the year amounted to R721 million (2025: R684 million). The Discovery Retirement Funds have R7 872 million (2025: R6 836 million) of assets under administration on behalf of Discovery Staff, R7 519 million is invested in unit linked insurance policies with Discovery Life (2025: R6 538 million). R5 097 million (2025: R4 650 million) of the unit linked insurance policies are in turn linked to unit trusts managed by Discovery Life Collective Investments.

Discovery Long-term Incentive Plan Trust

At the Annual General Meeting (AGM) 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 the year ended 30 June 2026, 2 810 778 (2025: 3 306 749) new shares were issued by Discovery Limited to the Trust at a value of R625 million (2025: R626 million). The LTIP Trust also effected an off-market acquisition of 680 268 shares from a subsidiary of Discovery Limited at a value of R155 million. In addition, during the year ended 30 June 2026, shares of 6 126 702 (2025: 5 402 773) vested with participants. In terms of IFRS Accounting Standards, while held in the Trust, these shares are treated as treasury shares and not treated as issued for accounting purposes.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense

5.1 Introduction and overview

This section provides information on the remainder of the assets, liabilities, income and expense in the Annual Financial Statements.

5.2 Primary financial statements and information analysed in this section

R million		Note(s)	Group 2026	Group 2025
Statement of financial position	**Assets**			
	Goodwill	5.3	**5 105**	5 429
	Intangible assets	5.4	**7 276**	7 542
	Property and equipment	5.5	**5 938**	3 266
	Deferred tax asset	5.9.1	**3 771**	4 886
	Assets arising from contracts with customers	5.6	**3 674**	3 722
	Investment in equity-accounted investees	5.7	**9 190**	8 989
	Contract receivables and other receivables	5.8	**7 943**	7 368
	Non-current assets held for sale		**–**	62
			42 897	41 264
	Liabilities			
	Deferred tax liability	5.9.1	**12 907**	8 755
	Contract liabilities to customers	5.6	**1 842**	1 516
	Other payables	5.10	**2 458**	2 333
			17 207	12 604
Income statement	Fee income from administration businesses	5.6.1	**14 599**	14 326
	Vitality income	5.6.1	**5 619**	5 322
	Net banking fee and commission income		**2 099**	1 695
	Insurance service expenses	5.11.1	**(51 577)**	(49 028)
	Marketing and administration expenses	5.11.3	**(22 575)**	(21 765)
	Income tax expense	5.9.2	**(5 239)**	(4 089)
			(57 074)	(53 539)

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

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.3 Goodwill

For the accounting policies relevant to the recognition and measurement of Goodwill, refer to Annexure A policies 2.1, 2.4.1, 3.3, 6 and 7.

Goodwill is not amortised but tested annually for impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

The table below sets out the reconciliation of the carrying amount of goodwill allocated to the respective cash-generating units (CGUs), which are expected to benefit from the combination's synergies. Impairment of goodwill is assessed at this CGU level.

R million	Vitality Health [1,2,5]	Vitality Life [1,5]	Discovery Bank [3,6]	Other [4]	Total
Year ended 30 June 2026					
Cost	**2 442**	**570**	**2 417**	**29**	**5 458**
Accumulated impairment	**–**	**–**	**–**	**(29)**	**(29)**
Opening carrying amount	**2 442**	**570**	**2 417**	**–**	**5 429**
Movements					
Translation differences	**(261)**	**(63)**	**–**	**–**	**(324)**
Closing carrying amount	**2 181**	**507**	**2 417**	**–**	**5 105**
– Cost	**2 181**	**507**	**2 417**	**29**	**5 134**
– Accumulated impairment	**–**	**–**	**–**	**(29)**	**(29)**
Year ended 30 June 2025					
Cost	2 315	540	2 417	29	5 301
Accumulated impairment	–	–	–	(9)	(9)
Opening carrying amount	2 315	540	2 417	20	5 292
Movements					
Impairment	–	–	–	(20)	(20)
Translation differences	127	30	–	–	157
Closing carrying amount	2 442	570	2 417	–	5 429
– Cost	2 442	570	2 417	29	5 458
– Accumulated impairment	–	–	–	(29)	(29)

1 *GBP96.7 million and GBP23.4 million of the goodwill was allocated to VitalityHealth and VitalityLife respectively as at 31 July 2010. The goodwill arose from the acquisition of Standard Life Healthcare and related capital restructure of the PAC joint venture.*

2 *GBP2.5 million goodwill from the acquisition of Insure Your Health (25 March 2013) and GBP1.1 million of goodwill from the acquisition of KYS Paid Limited (30 April 2014) were allocated to the VitalityHealth CGU.*

3 *R2 417 million goodwill from the acquisition of the DiscoveryCard business on 1 March 2019 was allocated to the Discovery Bank CGU.*

4 *In October 2020, Discovery acquired Liberty Health Administration, a wholly owned subsidiary, which performs medical aid administration for specified medical aids. Liberty Health Administration has been renamed to Discovery Administration Services Proprietary Limited in August 2021. In July 2022 Discovery acquired a controlling stake in Nanolabs Health Solutions Proprietary Limited (Nanolabs) with Point of Care Testing technology. Subsequent to these acquisitions, the goodwill attributable to each business was fully impaired.*

5 *Based on the work performed for the financial years ended 30 June 2026 and 30 June 2025, management considered a very low risk of material adjustment to the carrying amount of goodwill allocated to VitalityHealth and VitalityLife within the next financial year. Accordingly, no further information is included within this note, as this no longer meets the requirement of significant estimation uncertainty under IAS 1 Presentation of Financial Statements. As part of the annual assessment of impairment, Discovery has done significant stresses on the goodwill of VitalityHealth and VitalityLife. The value-in-use considers the value of in-force business as well as new business. The value-in-use is calculated as the present value of the best-estimate pre-tax cash flows of the CGU for the in-force policies at the valuation date and 10 years of new business. The outcome of the working indicated that the recoverable amount significantly exceeds the carrying amount of the CGUs, with little risk of impairment.*

6 *Based on the work performed for the financial years ended 30 June 2026 and 30 June 2025, management assessed the risk of a material adjustment to the carrying amount of goodwill allocated to Discovery Bank within the next financial year as remote. This assessment was supported by Discovery Bank's continued strong growth and financial performance. Accordingly, no further information has been included in this note, as the matter no longer meets the disclosure requirements for significant estimation uncertainty in terms of IAS 1 Presentation of Financial Statements. As part of its annual impairment assessment, Discovery performed extensive stress testing on the goodwill allocated to Discovery Bank. The value-in-use calculation incorporates both the value of in-force business and anticipated new business and is determined based on the present value of the cash-generating unit's (CGU's) best estimate pre-tax future cash flows. The assessment is supported by a detailed 10-year plan that considers regulatory capital requirements, macroeconomic assumptions and customer behaviour assumptions in forecasting the statement of financial position, statement of profit or loss and the resulting equity cash flows to and from shareholders. External specialists were engaged to benchmark the key assumptions applied, which were assessed as falling within an appropriate range. The outcome of the assessment indicated that the recoverable amount substantially exceeded the carrying amount of the CGU, resulting in significant headroom and a low risk of impairment.*

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

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.4 Intangible assets

For the accounting policies relevant to the recognition and measurement of Intangible assets, refer to Annexure A, policies 5 and 7.

R million	Software development	Acquisition of businesses and subsidiaries: Identifiable intangible assets	Banking license	Total
Year ended 30 June 2026				
Cost	**12 886**	**2 887**	**29**	**15 802**
Accumulated amortisation and impairments	**(5 924)**	**(2 336)**	**–**	**(8 260)**
Opening carrying amount	**6 962**	**551**	**29**	**7 542**
Movements				
Additions: Owned: cost	**1 510**	**275**	**–**	**1 785**
Impairments: Owned: accumulated amortisation	**(106)**	**–**	**–**	**(106)**
Disposal: Owned	**(2)**	**–**	**–**	**(2)**
Cost	**(236)**	**–**	**–**	**(236)**
Accumulated amortisation	**234**	**–**	**–**	**234**
Derecognition: Owned	**(69)**	**–**	**–**	**(69)**
– Cost	**(457)**	**–**	**–**	**(457)**
– Accumulated amortisation	**388**	**–**	**–**	**388**
Amortisation charge: Owned	**(1 532)**	**(84)**	**–**	**(1 616)**
Translation differences	**(206)**	**(52)**	**–**	**(258)**
Closing carrying amount	**6 557**	**690**	**29**	**7 276**
– Cost	**13 235**	**2 868**	**29**	**16 132**
– Accumulated amortisation	**(6 678)**	**(2 178)**	**–**	**(8 856)**
Year ended 30 June 2025				
Cost	12 503	2 456	29	14 988
Accumulated amortisation and impairments	(5 598)	(2 151)	–	(7 749)
Opening carrying amount	6 905	305	29	7 239
Movements				
Additions: Owned: cost	1 682	310	–	1 992
Impairments: Owned: accumulated amortisation	(65)	–	–	(65)
Derecognition: Owned	(131)	–	–	(131)
– Cost	(1 368)	–	–	(1 368)
– Accumulated amortisation	1 237	–	–	1 237
Amortisation charge: Owned	(1 450)	(71)	–	(1 521)
Translation differences	21	7	–	28
Closing carrying amount	6 962	551	29	7 542
– Cost	12 886	2 887	29	15 802
– Accumulated amortisation	(5 924)	(2 336)	–	(8 260)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.5 Property and equipment

For the accounting policies relevant to the recognition and measurement of Property and equipment, refer to Annexure A, policies 4 and 7 and for the accounting policies relevant to the recognition and measurement of Leases, refer to Annexure A, policies 14 and 21.

Group R million	Land and buildings	Furniture, fittings and equipment	Computer equipment and operating systems	Leasehold improvements	Motor Vehicles	Telematic devices1	Total
Year ended 30 June 2026							
Cost - owned	–	166	963	847	65	255	2 296
Accumulated depreciation - owned	–	(99)	(496)	(450)	(49)	(161)	(1 255)
Opening carrying amount - owned	–	67	467	397	16	94	1 041
Cost - leased	3 937	1	246	300	9	–	4 493
Accumulated depreciation - leased	(1 870)	–	(239)	(155)	(4)	–	(2 268)
Opening carrying amount - leased	2 067	1	7	145	5	–	2 225
Opening carrying amount - total	2 067	68	474	542	21	94	3 266
Movements							
Additions	4 344	37	273	133	6	41	4 834
Owned: cost[2]	4 053	33	267	133	6	41	4 533
Leased: cost	291	4	6	–	–	–	301
Disposals	–	–	–	–	(1)	–	(1)
Owned: cost	–	–	–	–	(14)	(3)	(17)
Owned: accumulated depreciation	–	–	–	–	13	3	16
Derecognition	(1 366)	(1)	(1)	–	–	(21)	(1 389)
Owned: cost	–	(2)	(94)	(52)	–	(103)	(251)
Owned: accumulated depreciation	–	1	93	52	–	82	228
Leased: cost[2]	(3 190)	–	(54)	–	–	–	(3 244)
Leased: accumulated depreciation[2]	1 824	–	54	–	–	–	1 878
Depreciation charge	(339)	(23)	(196)	(95)	(9)	(35)	(697)
Owned	–	(22)	(196)	(74)	(6)	(35)	(333)
Leased	(339)	(1)	–	(21)	(3)	–	(364)
Translation differences	(40)	(2)	(8)	(24)	(1)	–	(75)
Owned	–	(2)	(8)	(24)	–	–	(34)
Leased	(40)	–	–	–	(1)	–	(41)
Closing carrying amount - owned	4 053	75	529	432	15	79	5 183
Cost - owned	4 053	186	1 102	894	58	190	6 483
Accumulated depreciation - owned	–	(111)	(573)	(462)	(43)	(111)	(1 300)
Closing carrying amount - leased	613	4	13	124	1	–	755
Cost - leased	985	5	198	300	8	–	1 496
Accumulated depreciation - leased	(372)	(1)	(185)	(176)	(7)	–	(741)
Closing carrying amount - total	4 666	79	542	556	16	79	5 938

1 *In Discovery Insure, when policies relating to motor vehicle insurance lapse, the telematic devices installed in those vehicles are not always recovered. The value of these unrecovered units are derecognised.*

2 *During June 2026, Discovery finalised the acquisition of Phase 1 of 1 Discovery Place (1DP), comprising the Grove and Park buildings, and cancelled the remaining period of the long-term lease for Phase 2, comprising the Ridge building. At the date of the transaction becoming effective, Discovery Group derecognised the right-of-use assets and lease liabilities relating to 1DP, including Phases 1 and 2, resulting in a net gain from the early termination of the lease of c. R1.6bn before tax (included within 'other income' in profit or loss) and recognised the acquired land and buildings as owner occupied buildings.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.5 Property and equipment *continued*

R million	Land and buildings	Furniture, fittings and equipment	Computer equipment and operating systems	Leasehold improvements	Motor Vehicles	Telematic devices[1]	Total
Year ended 30 June 2025							
Cost - owned	–	166	914	900	64	279	2 323
Accumulated depreciation - owned	–	(101)	(474)	(431)	(51)	(181)	(1 238)
Opening carrying amount - owned	–	65	440	469	13	98	1 085
Cost - leased	3 884	–	262	300	7	–	4 453
Accumulated depreciation - leased	(1 592)	–	(230)	(134)	(1)	–	(1 957)
Opening carrying amount - leased	2 292	–	32	166	6	–	2 496
Opening carrying amount - total	2 292	65	472	635	19	98	3 581
Movements							
Additions	93	25	228	–	9	45	400
Owned: cost	–	24	217		7	45	293
Leased: cost	93	1	11	–	2	–	107
Disposals	–	–	–	–	–	(1)	(1)
Owned: cost	–	–	(1)	–	(5)	(24)	(30)
Owned: accumulated depreciation	–	–	1	–	5	23	29
Leased: Changes or modifications in estimates of ROUA cost	(4)	–	–	–	–	–	(4)
Derecognition	–	–	–	–	–	(11)	(11)
Owned: cost	–	(27)	(179)	(59)	–	(48)	(313)
Owned: accumulated depreciation	–	27	179	59	–	37	302
Leased: cost	(53)	–	(26)	–	–	–	(79)
Leased: accumulated depreciation	53	–	26	–	–	–	79
Depreciation charge	(328)	(23)	(227)	(98)	(9)	(39)	(724)
Owned	–	(23)	(191)	(77)	(6)	(39)	(336)
Leased	(328)	–	(36)	(21)	(3)	–	(388)
Translation differences	14	1	1	5	2	2	25
Owned	–	1	1	5	2	2	11
Leased	14	–	–	–	–	–	14
Closing carrying amount - owned	–	67	467	397	16	94	1 041
Cost - owned	–	166	963	847	65	255	2 296
Accumulated depreciation - owned	–	(99)	(496)	(450)	(49)	(161)	(1 255)
Closing carrying amount - leased	2 067	1	7	145	5	–	2 225
Cost - leased	3 937	1	246	300	9	–	4 493
Accumulated depreciation - leased	(1 870)	–	(239)	(155)	(4)	–	(2 268)
Closing carrying amount - total	2 067	68	474	542	21	94	3 266

1 *In Discovery Insure, when policies relating to motor vehicle insurance lapse, the telematics devices installed in those vehicles are not always recovered. The value of these unrecovered units are derecognised.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.6 Assets and liabilities arising from contracts with customers

For the accounting policies relevant to the recognition and measurement of Revenue, refer to Annexure A policy 19.

Where either party to a contract has performed, Discovery presents either a contract asset or contract liability, depending on the relationship between Discovery's performance and the customer's payment. Where Discovery has performed and has unconditional rights to consideration an IFRS 9 receivable asset is presented separately.

Group R million	Asset arising from contracts with customers[1]	Costs of obtaining contracts[1]	Contract liabilities	Contract receivables[2]
Year ended 30 June 2026				
Balance at beginning of the year	**1 762**	**1 960**	**(1 516)**	**1 653**
Contract receivables recognised in the current year	**–**	**–**	**–**	**30**
Accrued income recognised during the year	**349**	**–**	**–**	**–**
Payments received	**(257)**	**–**	**–**	**(15 519)**
Costs of obtaining new contracts	**–**	**594**	**–**	**–**
Amortised during the year	**–**	**(460)**	**–**	**–**
Contract liabilities recognised in the current year	**–**	**–**	**(884)**	**–**
Revenue recognised in the year	**–**	**–**	**539**	**15 610**
Change in provision for impairment	**–**	**–**	**–**	**(4)**
Foreign exchange revaluations	**(136)**	**–**	**–**	**(4)**
Translation differences	**(137)**	**(1)**	**19**	**(38)**
Balance at end of the year	**1 581**	**2 093**	**(1 842)**	**1 728**
Year ended 30 June 2025				
Balance at beginning of the year	697	1 901	(512)	1 350
Contract receivables recognised in the current year	–	–	–	5
Accrued income recognised during the year[3]	1 319	–	–	–
Payments received	(287)	–	–	(14 484)
Costs of obtaining new contracts	–	534	–	–
Amortised during the year	–	(475)	–	–
Contract liabilities recognised in the current year	–	–	(1 231)	–
Revenue recognised in the year	–	–	224	14 799
Foreign exchange revaluations	76	–	–	(6)
Translation differences	(43)	–	3	(11)
Balance at end of the year	1 762	1 960	(1 516)	1 653

1 Presented as Assets arising from contracts with customers.
2 Presented as part of Contract receivables and other receivables. Also see note 5.8.
3 This includes a modification of a contract within the Vitality Global Markets, resulting in a net increase in assets arising from contracts with customers and a corresponding increase in revenue amounting to R 354 million (US $ 19 million).

The contract liability comprises:

- Advance consideration received from customers for initial adviser fees, with revenue recognised over the expected term of the arrangement.
- Discovery Miles provision under the Vitality Programme, presented as part of contract liabilities as it is closely associated with the income earned from the programme.
- Rebates, discounts and boosts on investment-based products, which are dependent on client behaviour.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.6 Assets and liabilities arising from contracts with customers *continued*

Discovery has unsatisfied performance obligations relating to providing intellectual property services for the VitalityOne System. The transaction price relating to unsatisfied performance obligations is expected to be recognised as revenue as follows:

R million	Group 2026	Group 2025
Provision of stand-ready Intellectual Property services		
– < 1 year	**288**	489
– 2 - 3 years	**276**	338
– 4 - 5 years	**634**	886
– > 5 years	**1 271**	1 575
Total contract amount for future services	**2 469**	3 288

Where performance obligations are discharged within 12 months or where contracts are cancellable giving 12 months or less notice, without the payment of a significant penalty, a practical expedient has been applied. Discovery has excluded these contracts from the disclosures above. Contracts that include variable considerations have also not been included in the table above.

5.6.1 REVENUE FROM NON-INSURANCE ACTIVITIES

Also refer to accounting policy 19 Revenue recognition. Discovery Group's Revenue includes 'Fee income from administration businesses', 'Vitality income' and 'Banking fee and commission income'.

The split of revenue per geographical region and reportable segment can be viewed in Note 1.1, 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 2026	Group 2025[1]
Fee income from administration business	**14 599**	14 326
– Over time	**14 508**	13 769
– Point-in-time	**91**	557
Vitality income	**5 619**	5 322
– Over time	**4 018**	3 671
– Point-in-time	**1 601**	1 651
Banking fee and commission income	**2 749**	2 238
– Over time	**984**	783
– Point-in-time	**1 765**	1 455

1 Banking fee and commission income has been reclassified. For the year ended 30 June 2025, monthly account fees of R783 million, recognised over time, were inadvertently classified as point-in-time revenue, while interchange and transaction fees of R1 455 million, recognised at a point in time, were inadvertently classified as over-time revenue. The total Banking fee and commission income of R2 238 million was unaffected. This classification error has been corrected, and the comparative period has been restated accordingly.

For specified contracts earning fee income from administration business through the Vitality Global Markets, the Group exercised its judgement in concluding that the minimum enforceable amount to which it is entitled in all scenarios forms part of the transaction price as variable consideration. The variable consideration was estimated using the expected value method, based on the present value of future expected fees from new business written by the customer. In determining the financing component, a discount rate of between 1% – 2% was applied, reflecting the counterparty's incremental borrowing rate.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.7 Investments in equity-accounted investees

For the accounting policies relevant to the recognition and measurement of investment in equity-accounted investees, refer to Annexure A, policies 2.4.1 and 7.

R million	Group 2026	Group 2025
Carrying value of material interests in associates and joint ventures – PAHI	**8 155**	7 331
Carrying value of individually immaterial interests in associates	**950**	1 603
Carrying value of individually immaterial interests in joint ventures	**85**	55
Investment in equity-accounted investees	**9 190**	8 989

1 Following the partial disposal of the interest in Cambridge Mobile Telematics Inc (CMT), refer note 5.7.2.2, CMT is no longer a material associate. For the year ended 30 June 2025 the carrying value of R1 338 million relating to CMT is now included within the carrying value of individually immaterial associates line item which was previously separately disclosed.

5.7.1 MATERIAL INTERESTS IN ASSOCIATES AND JOINT VENTURES

The table below provides summarised financial information for the Group's material joint ventures and associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not Discovery's share of those amounts.

Ping An Health Insurance Company of China, Limited (PAHI)

PAHI offers policyholders in China cover for a range of private healthcare-related claims. PAHI is a strategic partnership for the Group, providing access to new clients and markets in China.

	PAHI	
Ownership structure	Equity-accounted associate	
Nature	Insurance	
Place of business	China	
R million	**Group 2026**	Group 2025
% of ownership interest at end of year	**24.99 %**	24.99 %
Summarised statement of comprehensive income		
Revenue	**47 553**	45 928
Net profit for the year	**6 374**	5 223
Other comprehensive (loss)/income	**(179)**	156
Total comprehensive income	**6 195**	5 379
Summarised statement of financial position		
Current assets	**16 050**	16 582
Non-current assets	**70 153**	65 824
Current liabilities	**(49 457)**	(49 524)
Non-current liabilities	**(5 267)**	(4 726)
Net assets	**31 479**	28 156
Reconciliation to carrying amounts:		
Opening net assets	**28 156**	24 909
Net profit for the year	**6 374**	5 223
Other comprehensive (loss)/income	**(179)**	156
Dividends paid to ordinary shareholders	**(2 104)**	(1 771)
Translation differences	**(768)**	(361)
Closing net assets	**31 479**	28 156
Group's share of net assets	**7 867**	7 036
Goodwill	**288**	295
Carrying value at 30 June	**8 155**	7 331

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.7 Investments in equity-accounted investees *continued*

5.7.2 INDIVIDUALLY IMMATERIAL ASSOCIATES AND JOINT VENTURES

5.7.2.1 Summary of financial information

	Associates		Joint ventures	
R million	**Group 2026**	Group 2025[1]	**Group 2026**	Group 2025
Aggregate amount of the Group's share of profit /(loss)	**(117)**	(120)	**47**	30
Aggregate amount of the Group's share of other comprehensive income/(loss)	**(185)**	(40)	**–**	(3)
Other separately disclosed transactions				
– Gain on dilution and disposal of equity-accounted investments	**261**	(31)		
Aggregate amount of the Group's share of total comprehensive (loss)/income	**(41)**	(191)	**47**	27

1 Following the partial disposal of the interest in Cambridge Mobile Telematics Inc (CMT), refer note 5.7.2.2, CMT is no longer a material associate. For the year ended 30 June 2025 the individually immaterial associates note has been re-presented to include CMT.

5.7.2.2 Individually material transactions

As announced on SENS on 24 March 2026, Discovery, through its wholly owned subsidiary, Vitality Group International Incorporated (VGI), disposed of approximately half of its remaining interest in Cambridge Mobile Telematics Incorporated (CMT). Before the disposal, Discovery held an 8.7% shareholding in CMT.

Discovery originally invested US$5 million in 2014 to acquire a 21.67% interest in CMT, which has been both an associate investment and a strategic partner to Discovery Insure, providing leading expertise in the telematics environment. Since the original investment, various capital injections by other investing parties and corporate actions have resulted in net dilution and disposal gains for Discovery of US$75 million in aggregate, which have been recognised outside of normalised profit from operations and headline earnings over time. This included a partial sell-down in 2019, for which Discovery received US$28.5 million in cash proceeds.

Following an offer from TPG Global LLC, VGI disposed of 49.4% of its total shareholding in CMT and received gross cash proceeds of US$49.5 million, equivalent to c.R831 million. The strategic partnership is expected to remain largely unaffected by the reduction in the Group's shareholding and Discovery will continue to account for the investment as an associate as a result of its contractual strategic rights and ongoing involvement. The disposal crystallised the equity-accounted earnings attributable to the disposed portion to date, as well as an additional gain on the partial disposal of an interest in an associate of $10.1 million, equivalent to c.R169 million, net of attributable costs, tax as well as the reclassification of related foreign currency translation reserves. The gain on disposal is excluded from normalised operating profit, headline earnings (exclusive of specified costs) and normalised headline earnings.

1

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.8 Contract receivables and other receivables

For the accounting policies relevant to the recognition and measurement of Contract receivables and other receivables, refer to Annexure A policy 8.1 and 19.

R million	Notes	Group 2026	Group 2025
Contract receivables:	5.6	**1 728**	1 653
– Discovery Health: Closed scheme debtors		**161**	146
– Discovery Health: Discovery Health Medical Scheme debtors		**1 078**	1 019
– Other contract receivables		**495**	490
– Less allowance for expected credit losses of contract receivables	3.5	**(6)**	(2)
Other financial receivables:		**4 283**	4 014
– Agents and brokers		**459**	721
– Cash-in-transit debtors		**154**	174
– Consolidated unit trust debtors		**1 394**	1 214
– Loans to BEE initiatives		**563**	497
– Security deposit on derivatives[2]		**40**	57
– Vitality partner debtors		**245**	200
– Other financial debtors		**1 814**	1 650
– Less allowance for expected credit losses	3.5	**(386)**	(499)
Other non-financial receivables[1]		**1 932**	1 701
– Prepayments		**1 713**	1 530
– Indirect taxes		**149**	112
– Other debtors		**70**	59
Total contract receivables and other receivables		**7 943**	7 368
Current		**7 230**	6 665
Non-current		**713**	703
		7 943	7 368

1 These non-financial assets have been excluded from the risk disclosures presented in note 3.12.4.2.
2 To reduce the credit risk exposure from the hedge derivative instruments purchased, Discovery has entered into collateral agreements with the relevant financial institutions to post cash collateral periodically, equal to the fair value of the derivatives. The posting of the collateral does not result in legal settlement of the outstanding derivative balance. The collateral will only be used to settle the derivative upon default or bankruptcy of either party.

The carrying value of short-term receivables approximates the fair value. Long-term receivables are interest bearing at market rates and fully secured, and therefore, the carrying value approximates the fair value.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.9 Income tax

5.9.1 DEFERRED TAX ASSETS AND LIABILITIES

For the accounting policies relevant to the recognition and measurement of deferred tax, refer to Annexure A policy 15.2.

R million	Group 2026	Group 2025
Deferred tax asset - non-current	**3 771**	4 886
Deferred tax liability - non-current	**(12 907)**	(8 755)
Total deferred tax	**(9 136)**	(3 869)

Group R million	Balance at beginning of the year	Charge for the year Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Translation differences	Balance at end of year
Year ended 30 June 2026						
Assessed loss in Company Policyholders' Fund	91	(14)	–	–	–	77
Assessed loss in Individual Policyholders' Fund[1]	301	(589)	–	–	–	(288)
Assessed loss in subsidiaries	3 078	(142)	(7)	–	(123)	2 806
Financial Instruments and share-based payments	(51)	(34)	2	51	–	(32)
Deferred acquisition costs	(217)	240	–	–	(2)	21
Contract liability	170	74	–	–	(43)	201
Contract Asset	–	(271)	–	–	–	(271)
Difference between wear and tear and depreciation/ amortisation and leases	(253)	(464)	–	–	10	(707)
Intangible asset recognised on acquisition of business	(56)	16	–	–	4	(36)
Prepayments	(12)	(36)	–	–	(1)	(49)
Accruals and other liabilities	559	24	–	–	(5)	578
Difference between accounting and tax balances arising from insurance contracts	(7 269)	(1 207)	(3 092)	–	31	(11 537)
Unrealised gains on revaluation of investments	(115)	(75)	7	(7)	–	(190)
Other	(95)	355	–	–	31	291
Total	**(3 869)**	**(2 123)**	**(3 090)**	**44**	**(98)**	**(9 136)**

1 The deferred tax asset recognised on assessed losses is presented net of a deferred capital gains tax liability of R1.7 billion (2025: R1.3 billion).

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.9 Income tax *continued*

5.9.1 DEFERRED TAX ASSETS AND LIABILITIES *continued*

		Charge for the year				
Group R million	Balance at beginning of the year	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Translation differences	Balance at end of year
Year ended 30 June 2025						
Assessed loss in Company Policyholders' Fund	96	(5)	–	–	–	91
Assessed loss in Individual Policyholders' Fund	620	(319)	–	–	–	301
Assessed loss in subsidiaries	3 171	(138)	–	–	45	3 078
Financial Instruments and share-based payments	(45)	(19)	–	13	–	(51)
Deferred acquisition costs	(217)	1	–	–	(1)	(217)
Contract liability	243	(66)	–	–	(7)	170
Difference between wear and tear and depreciation/ amortisation and leases	(340)	83	–	–	4	(253)
Intangible asset recognised on acquisition of business	(66)	13	–	–	(3)	(56)
Prepayments	(17)	5	–	–	–	(12)
Accruals and other liabilities	582	(25)	–	–	2	559
Difference between accounting and tax balances arising from insurance contracts	(5 209)	(1 383)	(675)	–	(2)	(7 269)
Unrealised gains on revaluation of investments	(68)	(47)	–	–	–	(115)
Other	(94)	(2)	–	–	1	(95)
Total	(1 344)	(1 902)	(675)	13	39	(3 869)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.9 Income tax *continued*

5.9.2 INCOME TAX EXPENSE

For the accounting policies relevant to the recognition and measurement of taxation, refer to Annexure A, Policies 15.

R million	Group 2026	Group 2025
Charge for the year:		
Current taxation	**3 116**	2 187
Normal taxation		
– prior year over provision	1	29
– current year charge	3 105	2 073
Capital gains taxation	10	85
Deferred taxation	**2 123**	1 902
Total income tax expense recognised in profit or loss	**5 239**	4 089

%	Group 2026	Group 2025
Taxation rate reconciliation		
Statutory rate	27.0	27.0
Non-taxable income: Equity-accounted profit or loss and dividend income	(2.3)	(2.4)
Non-taxable income: Other individually immaterial	(0.1)	(0.1)
Non-deductible expenditure: Including items of a capital nature and non-deductible provisions	1.7	0.3
Non-deductible expenditure: Other individually immaterial	0.4	1.6
Subsidiary current period losses for which no deferred tax asset was recognised, net of deferred tax assets on losses recognised for prior period losses	(1.5)	1.3
Insurance policyholder funds I-E taxes and related DTA recognitions	3.4	2.6
Accounting gains and losses taxable at CGT rates	(0.1)	(0.1)
CFC imputations and WHT not recovered	0.4	0.2
Additional tax allowances	(0.1)	(0.1)
Prior year under/over provision	0.1	(0.1)
Tax rate differences	(0.5)	(0.3)
Effective taxation rate	28.4	29.9

The current tax rate for South African entities in a tax paying position is 27%. Discovery, a holding company listed on the JSE, uses the South African tax rate for its tax rate reconciliation since it is based in South Africa and the most significant operations are in South Africa. The South African life insurance operations tax rate is determined based on the rates and basis applicable to section 29A of the Income Tax Act 58 of 1962 at the reporting date.

Vitality Group International Inc, a subsidiary of Discovery Limited in the US, is subject to taxation under section 11(b) of the Internal Revenue Code 1986. The applicable current tax rate for all of Vitality Group International Inc's taxable profit is 21%. Discovery Group Europe Limited, incorporated and operating in the UK, is governed by the Corporation Tax Act 2010 Chapter 2, which sets the main corporation tax rate on taxable profit at 25%.

Discovery Group is subject to taxation in a number of jurisdictions. There may be transactions and calculations during the ordinary course of business for which the final tax determination has an element of uncertainty due to interpretation of legislation. Where this occurs, the group recognises liabilities based on objective estimates of the amount of taxes that may be due in accordance with IAS 12 *Income Taxes* and IFRIC 23 *Uncertainty over Income Tax Treatments*.

Where the final tax determination is different from amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Discovery Group is a multinational enterprise with a turnover of more than €750 million. Therefore, it is subject to the Organisation for Economic Cooperation and Development (OECD) Pillar Two Model Rules, which aim to ensure that a minimum of 15% tax is paid in each jurisdiction where a multinational operates.

In South Africa where the Group is ultimately parented, the Global Minimum Tax Act, 46 of 2024 and the Global Minimum Tax Administration Act, 47 of 2024 has been enacted and was effective for the June 2025 financial year. Therefore, Discovery Limited as the Ultimate Parent Entity (UPE) is required to compute the Global Minimum Tax exposure of all relevant tax jurisdictions where it operates.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.9 Income tax *continued*

5.9.2 INCOME TAX EXPENSE *continued*

In terms of Discovery's other operating jurisdictions, Global Minimum Tax legislation is also effective in the United Kingdom, Mauritius, Singapore, Guernsey, Hong Kong, Isle of Man and Australia for the 2026 financial year. The Group continues to monitor the status of any pending legislation in its other remaining operating jurisdictions.

Based on the Group's assessment for the year ended June 2026, no material Pillar Two top-up tax is expected to arise. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Due to the complexities in applying the Pillar Two Rules and calculating the Top-up Tax payable, the Group will continue to work with its advisors to monitor any exposure to Pillar Two Top-up Taxes as the legislation and associated guidance evolve.

5.9.3 ASSESSED LOSSES

Discovery did not recognise deferred tax assets in respect of the following assessed losses:

R million	Group 2026	Group 2025
Better Health Insurance Advice Limited	39	40
Cogence Proprietary Limited	115	109
Discovery Central Services Proprietary Limited	4 103	5 213
Discovery Group Europe Limited	9	9
Discovery Life Limited – Individual Policyholders' Fund	–	731
Discovery Vitality Australia Proprietary Limited	277	280
Grove Nursing Services Proprietary Limited	36	41
Medical Services Organisation International Proprietary Limited	38	36
Discovery Partner Markets Asia Consolidated	–	–
Discovery Green Proprietary Limited	144	82
Nanolabs Health Services Proprietary Limited	27	11
	4 789	6 552

The Group recognises deferred tax assets on carried forward losses to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised.

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

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.10 Other payables

For the accounting policies relevant to the recognition and measurement of Other payables and provisions, refer to Annexure A policies 17.

R million	Group 2026	Group 2025
Indirect taxes	2 073	1 956
Employee leave pay benefit	385	377
Balance at end of the year	2 458	2 333
Current	2 406	2 287
Non-current	52	46
Total	2 458	2 333

5.11 Expenses

For the accounting policies relevant to the recognition and measurement of Marketing and administration expenses, refer to Annexure A policy 22.

5.11.1 INSURANCE SERVICE EXPENSES

R million	Notes	Group 2026	Group 2025
Insurance service expenses			
Claims and benefits	5.11.4	30 802	30 231
– Incurred claims and benefits		30 720	30 273
– Adjustment to liabilities for incurred claims (LIC)		82	(42)
Directly attributable service expenses, excluding insurance acquisition cash flows	5.11.3	9 635	8 883
Losses and reversal of losses on onerous contracts		1 030	529
GMM/VFA Insurance acquisition cash flows including amortisation		6 726	6 209
PAA: Insurance acquisition cash flows including amortisation		3 384	3 176
		51 577	49 028

5.11.2 COMMISSIONS INSURANCE CONTRACTS

R million	Notes	Group 2026	Group 2025
Commission paid to obtain insurance contracts		9 883	9 041

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SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.11 Expenses *continued*

5.11.3 MARKETING AND ADMINISTRATION EXPENSES

R million	Notes	Group 2026	Group 2025
Auditors remuneration	5.11.5	**217**	249
Lease charges			
Short-term leases		**8**	6
Low-value item leases		**124**	87
		132	93
Staff costs including executive directors[1]			
Salaries, wages and allowances		**11 683**	11 235
Medical aid fund contributions		**659**	551
Defined contribution provident fund contributions		**579**	534
Social security levies		**541**	484
Share-based payment expenses			
– equity-settled		**752**	715
– cash-settled		**4**	23
Staff training		**60**	86
Recruitment fees		**50**	54
Temporary staff		**813**	661
Provision for leave pay		**13**	18
Other		**614**	474
		15 768	14 835
Other operating costs			
Amortisation of software		**1 532**	1 450
Amortisation of intangibles acquired in a business combination		**84**	71
Building related and office costs		**750**	648
Depreciation of property and equipment		**697**	724
Loss on derecognition of property and equipment and intangible assets		**91**	142
Gain on disposal of property and equipment		**(1)**	(1)
Impairment of property and equipment and intangible assets		**106**	65
NCAHFS - Impairment		**–**	79
Allowance for expected credit losses on financial receivables and contract receivables		**(13)**	86
Insurance		**92**	91
IT systems and consumables		**3 192**	3 221
Marketing and distribution costs		**2 433**	2 136
Non-executive directors fees		**64**	61
Professional fees		**878**	966
Vitality benefit expenses		**6 391**	6 092
Other operating expenses[3]		**4 908**	4 266
Subtotal of other operating costs		**21 204**	20 097
Total expenses[2]		**47 204**	44 315
Represented by:			
Insurance service expenses		**9 635**	8 883
Other: Experience adjustment on CSM		**149**	17
Insurance acquisition cash flows		**14 845**	13 650
Marketing and administration expenses		**22 575**	21 765
Total expenses		**47 204**	44 315

1 *Executive directors' and prescribed officers' remuneration is included in employee costs. Refer to Annexure C – Directorate for detailed disclosure.*
2 *Total expenses include commission paid to obtain insurance contracts. Refer to note 5.11.2.*
3 *The total amount of foreign exchange gains/(losses) recognised in profit or loss is a profit of R87 million (2025: R42 million loss) presented in the Income Statement within various lines associated with the underlying transaction.*

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 5: Other assets, liabilities, equity-accounted investments and items of income and expense *continued*

5.11 Expenses *continued*

5.11.4 CLAIMS AND BENEFITS

R million (Income)/expenses	Notes	Group 2026	Group 2025
SA Life and Invest (Risk) and UK Life (Risk) insurance claims		**7 935**	8 334
Death		**5 478**	5 808
Disability		**5 040**	4 366
Payback benefits		**2 358**	2 500
Less: Reinsurance recoveries		**(4 941)**	(4 340)
SA Life and Invest (Participating) investment benefits		**702**	608
Death		**49**	48
Annuity payments		**653**	560
SA Life Group Life and Other insurance claims		**2 144**	2 097
Death		**1 098**	1 215
Disability		**1 266**	1 136
Payback benefits		**24**	29
Less: Reinsurance recoveries		**(244)**	(283)
SA Discovery Insure and Other insurance claims		**3 295**	3 222
Gross claims		**3 291**	3 270
Less: Reinsurance recoveries		**4**	(48)
UK Health insurance claims		**11 539**	11 297
Gross claims		**11 545**	11 299
Less: Reinsurance recoveries		**(6)**	(2)
		25 615	25 558
Claims and policyholders' benefits	5.11.1	**30 802**	30 231
Insurance claims recovered from reinsurers		**(5 187)**	(4 673)
Net claims and policyholder benefits		**25 615**	25 558

5.11.5 AUDITORS REMUNERATION

Group R million	Deloitte	KPMG	Other	Total
Year ended 30 June 2026				
ISA 700 audit fees	**99**	**95**	**8**	**202**
– Current year	**86**	**90**	**7**	**183**
– Prior year	**13**	**5**	**1**	**19**
Other assurance and related services performed under IAASB standard and regulatory related services	**6**	**2**	**1**	**9**
Subtotal: Auditor services	**105**	**97**	**9**	**211**
Non-audit services	**1**	**–**	**5**	**6**
Total	**106**	**97**	**14**	**217**
% Non-audit services compared to auditor services	**1%**	**–%**		
Year ended 30 June 2025				
ISA 700 audit fees	124	91	10	225
– Current year	87	83	7	177
– Prior year	37	8	3	48
Other assurance and related services performed under IAASB standard and regulatory related services	10	7	–	17
Subtotal: Auditor services	134	98	10	242
Non-audit services	–	–	7	7
Total	134	98	17	249
% Non-audit services compared to auditor services	–%	–%		

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for the year ended 30 June 2026

SECTION 6: CASH FLOW INFORMATION

6.1 Introduction and overview

This section provides more information on the Group statement of cash flows

6.2 Cash flow information

6.2.1 CASH GENERATED FROM OPERATIONS

R million	Group 2026	Group 2025
Profit before income tax	18 457	13 647
Adjusted for items presented separately in statement of cash flows:		
– Interest received	(3 687)	(3 201)
– Interest paid	3 131	3 324
Adjusted for non-cash items:		
– Gains on financial assets at fair value through profit or loss	(23 975)	(23 080)
– Losses/(gains) from derivative financial instruments	73	(80)
– Fair value adjustment to liabilities under investment contracts	3 894	3 810
– Third-party interest: fair value adj to liabilities under investment contracts	4 317	4 394
– Cash flow hedge losses from derivative financial instruments	64	2
– Other gains on financial instruments	–	9
– Marketing and administration expenses	3 252	3 354
– Share-based payment expenses - cash settled	4	23
– Share-based payment expenses- equity settled	752	715
– Amortisation of software	1 532	1 450
– Amortisation of intangibles acquired in a business combination	84	71
– Depreciation of property and equipment	333	336
– Depreciation of right of use assets	364	388
– Loss on derecognition of property and equipment	23	11
– Loss on derecognition of intangible assets	68	131
– Gain on disposal of property and equipment	(1)	(1)
– Impairment of intangible assets (Excl goodwill)	106	65
– Impairment of non-current assets held for sale	–	79
– Allowance for expected credit losses financial receivables, contract receivables	(13)	86
– Allowance for expected credit losses on loans and advances to customers	350	279
– Impairment of goodwill	–	20
– (Gain)/loss on dilution of equity-accounted investment	(261)	32
– Share of profits from equity-accounted investments	(1 523)	(1 215)
– 1 DP Lease termination gain	(1 563)	–
– Foreign exchange losses/(gains)	338	(6)
Cash generated by operations	**2 867**	**1 289**

6.2.1.1 Increase in operating assets

R million	Group 2026	Group 2025
– Investments held to back policyholder liabilities	(4 982)	(3 494)
– Loans and advances to customers	(4 805)	(2 670)
– Contract receivables and other receivables	(683)	(694)
– Trading assets and derivative instruments	221	(105)
– Financial investments	(2 706)	(2 827)
– Assets arising from contracts with customers	(391)	(1 270)
	(13 346)	(11 060)

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 6: CASH FLOW INFORMATION *continued*

6.2 Cash flow information *continued*

6.2.1 CASH GENERATED FROM OPERATIONS *continued*

6.2.1.2 Increase in operating liabilities

R million	Group 2026	Group 2025
– Deposits from customers	**3 870**	4 801
– Other payables at amortised cost	**(369)**	1 695
– Investment contract liabilities	**2 531**	2 668
– Third-party interest liabilities	**652**	82
– Contract liabilities to customers	**346**	1 007
– Other payables and provisions	**361**	(97)
– Assets and liabilities arising from insurance contracts issued, adjusted for changes recognised in OCI	**10 868**	7 257
– Assets and liabilities arising from reinsurance contracts held, adjusted for changes recognised in OCI	**1 877**	2 814
	20 136	20 227

6.2.2 TAXATION PAID

R million	Group 2026	Group 2025
Balance at beginning of the year	**(342)**	18
Taxation charged for the year in the income statement	**(5 239)**	(4 089)
Adjustment for movement in deferred taxation	**2 123**	1 902
Reallocation to separately disclosable items	**108**	(45)
Translation difference	**4**	5
Balance at end of the year	**521**	342
Taxation paid	**(2 825)**	(1 867)

6.2.3 MOVEMENT IN BORROWINGS

R million	Group 2026	Group 2025
Balance at beginning of year excluding bank overdraft	**20 044**	21 657
Leased assets acquired	**301**	107
Increase in borrowings	**13 042**	3 255
Raising fees capitalised	**8**	9
Interest accrued on borrowings and lease liabilities	**1 717**	1 964
Interest paid on borrowings and lease liabilities	**(1 748)**	(1 575)
Repayment of borrowings and lease liabilities	**(11 383)**	(5 573)
Modifications and termination of lease liabilities	**(2 959)**	(4)
Translation difference	**(330)**	204
Balance at end of the year	**18 692**	20 044

Notes to the group annual financial statements *continued*

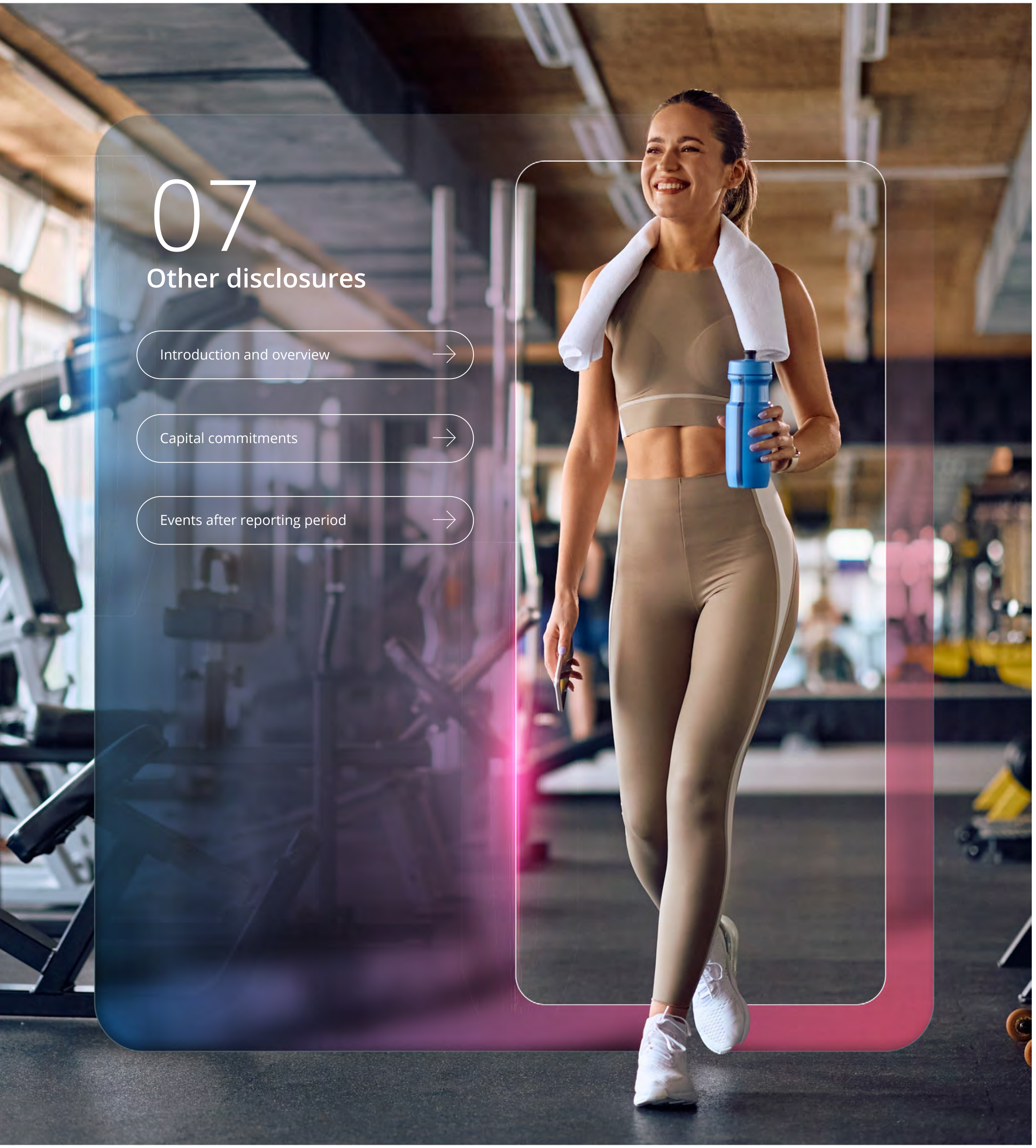
for the year ended 30 June 2026

SECTION 6: CASH FLOW INFORMATION *continued*

6.2 Cash flow information *continued*

6.2.4 INTEREST PAID

R million	Group 2026	Group 2025
Interest expenses on borrowings, lease liabilities and bank interest and similar expense per the income statement	**(3 131)**	(3 324)
Bank interest and similar expense using effective interest rate method	**(1 314)**	(1 237)
Interest expenses on borrowings and lease liabilities	**(1 817)**	(2 087)
Adjusted for:		
– Bank borrowings interest accruals	**(31)**	(29)
– Lease liabilities interest accrual not paid	**–**	418
– Other payables or interest accrual	**(8)**	58
– Customer deposits	**65**	–
Interest paid	**(3 105)**	(2 877)



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SECTION 7: OTHER DISCLOSURES

7.1 Introduction and overview

This section provides information on other disclosures that are non-recurring. Disclosures include capital commitments, any contingent liabilities and assets, as well as events after reporting date including dividend declarations.

7.2 Primary financial statements and information analysed in this section

Additional information	**Notes**
Capital commitments	7.3
Events after the reporting period	7.4

7.3 Capital commitments

R million	Group 2026	Group 2025
Capital expenditure approved but not contracted for at the reporting date as follows:		
– Property and equipment	**343**	252
– Intangible assets	**110**	84
– Development costs for Discovery Bank	**310**	280
	763	616

7.4 Events after the reporting period

The following non-adjusting events occurred between the end of the reporting period and the date when the financial statements were authorised for issue.

7.4.1 DIVIDEND DECLARED

7.4.1.1 B preference shares

7.4.1.1.1 B PREFERENCE SHARE CASH DIVIDEND DECLARATION

On Thursday, 27 August 2026, the Board of Directors declared a final gross cash dividend of 510.47945 cents (408.38356 cents net of dividend withholding tax) per B preference share for the period 1 January 2026 to 30 June 2026, payable from the income reserves of the Company.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

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

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Monday, 21 September 2026
Shares commence trading “ex” dividend	Tuesday, 22 September 2026
Record date	Friday, 25 September 2026
Payment date	Monday, 28 September 2026

B preference share certificates may not be dematerialised or rematerialised between Tuesday, 22 September 2026 and Friday, 25 September 2026, both days inclusive.

7.4.1.1.2 B PREFERENCE SHARE CASH DIVIDEND HISTORY

Payment date	Nature and financial period	Dividend declared per share
23 March 2026	Interim dividend, financial year 2026	528.76712 cents (423.01370 cents net of dividend withholding tax)
29 September 2025	Final dividend, financial year 2025	545.47945 cents (436.38356 cents net of dividend withholding tax)
17 March 2025	Interim dividend, financial year 2025	582.67123 cents (466.13699 cents net of dividend withholding tax)
23 September 2024	Final dividend, financial year 2024	585.89041 cents (468.71233 cents net of dividend withholding tax)

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SECTION 7: OTHER DISCLOSURES *continued*

7.4 Events after the reporting period *continued*

7.4.1 DIVIDEND DECLARED *continued*

7.4.1.2 Ordinary shares

7.4.1.2.1 ORDINARY SHARE CASH DIVIDEND DECLARATION

On Wednesday, 2 September 2026, the Board of Directors declared a final gross cash dividend of 273.00000 cents (218.40000 cents net of dividend withholding tax) per ordinary share, out of the income reserves of the Company. 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 682 491 619.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 13 October 2026
Shares commence trading "ex" dividend	Wednesday, 14 October 2026
Record date	Friday, 16 October 2026
Payment date	Monday, 19 October 2026

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 14 October 2026 and Friday, 16 October 2026, both days inclusive.

7.4.1.2.2 ORDINARY SHARE CASH DIVIDEND DECLARATION HISTORY

Payment date	Nature and financial period	Dividend declared per share
7 April 2026	Interim dividend, financial year 2026	111.00000 cents (88.80000 cents net of dividend withholding tax)
20 October 2025	Final dividend, financial year 2025	201.00000 cents (160.80000 cents net of dividend withholding tax)
31 March 2025	Interim dividend, financial year 2025	87.00000 cents (69.60000 cents net of dividend withholding tax)
21 October 2024	Final dividend, financial year 2024	152.00000 cents (121.60000 cents net of dividend withholding tax)

7.4.2 NEW ACQUISITION OF SUBSIDIARY, ICARIO

Subsequent to the reporting date, on 1 September 2026, Discovery Limited's wholly owned subsidiary, Vitality Group International Incorporated (VGI), acquired 100% of the shares and voting rights in Icario Holdco Incorporated (Icario).

Icario is a United States of America (US)-based healthcare services company that provides end-to-end member engagement solutions, primarily to US government-sponsored health plans, including Medicaid, Medicare Advantage and Dual Eligible Special Needs (D-SNP) plans. The acquisition enables VGI to accelerate its growth in the government-sponsored health plan segment in the US, while strengthening its member activation, engagement and health plan capabilities. The transaction enhances VGI's scale, market position and access to a strategically important customer segment and supports future growth through expanded product capabilities and cross-sell opportunities.

The acquisition is within the scope of IFRS 3 *Business Combination*s, which requires Discovery to apply the acquisition method and determine the fair values of the identifiable assets acquired and liabilities assumed. As the acquisition completed shortly before the financial statements were approved for issue, the purchase price allocation remains provisional. The provisional assessment is subject to finalisation of the valuation of closing net assets and liabilities assumed, customer relationships, contingent consideration and any resulting goodwill.

Notes to the group annual financial statements *continued*

for the year ended 30 June 2026

SECTION 7: OTHER DISCLOSURES *continued*

7.4 Events after the reporting period *continued*

7.4.2 NEW ACQUISITION OF SUBSIDIARY, ICARIO *continued*

Total consideration transferred and liabilities assumed

Million	Amounts in USD	Amounts in ZAR
Upfront cash consideration	27	435
Contingent consideration[1]	Up to 32.5	Up to 523
Total purchase consideration	**27 up to 59.5**	**435 up to 958**

1 *The contingent consideration is dependent on both Icario maintaining specified revenue levels in the near-term relative to the agreed baseline, as well as an earn-out which may become payable based on contracted annual recurring revenue growth in the near-term. The final amount will vary depending on actual performance.*

No revenue, profit or loss of Icario has been included in the consolidated income statement for the reporting period, as the acquisition occurred after the reporting date.

Acquired assets and liabilities

At the date of approval of these financial statements, Discovery has commenced the purchase price allocation following the recent completion of the acquisition. The transaction was concluded on a debt-free and cash-free basis, with adequate working capital. As the valuation of the net assets acquired and liabilities assumed has not yet been finalised, the disclosures for each major class have not been provided separately. Once the valuation has been finalised, Discovery will allocate the total consideration transferred, as disclosed above, to identifiable intangible assets, including software and customer relationships, and/or any resulting goodwill. In determining the fair value of customer relationships, Discovery will apply a multi-period excess earnings model, consistent with previous acquisitions, which considers the present value of the net cash flows expected to be generated by those customer relationships, excluding cash flows related to contributory assets.

Company statement of financial position

as at 30 June 2026

R million	Notes	Company 2026	Company 2025
Assets			
Deferred tax asset	3.5	**31**	–
Investment in subsidiaries	3.3	**39 470**	36 579
Investment in equity-accounted investees	3.4	**2 584**	2 584
Financial assets			
– Loans to subsidiaries at amortised cost	1.3	**12 259**	9 690
– Loans to BEE partners	1.4	**432**	363
– Derivative financial instruments at fair value through profit or loss	1.5	**90**	1
Other receivables	3.6	**40**	57
Current tax asset		**7**	–
Cash and cash equivalents	4.2.5	**1 206**	613
Total assets		**56 119**	49 887
Equity			
Capital and reserves			
Ordinary share capital and share premium	2.3	**12 210**	11 474
Perpetual preference share capital	2.4	**779**	779
Other reserves		**1 275**	1 765
Retained earnings		**20 723**	17 693
Total equity		**34 987**	31 711
Liabilities			
Financial liabilities			
– Borrowings at amortised cost	1.6	**12 249**	9 991
– Loans from subsidiaries at amortised cost	1.7	**8 785**	7 937
– Financial guarantee contracts	1.8	**5**	8
– Other financial payables at amortised cost	1.9	**22**	69
– Derivative financial instruments at fair value through profit or loss	1.5	**60**	117
Current tax liability		**11**	54
Total liabilities		**21 132**	18 176
Total equity and liabilities		**56 119**	49 887

Company income statement

for the year ended 30 June 2026

R million	Notes	Company 2026	Company 2025
Investment income	3.8	6 083	7 679
– At amortised cost interest income, using the effective interest rate		1 029	1 014
– Dividends received from subsidiaries and investment in equity-accounted investees		5 054	6 665
Other income	3.9	15	21
Net fair value gains on financial assets at fair value through profit or loss		88	–
Marketing and administration expenses	3.10	(28)	(83)
Movement in allowance for expected credit losses	3.11	6	–
Profit before financing and income tax		6 164	7 617
Interest expense on borrowings		(944)	(1 030)
Foreign exchange (losses)/gains		(373)	111
Profit before income tax		4 847	6 698
Income tax credit/(expense)	3.7	32	(79)
Profit for the year		4 879	6 619
Profit attributable to:			
– Ordinary shareholders		4 793	6 526
– Preference shareholders		86	93
		4 879	6 619

Company statement of other comprehensive income

for the year ended 30 June 2026

R million	Company 2026	Company 2025
Profit for the year	4 879	6 619
Income and expenses that will be reclassified to profit or loss when specific conditions are met:		
Cash flow hedges	62	(104)
– Unrealised gains/(losses)	3	(106)
– Losses reclassified to profit or loss	59	2
Other comprehensive income/(loss) for the year, net of tax	62	(104)
Total comprehensive income for the year	4 941	6 515
Attributable to:		
– Ordinary shareholders	4 855	6 422
– Preference shareholders	86	93
Total comprehensive income for the year	4 941	6 515

Company statement of cash flows

for the year ended 30 June 2026

R million	Notes	Company 2026	Company 2025
Cash flows from operating activities		3 525	(1 947)
Cash utilised by operations	4.2.1	(12)	(78)
Interest received	4.2.7	954	459
Interest paid	4.2.8	(924)	(1 052)
Taxation paid	4.2.2	(49)	(10)
Net movement in operating assets and liabilities		3 556	(1 266)
– Decrease/(increase) in operating assets	4.2.1.1	154	(172)
– Increase/(decrease) in operating liabilities	4.2.1.2	3 402	(1 094)
Cash flows from investing activities		(3 600)	(623)
Dividend received	4.2.6	2 400	1 431
Increase in investment in subsidiaries	4.2.3	(2 936)	(1 375)
Increase in loans granted to subsidiaries		(6 059)	(3 210)
Proceeds from settlements on loans granted to subsidiaries		2 995	2 531
Cash flows from financing activities		684	1 187
Proceeds from issuance of ordinary shares		625	626
Proceeds from long-term borrowings	4.2.4	7 494	3 255
Repayment of long-term borrowings	4.2.4	(5 252)	(4 703)
Premium refunded on interest rate swap		–	1
Increase in loans granted by subsidiaries		–	3 772
Refunds of collateral in terms of CSA[1] Margin		175	105
Payments of collateral in terms of CSA[1] Margin		(152)	(160)
Dividends paid to ordinary shareholders		(2 120)	(1 616)
Dividends paid to preference shareholders		(86)	(93)
Net increase/decrease in cash and cash equivalents		609	(1 383)
Cash and cash equivalents at beginning of the year		613	1 992
Effects of exchange rate changes on cash and cash equivalents		(16)	4
Cash and cash equivalents at end of the year	4.2.5	1 206	613

1 CSA - Credit Support Annex.

Company statement of changes in equity

for the year ended 30 June 2026

Company R million	Share capital and share premium	Perpetual preference share capital	Share-based payment reserve	Hedging reserve	Retained earnings	Total Equity
Year ended 30 June 2026						
At beginning of the year	**11 474**	**779**	**1 890**	**(125)**	**17 693**	**31 711**
Total comprehensive income for the year	**–**	**86**	**–**	**62**	**4 793**	**4 941**
Profit for the year	**–**	**86**	**–**	**–**	**4 793**	**4 879**
Other comprehensive income	**–**	**–**	**–**	**62**	**–**	**62**
Transactions with owners	**736**	**(86)**	**(552)**	**–**	**(1 763)**	**(1 665)**
Share issue	**625**	**–**	**–**	**–**	**–**	**625**
Increase in treasury shares	**(780)**	**–**	**–**	**–**	**–**	**(780)**
Delivery of treasury shares	**847**	**–**	**(847)**	**–**	**–**	**–**
Employee share option schemes:						
– Value of employee services, net of tax	**–**	**–**	**753**	**–**	**–**	**753**
Modification of share based payment settlement	**–**	**–**	**(72)**	**–**	**–**	**(72)**
Transfer among reserves	**44**	**–**		**–**	**(44)**	**–**
Capital contribution call	**–**	**–**	**–**	**–**	**15**	**15**
Transfer of vested shares		**–**	**(386)**	**–**	**386**	**–**
Dividends paid to preference shareholders	**–**	**(86)**	**–**	**–**	**–**	**(86)**
Dividends paid to ordinary shareholders	**–**	**–**	**–**	**–**	**(2 120)**	**(2 120)**
Balance at 30 June 2026	**12 210**	**779**	**1 338**	**(63)**	**20 723**	**34 987**
Year ended 30 June 2025						
At beginning of the year	10 783	779	1 845	(21)	12 804	26 190
Total comprehensive income for the year	–	93	–	(104)	6 526	6 515
Profit for the year	–	93	–	–	6 526	6 619
Other comprehensive income	–	–	–	(104)	–	(104)
Transactions with owners	691	(93)	45	–	(1 637)	(994)
Share issue	626	–	–	–	–	626
Increase in treasury shares	(626)	–	–	–	–	(626)
Delivery of treasury shares	691	–	(691)	–	–	–
Employee share option schemes:						
– Value of employee services, net of tax	–	–	715	–	–	715
Transfer of vested shares	–	–	21	–	(21)	–
Dividends paid to preference shareholders	–	(93)	–	–	–	(93)
Dividends paid to ordinary shareholders	–	–	–	–	(1 616)	(1 616)
Balance at 30 June 2025	11 474	779	1 890	(125)	17 693	31 711

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The principal accounting policies applied in the preparation of these separate financial statements are consistent with those set out in Annexure A.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk

1.1 Introduction and overview

This section provides information on financial instruments including the disclosure and reconciliation of all financial assets and liabilities and cash and cash equivalents. This section also details how the financial risk is managed.

1.2 Primary financial statement and information analysed in this section

R million	Notes	Company 2026	Company 2025
Statement of financial position			
ASSETS			
Financial assets			
– Loans to subsidiaries at amortised cost	1.3	12 259	9 690
– Loans to BEE partners	1.4	432	363
– Derivative financial instruments at fair value through profit or loss	1.5	90	1
Cash and cash equivalents	4.2.5	1 206	613
		13 987	10 667
LIABILITIES			
Financial liabilities			
– Borrowings at amortised cost	1.6	12 249	9 991
– Loans from subsidiaries at amortised cost	1.7	8 785	7 937
– Financial guarantee contracts	1.8	5	8
– Other financial payables at amortised cost	1.9	22	69
– Derivative financial instruments at fair value through profit or loss	1.5	60	117
		21 121	18 122

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.3 Loans to subsidiaries[1]

R million	Company 2026	Company 2025
Interest bearing loans	12 168	9 379
Discovery Central Services Proprietary Limited	3 175	1 966
Discovery Group Europe Limited	2 589	2 797
Discovery Health Proprietary Limited	4 653	4 616
Vitality UK Holdings Limited	1 751	–
Non-interest bearing loans[2]	96	322
Discovery Bank Limited	40	–
Discovery Connect Distribution Services Proprietary Limited	6	–
Discovery Green Proprietary Limited	2	1
Discovery Group Europe Limited	3	2
Vitality UK Holdings Limited	–	2
Discovery Life Investment Services Proprietary Limited	–	3
Discovery Telematic Services Proprietary Limited	3	*
Discovery Vitality Proprietary Limited	3	108
Vitality Corporate Services Limited	12	14
Vitality Group International Incorporated	27	192
Total gross loans	12 264	9 701
Less: IFRS9 Expected credit losses (ECL)	(5)	(11)
Total net loans	12 259	9 690
Current	6 487	3 895
Non-current	5 772	5 795
Balance at beginning of the year	9 690	8 260
Additional loan granted	6 185	3 554
Repayment of loans		
– capital portion	(3 308)	(2 784)
– interest portion	(905)	(354)
Interest receivable	965	900
Movement in allowance for expected credit losses	6	–
Exchange differences	(374)	114
Balance at end of the year	12 259	9 690

1 *All loans to subsidiaries are measured at amortised cost, which approximates to fair value, as the loans bear interest at market related terms. For those that are non-interest bearing and repayable on demand, the amortised cost approximates fair value.*
2 *Non-interest bearing loans are repayable on demand.*
* *Amount is less than R500 000.*

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.3 Loans to subsidiaries *continued*

TERMS FOR INTEREST-BEARING LOANS

GBP denominated

Discovery Limited has granted GBP denominated loans to Discovery Group Europe Limited. The terms are as follows:

			Carrying value			
			Company 2026		Company 2025	
Original loan value GBP million	Variable rate	Capital repayment and maturity date	**R million**	**GBP million**	R million	GBP million
25	Bank of England base rate + 600bps	At maturity - 1 April 2027	**536**	**25**	600	25
6	Bank of England base rate + 600bps	At maturity - 1 November 2027	**130**	**6**	146	6
11	Bank of England base rate + 600bps	At maturity - 1 June 2028	**228**	**10**	256	10
9	Bank of England base rate + 600bps	At maturity - 21 August 2028	**196**	**9**	219	9
7	Bank of England base rate + 600bps	At maturity - 24 November 2028	**141**	**6**	158	7
3	Bank of England base rate + 615bps	At maturity - 1 March 2029	**61**	**3**	68	3
7	Bank of England base rate + 615bps	At maturity - 1 June 2029	**154**	**7**	173	7
7	Bank of England base rate + 615bps	At maturity - 1 August 2029	**141**	**7**	158	7
21	Bank of England base rate + 350bps	At maturity - 1 January 2036[1]	**462**	**21**	499	20
			2 049	**94**	2 277	94

1 During the year, the terms of the loan were amended to extend the repayment period and to capitalise accrued interest outstanding at the date of the amendment.

Discovery Limited has granted GBP denominated loans to Vitality UK Holdings Limited. The terms are as follows:

			Carrying value			
			Company 2026		Company 2025	
Original loan value GBP million	Variable rate	Capital repayment and maturity date	**R million**	**GBP million**	R million	GBP million
50	Compounded SONIA + 252bps	At maturity - 21 November 2028	**1 094**	**50**	–	–
30	Compounded SONIA + 265bps	At maturity - 21 November 2030	**657**	**30**	–	–
			1 751	**80**	–	–

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.3 Loans to subsidiaries *continued*

TERMS FOR INTEREST-BEARING LOANS *continued*

ZAR denominated

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

				Carrying value R million	
Subsidiary the loan was granted to	Original loan value R million	Variable rate	Capital repayment and maturity date	**Company 2026**	Company 2025
Discovery Health Proprietary Limited [1]	727	3-month Jibar + 240bps	At maturity - 30 June 2031[3]	**1 619**	1 607
Discovery Health Proprietary Limited [1, 2]	93		At maturity - 30 September 2027	**229**	227
Discovery Health Proprietary Limited [1, 2]	282		At maturity - 30 September 2027	**694**	688
Discovery Health Proprietary Limited [1, 2]	235		At maturity - 15 December 2027	**566**	562
Discovery Health Proprietary Limited [1, 2]	173		At maturity - 28 March 2027	**405**	402
Discovery Health Proprietary Limited [1, 2]	288		At maturity - 30 June 2027	**657**	651
Discovery Health Proprietary Limited [1, 2]	212		At maturity - 3 July 2027	**483**	479
Discovery Group Europe Limited	540	3-month Jibar + 200bps	At maturity - 1 January 2036[4]	**540**	520
Discovery Central Services Proprietary Limited	2 932	3-month Jibar + 115bps	On demand	**3 175**	1 966
				8 368	7 102

1 Interest payable quarterly in arrears, with the option available for Discovery Health to capitalise the interest to the value of the loan.
2 Interest accrues at a fixed rate of 10.2% per annum.
3 The terms of this loan are currently being re-negotiated to extend the maturity date by five years to 30 June 2031.
4 During the year, the terms of the loan were amended to extend the repayment period and to capitalise accrued interest outstanding at the date of the amendment.

For the loans to Discovery Group Europe Limited, interest of R249 million was earned in respect of these loans in the current financial year (2025: R277 million) and R247 million foreign exchange loss was recognised in profit or loss (2025: R118 million gain).

For the loans to Vitality UK Holdings Limited, interest of R92 million was earned in respect of these loans in the current financial year (2025: Rnil) and R122 million foreign exchange loss was recognised in profit or loss (2025: Rnil).

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.4 Loans to BEE partners[1]

R million	Company 2026	Company 2025
Balance at the beginning of the year	**363**	271
Interest receivable	**24**	23
Additional loan granted	**60**	84
Repayment of loans	**(15)**	(15)
– Interest	**(15)**	(15)
Balance at end of the year	**432**	363
Current	**432**	363

1 *All loans to BEE partners are measured at amortised cost, which approximates to fair value.*

These loans are due from Mohau Equity Partners. R346 million (2025: R318 million) is a bridge loan that accrues interest at prime rate less 2%. R86 million (2025: R45 million) is an interest-free loan to provide empowerment financing towards a newly formed brokerage. There are no repayment terms for these loans.

1.5 Derivative financial instruments at fair value through profit or loss

R million	Company 2026 Assets	Company 2026 Liabilities	Company 2025 Assets	Company 2025 Liabilities
Interest rate derivatives - used as cash flow hedges[1]	**1**	**60**	1	117
Cross currency basis swap derivatives - not designated as hedging instrument	**89**	**–**	–	–
Total	**90**	**60**	1	117
Current	**1**	**7**	–	–
Non-current	**89**	**53**	1	117
Total	**90**	**60**	1	117

1 *For further information, refer to Group note 3.4 in section 3 which sets out information on the 'Interest Rate Swaps' which equally apply to the Company.*

1.6 Borrowings at amortised cost

R million	Company 2026	Company 2025
Borrowings from bank[1]	**12 249**	9 991
Current	**4 002**	3 224
Non-current	**8 247**	6 767
	12 249	9 991

1 *Collateral in the form of financial guarantees by Discovery Health Proprietary Limited and Discovery Vitality Proprietary Limited has been given to secure these borrowings.*

The borrowings were acquired for general corporate purposes in order to fund the various growth initiatives within the Group. For variable rate loans the carrying amount approximates the fair value because the variable rate is set on market related terms. For fixed rate loans, the fair value is R1 098 million (2025: R1 989 million) relative to the carrying value of R1 209 million (2025: R2 050 million).

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.6 Borrowings at amortised cost *continued*

CREDIT RATING

In November 2024, Moody's Investors Service ("Moody's") reaffirmed Discovery Limited's global-scale long-term issuer rating of Ba3 and upgraded the national-scale long-term issuer rating to Aa3.za from A1.za. The outlook remained unchanged as stable, aligned to the outlook of the country.

DOMESTIC MEDIUM TERM NOTES (DMTN) AND OTHER BORROWINGS

		Group 2026[1]		Company 2025	
R million	Weighted average funding rate[2]	Carrying amount	Facility value	Carrying amount	Facility value
SA Borrowings		**12 249**	**12 162**	9 991	9 933
Fixed interest rate loan facilities		**1 209**	**1 200**	2 051	2 054
– Unsecured: Other[3]	7.67 %	**1 209**	**1 200**	–	–
– Unsecured: DMTN		**–**	**–**	2 051	2 054
Floating interest rate with floating-to-fixed interest rate swap		**6 823**	**6 768**	6 820	6 768
– Unsecured: Other		**–**	**–**	1 500	1 500
– Unsecured: DMTN[4]	8.03 %	**6 823**	**6 768**	5 320	5 268
Floating interest rate		**4 217**	**4 194**	1 120	1 111
– Unsecured: Other	8.41 %	**1 507**	**1 500**	–	–
– Unsecured: DMTN[4]	7.84 %	**2 710**	**2 694**	1 120	1 111
Total borrowings		**12 249**	**12 162**	9 991	9 933

1 *The borrowings note has been redesigned in this financial year to enhance the presentation of of the Group's funding arrangements and related risk exposures. Comparative information has been re-presented on a consistent basis.*
2 *The weighted average annual interest rate has been calculated by weighting the all-in rate (or hedged rate where hedge accounting was applied) by facility value at the reporting date.*
3 *Includes Redeemable Preference shares issued of R1.2 billion.*
4 *Included in the weighted average rate are JIBAR linked interest rates.*

The borrowings are unsecured senior debt and are not callable or convertible. Refer to company note 4.2.4 for movement analysis and Group Note 3.7.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.7 Loans from subsidiaries[1]

R million	Company 2026	Company 2025
Discovery Bank Limited	–	4
Discovery Health Proprietary Limited	4 101	3 247
Discovery Insure Limited	17	–
Discovery Life Limited	4 667	4 686
Total loans	**8 785**	**7 937**
Current	8 785	7 937
	8 785	7 937
Balance at beginning of the year	7 937	10 546
Additional loan granted	4 826	4 223
Repayment of loans	(3 978)	(6 832)
Balance at end of the year	**8 785**	**7 937**

1 *All loans from subsidiaries are measured at amortised cost, which approximates fair value, due to their repayable on demand terms.*

Discovery Limited receives funds from its subsidiaries, through intercompany accounts, to assist with operational requirements. These loans are interest free and are settled as and when sufficient cash becomes available.

For the purposes of determining which cash flows the Company presents as 'cash flows from operating activities' and 'cash flows from financing activities,' the Company considers the nature of the liabilities. Cash flows related to long-term borrowings and the financing of the Company are presented as part of 'cash flows from financing activities.' In contrast, cash flows associated with the Company's revenue activities, such as investment income or working capital requirements, are presented as 'cash flows from operating activities.' Working capital includes current receivables and payables with no stated repayment terms and that are revolving in nature.

Loans from subsidiaries, as noted above, amounting to approximately R7.9 billion (2025: R7.9 billion), are considered part of financing. Therefore, cash flows used to repay these loans are classified as 'cash flows from financing activities.' Cash flows exceeding this base amount are regarded as part of working capital and included in 'cash flows from operating activities.' The loans considered part of financing will be reviewed at specified intervals to ensure they reflect the Company's long-term funding. Where applicable, the base amount and the associated classification of cash flows as 'financing' will be adjusted accordingly.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.8 Financial guarantee contracts

	Company 2026	Company 2025
Discovery Limited has accrued for financial guarantees for the following subsidiary:		
Discovery Central Services Proprietary Limited	5	8
Total	**5**	**8**
Balance at beginning of the year	**8**	**11**
Fee income released	(3)	(3)
Balance at end of year	**5**	**8**

i. Discovery Limited has guaranteed the following borrowing facilities of Discovery Central Services Proprietary Limited:
   - R597 million facility to fund the systems build of Discovery Bank. The full amount has been drawn down and the balance outstanding at 30 June 2026 is R142 million (2025: R300 million).
   - a 5 year borrowing facility for an amount of R1.4 billion. These funds were acquired for general corporate purposes and the full amount has been drawn down and the balance outstanding at 30 June 2026 is R1 408 million (2025: R1 408 million). Effective 22 June 2026, the interest rate applicable to the facility was reduced from 9.97% to a fixed all-in rate of 9.52%.
   - A R1.5 billion financial credit facility was in place during the year. The outstanding balance of R1.52 billion was fully settled on 19 May 2026 resulting in no balance outstanding at 30 June 2026 (2025: Rnil). The facility was replaced with a syndicated loan on 21 May 2026 in Discovery Limited for a period of three years, to May 2029.
   - a R691 million facility which was fully settled during May 2026 resulting in no balance outstanding at 30 June 2026. (2025: R694 million).
   - a R500 million facility, undrawn at 30 June 2026. This facility is a committed 364-day notice facility granted in November 2023.

ii. In December 2022, Discovery Finance Company Europe Limited entered into borrowing facilities for an amount of GBP 56 million. The facility has been guaranteed by Discovery Limited. Discovery Limited charges a financial guarantee fee on an arm's length basis. For more information refer to company note 3.9. As at 30 June 2026, Discovery Finance Company Europe Limited owed GBP 31 million (2025: GBP 52 million) in respect of these borrowings.

iii. During 2020, Vitality UK Holdings Limited entered into borrowing facilities for an amount of GBP 100 million to fund its operations. The loan was reduced to GBP 25 million in December 2022 and was settled in November 2025 resulting in no outstanding balance at 30 June 2026 (2025: R608 million). This facility was guaranteed by Discovery Limited. Discovery Limited charged a financial guarantee fee at an arm's length basis. For more information refer to company note 3.9.

iv. Discovery Limited has provided guarantees in respect of borrowings incurred by Discovery PropCo (Pty) Ltd to finance the acquisition of 1 Discovery Place. Under the terms of the guarantees, Discovery Limited may be required to settle the outstanding borrowings if specified events of default occur. As at 30 June 2026, the outstanding loan balance amounted to R3.5 billion (of R4.1 billion facilities available). The facilities bear interest at rates ranging from 7.22% to 8.03%. Interest rates on R3.1 billion of the outstanding borrowings have been fixed in the near term through floating-to-fixed interest rate swaps. Should Discovery Limited be required to settle the borrowings under the guarantees, it would become entitled to the underlying security held in respect of the facilities.

1.9 Other financial payables at amortised cost

R million	Company 2026	Company 2025
Accrued expenditure	11	54
Dividends due to shareholders	11	15
	22	69

The amortised cost of the financial payables approximate the fair value due to the short-term nature of these payables.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.10 Management of financial risk

The Company's activities expose it to a variety of financial risks. Financial risks include market risk, credit risk and liquidity risk. Refer to the Group note 3.12 Management of financial risk for a detailed explanation of financial risks and how they are managed.

1.10.1 INTEREST RATE RISK

Sensitivity to changes in interest rates is relevant to financial assets or liabilities bearing floating interest rates due to the risk that future cash flows fluctuate. However, sensitivity will also be relevant to fixed-rated financial assets and financial liabilities that are re-measured to fair value.

The table below details the specific interest rate risk that the Company is exposed to:

Company R million	Carrying amount	Fixed	Floating	Non-interest bearing
As at 30 June 2026				
Derivative financial instruments at fair value:				
– used as cash flow hedges[1]	**1**	**1**	**–**	**–**
– not designated as a hedging instrument	**89**	**–**	**89**	**–**
Loans to subsidiaries at amortised cost	**12 259**	**3 032**	**9 131**	**96**
Loans to BEE partners	**432**	**–**	**346**	**86**
Other receivables	**40**	**–**	**40**	**–**
Cash and cash equivalents	**1 206**	**–**	**1 206**	**–**
Total financial assets	**14 027**	**3 033**	**10 812**	**182**
Borrowings at amortised cost	**12 249**	**1 209**	**11 040**	**–**
Derivative financial instruments at fair value:				
– used as cash flow hedges[1]	**60**	**60**	**–**	**–**
Loans from subsidiaries at amortised cost	**8 785**	**–**	**–**	**8 785**
Financial guarantee contracts	**5**	**–**	**–**	**5**
Trade and other payables	**22**	**–**	**–**	**22**
Total financial liabilities	**21 121**	**1 269**	**11 040**	**8 812**
As at 30 June 2025				
Derivative financial instruments at fair value:				
– used as cash flow hedges[1]	1	1	–	–
Loans to subsidiaries at amortised cost	9 690	3 010	6 358	322
Loans to BEE partners	363	–	318	45
Other receivables	57	–	57	–
Cash and cash equivalents	613	237	376	–
Total financial assets	10 724	3 248	7 109	367
Borrowings at amortised cost	9 991	2 050	7 941	–
Derivative financial instruments at fair value:				
– used as cash flow hedges[1]	117	117	–	–
Loans from subsidiaries at amortised cost	7 937	–	–	7 937
Financial guarantee contracts	8	–	–	8
Trade and other payables	69	–	–	69
Total financial liabilities	18 122	2 167	7 941	8 014

1 *For further information on the use of interest rate swaps to manage the interest rate risk of Discovery Limited, refer to the following note in the Group financials, which equally applies to Discovery Limited:*
– Note 3.12.4.1 Shareholder financial assets and liabilities, "Borrowings at amortised cost and related hedges".

For those financial assets at amortised cost, a 1% increase or decrease in the interest rate would result in an increase/decrease in profit or loss (interest income) and equity, before tax, of R72 million (2025: R77 million). The sensitivity is based on the assumption that the interest rate has increased/decreased by 1% with all other variables held constant.

Borrowings at amortised cost include facilities at floating interest rates, which expose Discovery Limited to cash flow interest rate risk. This risk has been managed by using floating-to-fixed interest rate swaps. These interest rate swaps have the economic effect of converting the borrowings from floating to fixed rates. Interest is payable quarterly in arrears, with capital repayable on maturity. The hedge ratio is 1:1. For borrowings at floating interest rates that have not been hedged, a change of 1% in the interest rate would result in an increase of R10 million (2025: R1 million) in finance costs. The sensitivity is based on the assumption that the interest rate has increased/decreased by 1% with all other variables held constant.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.10 Management of financial risk *continued*

1.10.2 CURRENCY RISK

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities

The following table segregates the currency exposure by major currency:

Company R million	Total	Rand	GBP	USD	Other
As at 30 June 2026					
Derivative financial instruments at fair value:					
– used as cash flow hedges	**1**	**1**	**–**	**–**	**–**
– not designated as a hedging instrument	**89**	**89**	**–**	**–**	**–**
Loans to subsidiaries at amortised cost	**12 259**	**8 459**	**3 800**	**–**	**–**
Loans to BEE partners	**432**	**432**	**–**	**–**	**–**
Other receivables	**40**	**40**	**–**	**–**	**–**
Cash and cash equivalents	**1 206**	**454**	**129**	**124**	**499**
Total financial assets	**14 027**	**9 475**	**3 929**	**124**	**499**
Borrowings at amortised cost	**12 249**	**12 249**	**–**	**–**	**–**
Derivative financial instruments at fair value:					
– used as cash flow hedges	**60**	**60**	**–**	**–**	**–**
Loans from subsidiaries at amortised cost	**8 785**	**8 785**	**–**	**–**	**–**
Financial guarantee contracts	**5**	**5**	**–**	**–**	**–**
Other payables	**22**	**19**	**–**	**3**	**–**
Total financial liabilities	**21 121**	**21 118**	**–**	**3**	**–**
As at 30 June 2025					
Derivative financial instruments at fair value:					
– used as cash flow hedges	1	1	–	–	–
Loans to subsidiaries at amortised cost	9 690	7 224	2 274	192	–
Loans to BEE partners	363	363	–	–	–
Other receivables	57	57	–	–	–
Cash and cash equivalents	613	289	291	33	–
Total financial assets	10 724	7 934	2 565	225	–
Borrowings at amortised cost	9 991	9 991	–	–	–
Derivative financial instruments at fair value:					
– used as cash flow hedges	117	117	–	–	–
Loans from subsidiaries at amortised cost	7 937	7 937	–	–	–
Financial guarantee contracts	8	8	–	–	–
Other payables	69	69	–	–	–
Total financial liabilities	18 122	18 122	–	–	–

A 10% increase on respective foreign exchange rates of GBP: ZAR would result in additional gains of R393 million (2025: R267 million), or in the case of decrease, a loss of R393 million (2025: R267 million), recognised in profit or loss and equity (before tax).

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.10 Management of financial risk *continued*

1.10.3 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk associated with Cash and cash equivalents is managed by monitoring exposure to external financial institutions against limits set by the CCIC.

CREDIT EXPOSURE FOR DEBT INSTRUMENTS AND CASH AND CASH EQUIVALENTS(INCLUDING MONEY MARKET INSTRUMENTS)

The following table provides information regarding the credit risk exposure categorised by Moody's credit ratings. These assets are all in stage 1 for purposes of determining expected credit losses.

Company R million	Total	Aa123	A1-3	Baa1-3	Ba1-3	B1-3	Internally rated/ assessed
As at 30 June 2026							
Derivative financial instruments at fair value:							
– used as cash flow hedges	**1**	**–**	**–**	**1**	**–**	**–**	**–**
– not designated as a hedging instrument	**89**	**–**	**–**	**89**	**–**	**–**	**–**
Loans to subsidiaries at amortised cost	**12 259**	**–**	**1 751**	**2 603**	**7 901**	**4**	**–**
Loans to BEE partners	**432**	**–**	**–**	**–**	**–**	**–**	**432**
Other receivables	**40**	**–**	**–**	**40**	**–**	**–**	**–**
Cash and cash equivalents	**1 206**	**162**	**–**	**1 035**	**9**	**–**	**–**
Total financial assets	**14 027**	**162**	**1 751**	**3 768**	**7 910**	**4**	**432**
Financial guarantee contracts	**5**	**–**	**–**	**–**	**5**	**–**	**–**
As at 30 June 2025							
Derivative financial instruments at fair value:							
– used as cash flow hedges	1	–	–	1	–	–	–
Loans to subsidiaries at amortised cost	9 690	–	2	2 807	6 876	5	–
Loans to BEE partners	363	–	–	–	–	–	363
Other receivables	57	–	–	57	–	–	–
Cash and cash equivalents	613	23	–	582	8	–	–
Total financial assets	10 724	23	2	3 447	6 884	5	363
Financial guarantee contracts	8	–	–	–	8	–	–

Long-term credit ratings were used on the credit risk analysis above. Refer to Group Note 3.12 Management of financial risk in section 3, 'Discovery's approach in monitoring credit risk' for a summary of how credit ratings are aligned to external credit ratings.

Loans to BEE partners are not assigned formal credit ratings externally or internally. These loans are structured considering creditworthiness of the individual partners, and the purpose of the BEE relationship. These loans are managed and monitored on an individual basis, and ECL is accordingly recognised on an individual basis using management's best estimate.

Discovery Limited has issued financial guarantees as security for loans incurred by subsidiaries in the group. The maximum credit risk that Discovery Limited is exposed to on these contracts is the carrying amount, which amounted to R5 680 million (2025: R3 268 million). For majority of the issued financial guarantees, Discovery Limited is co-guarantor with Discovery Health (Pty) Ltd and Discovery Vitality (Pty) Ltd.

Loans to subsidiaries and financial guarantee contracts do not have external credit ratings. Credit ratings are internally assigned using the RW rating scale.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.10 Management of financial risk *continued*

1.10.4 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities due to insufficient cash available to meet commitments as and when due.

Liquidity is managed through the Group Treasury Management function, which considers the liquidity position at the respective Company level as well as the overall Group position. As part of this assessment, the liquidity position in each entity is optimised and takes account of available credit facilities to the Group within the Board approved maximum financial leverage ratio. The Company is in the process of refinancing short term borrowings as part of its ongoing debt capital management activities. The group structure is conducive for the Company to receive dividends and other forms of funding from underlying subsidiaries to enable it to meet its obligations.

Cash flow forecasting is performed by the Company and liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans and covenant compliance.

Cash held by the Company is invested in interest-bearing accounts, term deposits and money-market deposits with appropriate maturities or sufficient liquidity to provide headroom as determined by the above-mentioned forecasts. At the reporting date, the Company had cash and cash equivalents (including money market) of R1 206 million (2025: R613 million).

The table below analyses Discovery Limited's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. These amounts do not agree to the Statement of financial position as these are the undiscounted contractual payments.

Company R million	Total	<1 year	1-2 years	3-5 years	6-10 years
As at 30 June 2026					
Borrowings	**14 337**	**4 851**	**3 420**	**6 066**	**–**
Derivative financial instruments:					
– used as cash flow hedges	**60**	**7**	**21**	**32**	**–**
Loans from subsidiaries at amortised cost	**8 785**	**8 785**	**–**	**–**	**–**
Trade and other payables	**22**	**22**	**–**	**–**	**–**
	23 204	**13 665**	**3 441**	**6 098**	**–**
Financial guarantees	**5 680**	**5 680**	**–**	**–**	**–**
	28 884	**19 345**	**3 441**	**6 098**	**–**
As at 30 June 2025					
Borrowings	11 946	3 993	2 339	5 614	–
Derivative financial instruments:					
– used as cash flow hedges	117	–	23	94	–
Loans from subsidiaries at amortised cost	7 937	7 937	–	–	–
Trade and other payables	69	69	–	–	–
	20 069	11 999	2 362	5 708	–
Financial guarantees	3 268	3 268	–	–	–
	23 337	15 267	2 362	5 708	–

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 1: Financial instruments and management of financial risk *continued*

1.10 Management of financial risk *continued*

1.10.5 FAIR VALUE HIERARCHY

Discovery Limited'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. Refer to Group Note 3.12.6 Fair value hierarchy for more details on the valuation techniques.

These are as follows:

Level 1: includes financial instruments that are measured using unadjusted, quoted prices in an active market for identical financial instruments. An active market in which transactions for the asset or liability take place with sufficient frequency and volume to provide information on an ongoing basis. 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.

Company R million	Total	Level 1	Level 2	Level 3
As at 30 June 2026				
Derivative financial instruments at fair value:				
– used as cash flow hedges	**1**	**–**	**1**	**–**
– not designated as a hedging instrument	**89**	**–**	**89**	**–**
Total financial assets	**90**	**–**	**90**	**–**
Derivative financial instruments at fair value:				
– used as cash flow hedges	**(60)**	**–**	**(60)**	**–**
Total financial liabilities	**(60)**	**–**	**(60)**	**–**
As at 30 June 2025				
Derivative financial instruments at fair value:				
– used as cash flow hedges	1	–	1	–
Total financial assets	1	–	1	–
Derivative financial instruments at fair value:				
– used as cash flow hedges	(117)	–	(117)	–
Total financial liabilities	(117)	–	(117)	–

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 2: Equity

2.1 Introduction and overview

This section provides information on the approved, outstanding and changes in the Company's ordinary and preference share capital and share premium.

2.2 Primary financial statements and information analysed in this section

R million	Notes	Company 2026	Company 2025
Statement of financial position			
Capital and reserves			
Ordinary share capital and share premium	2.3	**12 210**	11 474
Perpetual preference share capital	2.4	**779**	779
		12 989	12 253

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SECTION 2: Equity *continued*

2.3 Ordinary share capital and share premium

R million	Issued: Share capital	Issued: Share premium	Treasury Shares: BEE Share Trust	Treasury Shares: Long-term incentive plan (LTIP)	Total Outstanding
Issued					
At 1 July 2024	1	12 635	(60)	(1 793)	10 783
Share movements:					
– shares issued	*	626	–	–	626
– treasury shares delivered	–	–	2	689	691
– treasury shares purchased	–	–	–	(626)	(626)
At 30 June 2025	1	13 261	(58)	(1 730)	11 474
Share movements:					
– shares issued	*****	**625**	**–**	**–**	**625**
– treasury shares delivered	**–**	**2**	**2**	**843**	**847**
– treasury shares purchased	**–**	**–**	**–**	**(780)**	**(780)**
– transfer from retained earnings		**44**	**–**	**–**	**44**
At 30 June 2026	**1**	**13 932**	**(56)**	**(1 667)**	**12 210**

* *Amount is less than R500 000.*

The total authorised number of ordinary shares is 1 billion (2025: 1 billion), with a par value of 0.1 cent per share.

Number of shares	Issued: Company	Treasury Shares: BEE Share Trust	Treasury Shares: LTIP	Total Outstanding
Issued				
At 1 July 2024	676 374 092	(692 152)	(13 980 525)	661 701 415
Share movements:				
– shares issued	3 306 749	–	–	3 306 749
– treasury shares delivered	–	33 841	5 402 773	5 436 614
– treasury shares purchased	–	–	(3 306 749)	(3 306 749)
At 30 June 2025	679 680 841	(658 311)	(11 884 501)	667 138 029
Share movements:				
– shares issued	**2 810 778**	**–**	**–**	**2 810 778**
– treasury shares delivered	**–**	**37 285**	**6 126 702**	**6 163 987**
– treasury shares purchased	**–**	**–**	**(3 491 046)**	**(3 491 046)**
At 30 June 2026	**682 491 619**	**(621 026)**	**(9 248 845)**	**672 621 748**

2.4 Perpetual preference share capital

R million	Company 2026	Company 2025
Authorised		
20 000 000 B preference shares of R100 each	**2 000**	2 000
	2 000	2 000
Issued		
8 000 000 B preference shares of R100 each	**800**	800
Share issue costs	**(21)**	(21)
	779	779

The B preference shares are non-compulsory, non-cumulative, non-participating, non-convertible, voluntary redeemable (at the option of Discovery Limited) preference shares and were issued at a coupon rate of 85% prime rate. With the introduction of dividend withholding tax on 1 April 2012, the coupon rate on the preference shares was increased to 100% of the prime rate.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

SECTION 3: Other assets, liabilities and items of income and expense

3.1 Introduction and overview

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

3.2 Primary financial statements and information analysed in this section

R million	Notes	Company 2026	Company 2025
Statement of financial position			
Assets			
Deferred tax asset	3.5	**31**	–
Investment in subsidiaries	3.3	**39 470**	36 579
Investment in equity-accounted investees	3.4	**2 584**	2 584
Other receivables	3.6	**40**	57
		42 125	39 220
Income statement			
Investment income	3.8	**6 083**	7 679
Other income	3.9	**15**	21
Marketing and administration expenses	3.10	**(28)**	(83)
Movement in allowance for expected credit losses	3.11	**6**	–
Income tax credit/(expense)	3.7	**32**	(79)
		6 108	7 538

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

3.3 Investments in subsidiaries

	Issued ordinary capital R million		Effective percentage holding %		Investment in subsidiaries[3] R million	
	Company 2026	Company 2025	**Company 2026**	Company 2025	**Company 2026**	Company 2025
Cogence Proprietary Limited	**37**	37	**100**	100	**37**	37
Discovery Bank Holdings Limited	**12 413**	11 512	**100**	100	**12 799**	11 887
Discovery Connect Distribution Services Proprietary Limited	**555**	555	**100**	100	**541**	546
Discovery Central Services Proprietary Limited	**3 000**	3 000	**100**	100	**3 035**	3 064
Discovery Finance Company Europe Limited[1]	**393**	393	**100**	100	**394**	394
Discovery Group Europe Limited[1]	**15 279**	14 172	**100**	100	**15 262**	14 147
Discovery Health Proprietary Limited	**271**	271	**100**	100	**362**	298
Discovery Insure Limited	**2 552**	2 552	**100**	100	**1 592**	1 600
Discovery Life Limited	**1 416**	1 416	**100**	100	**1 499**	1 587
Discovery Life Collective Investments Proprietary Limited	**15**	15	**100**	100	**15**	15
Discovery Life Investment Services Proprietary Limited	**203**	203	**100**	100	**234**	223
Discovery Mauritius Asset Management	**1**	1	**100**	100	**1**	1
Discovery Vitality Proprietary Limited	**–**	*	**100**	100	**8**	12
Discovery Partner Markets Asia Private Limited[2]	**211**	211	**100**	100	**113**	113
Discovery Property Company Proprietary Limited	*****	–	**100**	–	*****	–
Vitality Group International Incorporated[4]	**5 262**	4 527	**100**	100	**3 379**	2 653
Discovery Green Proprietary Limited	*****	*	**100**	100	*****	*
Discovery Telematic Services Proprietary Limited[5]	**–**	–	**–**	–	**–**	1
Vitality Corporate Services Limited[5]	**–**	–	**–**	–	**4**	1
Vitality International Health Insurance Company Limited[6]	**195**	–	**–**	–	**195**	–
Balance at the end of the year					**39 470**	36 579

* Amount is less than R500 000.
1 Incorporated in England and Wales.
2 Incorporated in Singapore.
3 Investments in subsidiaries include cost less impairments plus the value of share options issued to subsidiary staff.
4 Incorporated in the United States of America.
5 These subsidiaries are indirect subsidiaries. The investment cost arose as a result of the Group-wide equity-settled long term incentive scheme.
6 Incorporated in Isle of Man.

Refer to company note 4.2.3 in section 4 for a detailed movement analysis.

Refer to Group note 4.6 for additional details on related parties.

Notes to the company annual financial statements *continued*
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SECTION 3: Other assets, liabilities and items of income and expense *continued*

3.4 Investment in equity-accounted investees

	% ownership interest			
R million	**Company 2026**	Company 2025	**Company 2026**	Company 2025
Investment at cost: – Ping An Health Insurance Company of China, Limited	**24.99 %**	**24.99 %**	**2 584**	2 584

Refer to Group note 5.7 for disclosure of the investment in associate.

3.5 Deferred tax asset

R million	**Company 2026**	Company 2025
Deferred tax asset - non-current	**31**	–
Deferred tax liability - non-current	**–**	–
	31	–
Movement summary:		
Balance at beginning of the year	**–**	3
Income statement charge	**31**	(3)
Balance at end of the year	**31**	–
Deferred taxation comprises:		
Section 6 quat credits	**55**	–
Derivatives - Cross currency basis swaps	**(24)**	–
	31	–

3.6 Other receivables

R million	**Company 2026**	Company 2025
Collateral in terms of CSA Margin	**40**	57
Balance at end of the year	**40**	57

Notes to the company annual financial statements *continued*

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

3.7 Income tax expense

R million	Company 2026	Company 2025
Charge for the year:		
Current taxation	(1)	76
Normal taxation		
– prior year over provision	(12)	(1)
– current year charge	2	57
Capital gains tax	9	20
Deferred taxation	(31)	3
– current year charge	(31)	3
Total income tax (credit)/expense recognised in profit or loss	(32)	79

	%	%
Taxation rate reconciliation		
Effective taxation rate	(0.7)	1.2
Non-taxable income: Dividend income	28.2	26.9
Exempt income	*	*
Non-deductible expenditure including items of a capital nature	(0.1)	(0.4)
Prior year over provision	0.2	*
Accounting gains and losses taxable at CGT rates	(0.2)	(0.4)
Controlled foreign imputations and foreign tax credits	(0.4)	(0.3)
Tax rate differences	*	*
Standard rate of taxation	27.0	27.0

* *Amount is less than R500 000.*

Tax has been provided at 27% (2025: 27%). The company uses the South African tax rate in respect of its tax rate reconciliation as Discovery Limited (holding company listed on the JSE) is domiciled in South Africa and the most significant operations are in South Africa.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

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

3.8 Investment income[1]

R million	Company 2026	Company 2025
At amortised cost interest income, using the effective interest rate	1 029	1 014
– cash and cash equivalents	40	91
– BEE partners	24	23
– subsidiaries	965	900
Dividends received from subsidiaries and equity-accounted investee	5 054	6 665
	6 083	7 679
Interest income was received from the following subsidiaries:		
– Discovery Central Services Proprietary Limited	163	175
– Discovery Group Europe Limited	250	277
– Discovery Health Proprietary Limited	460	447
– Vitality UK Holdings Limited	92	–
	965	900
Dividends were received from the following subsidiaries and equity-accounted investee:		
– Discovery Bank Limited	8	–
– Discovery Finance Company Europe Limited	124	–
– Discovery Group Europe Limited	1	–
– Discovery Health Proprietary Limited[2]	2 617	5 234
– Discovery Insure Proprietary Limited	548	–
– Discovery Life Collective Investments Proprietary Limited	70	90
– Discovery Life Investment Services Proprietary Limited	150	–
– Discovery Life Limited	960	830
– Discovery Mauritius Asset Management	37	68
– Discovery Telematic Services Proprietary Limited	4	–
– Ping An Health Insurance Company of China Limited	530	443
– Vitality Corporate Services Limited South Africa	4	–
– Vitality Group International Incorporated	1	–
	5 054	6 665

1 *Investment Income for Discovery Limited is seen as Revenue.*
2 *The dividends received settled a portion of the loan due to Discovery Health Proprietary Limited and was not received in cash.*

3.9 Other income

R million		Company 2026	Company 2025
Guarantee fees	i	12	18
Amortisation of financial guarantee contracts	ii	3	3
		15	21

i. Discovery Limited issued guarantees in respect of Discovery Finance Company Europe Limited and Vitality UK Holdings Limited obligations. A guarantee fee is charged by Discovery Limited to Discovery Finance Company Europe Limited of R10 million (2025: R12 million) and Vitality UK Holdings Limited of R2 million (2025: R6 million).
ii. Amortisation of initial financial guarantee contracts over the term of the loan. Refer to company note 1.8 in section 1 for a list of guarantees that Discovery Limited has issued.

Notes to the company annual financial statements *continued*

for the year ended 30 June 2026

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

3.10 Marketing and administration expenses

R million	Company 2026	Company 2025
Marketing and administration expenses comprises:		
Audit fees	8	8
– ISA 700 audit fees	5	5
– Other assurance and related services performed under IAASB standard and regulatory related services	3	3
Professional fees	(30)	50
Other operating expenses	50	25
	28	83

3.11 Movement in allowance for expected credit losses[1]

R million	Company 2026	Company 2025
Financial guarantee contracts:		
– Discovery Central Services Proprietary Limited	*	*
Loans to subsidiaries:		
– Discovery Central Services Proprietary Limited	1	*
– Discovery Group Europe Limited	(4)	(1)
– Discovery Health Proprietary Limited	(3)	1
	(6)	–

* *Amount is less than R500 000.*

1 *In determining the expected credit loss, credit ratings are internally assigned using the RW rating scale. Refer to company note 1.10.3 Credit risk in section 1, for more information.*

R million	12 month credit losses	Total
30 June 2026		
Balance at beginning of the year	(11)	(11)
Increase in allowance	(1)	(1)
Decrease in allowance	7	7
Balance at end of the year	(5)	(5)
30 June 2025		
Balance at beginning of the year	(11)	(11)
Increase in allowance	(1)	(1)
Decrease in allowance	1	1
Balance at end of the year	(11)	(11)

Notes to the company annual financial statements *continued*

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SECTION 4: Cash flow information

4.1 Introduction and overview

This section provides more information on the Company statement of cash flows.

4.2 Cash flow information

4.2.1 CASH UTILISED BY OPERATIONS:

R million	Company 2026	Company 2025
Profit before income tax	4 847	6 698
Adjusted for items presented separately in statement of cash flows:		
– Interest received	(1 029)	(1 014)
– Dividends received	(5 054)	(6 665)
– Interest expense on borrowings	944	1 030
Adjusted for non-cash items:		
– Movement in expected credit losses	(6)	–
– Amortisation of financial guarantee contracts	(3)	(3)
– Unrealised foreign exchange losses/(gains)	377	(124)
– Fair value gains on derivatives not designated as hedging instruments	(88)	–
Cash utilised by operations	(12)	(78)

4.2.1.1 Decrease/(increase) in operating assets

R million	Company 2026	Company 2025
– Loans to BEE partners	(60)	(84)
– Loans and advances to subsidiaries	214	(88)
	154	(172)

4.2.1.2 Increase/(decrease) in operating liabilities

R million	Company 2026	Company 2025
– Other payables at amortised cost	(47)	53
– Loans from subsidiaries	3 449	(1 147)
	3 402	(1 094)

4.2.2 TAXATION PAID

R million	Company 2026	Company 2025
Balance at beginning of the year	(54)	12
Current taxation charged for the year in the income statement	1	(76)
Balance at the end of the year	4	54
	(49)	(10)

Notes to the company annual financial statements *continued*

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SECTION 4: Cash flow information *continued*

4.2 Cash flow information *continued*

4.2.3 INCREASE IN INVESTMENTS IN SUBSIDIARIES

R million	Company 2026	Company 2025
Balance at beginning of the year	36 579	35 115
Value of share options issued to subsidiary staff	753	715
Deemed dividends	54	–
Long-term incentive plan share recharges	(780)	(626)
Modification of share based payment settlement	(72)	–
Balance at end of the year	(39 470)	(36 579)
Increase in investment in subsidiary	(2 936)	(1 375)

4.2.4 LONG-TERM BORROWINGS

R million	Company 2026	Company 2025
Balance at beginning of the year	9 991	11 464
Interest accrued	904	1 024
Interest paid	(896)	(1 050)
Increase in borrowings	7 494	3 255
Raising fees capitalised	(16)	(5)
Raising fees amortised	24	6
Repayment of borrowings	(5 252)	(4 703)
Balance at end of the year	12 249	9 991

4.2.5 CASH AND CASH EQUIVALENTS

R million	Company 2026	Company 2025
Cash at bank and in hand	780	102
Short-term deposits	259	487
Money market investments[1]	167	24
	1 206	613

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

1 *To meet the requirements for cash equivalents, as outlined in Annexure A, Policy 10 Cash and Cash Equivalents, Discovery conducts assessments of its money market instruments. These instruments will only be classified as cash equivalents if they meet the following criteria*
(1) The purpose of the investment is to fulfil short-term cash commitments
(2) The instrument demonstrates high credit quality within the relevant jurisdiction, as indicated by its credit rating
(3) The primary objective of the investment is to protect capital and provide liquidity
(4) The investment can be readily converted into known amounts of cash, similar to bank balances
(5) The fund is invested solely in interest-bearing instruments, similar to deposits, with institutions of high credit quality.
Additionally, the investment must not introduce speculative grade or equity-type risks and exposures. This can be demonstrated by the yield returns relative to other deposit-type investments within the same jurisdiction.

Notes to the company annual financial statements *continued*

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SECTION 4: Cash flow information *continued*

4.2 Cash flow information *continued*

4.2.6 DIVIDENDS RECEIVED

R million	Company 2026	Company 2025
Dividends received per income statement	5 054	6 665
Dividends used to settle subsidiary loan (note 3.8)	(2 600)	(5 234)
Deemed dividends allocated to investments in subsidiaries (note 4.2.3)	(54)	–
	2 400	1 431

4.2.7 INTEREST RECEIVED

R million	Company 2026	Company 2025
At amortised cost interest income, using the effective interest rate	1 029	1 014
Interest received from Loans to subsidiaries (note 1.3)	(60)	(547)
– accrued	(965)	(900)
– received	905	353
Interest received from Loans to BEE partners (note 1.4)	(9)	(8)
– accrued	(24)	(23)
– received	15	15
Interest received on Margin Call	(6)	–
– accrued	(6)	–
	954	459

4.2.8 INTEREST PAID

R million	Company 2026	Company 2025
Interest expense on borrowings	944	1 030
Interest on long-term borrowings	(8)	26
– accrued	(904)	(1 024)
– paid	896	1 050
Amortisation of professional fees	(8)	–
– accrued	(24)	(5)
– paid	16	5
IFRS9 cost of hedging transferred from hedging reserve	(4)	(4)
Amortisation of contract fees transferred from prepayments	–	–
	924	1 052

Notes to the company annual financial statements *continued*

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SECTION 5: Other disclosures

5.1 Introduction and overview

This section provides information on other disclosures that are non-recurring and events after reporting date.

5.2 Events after reporting date

Refer to Group note 7.4 in section 7 for a list of the events after the reporting date.

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Annexure A - Group accounting policies

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Material accounting policies

1. Basis of presentation

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

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

Notes	Topic
2.18	Insurance and reinsurance contracts and management of insurance risk
5.3	Goodwill
5.9.1	Deferred tax assets and liabilities

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

The Group has not early adopted any IFRS Accounting Standards, amendments, or interpretations that have been issued but have yet to be effective.

The Group does not expect other new IFRS Accounting Standards, amendments, or interpretations that became effective during the financial year to have a material impact on recognised or disclosed amounts.

1.2 NEW STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS NOT YET EFFECTIVE

- The Group does not expect the IFRS Accounting Standards, amendments, or annual improvements it has not listed below to have a material impact on recognised or disclosed amounts.
- The Group expects the following IFRS Accounting Standards, amendments, and annual improvements that were issued during the financial year but are not yet effective to have a material effect on recognised and disclosed accounts:

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

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

INTEREST RATE BENCHMARK REFORMS (IBOR)

In recent years, major interest rate benchmarks have been reformed globally, resulting in the replacement of certain interbank offered rates (IBORs) with alternative reference rates. Discovery Limited has financial instruments that have been, or will be, affected by these market-wide reforms, most notably the transition from LIBOR to the Sterling Overnight Index Average (SONIA) in the United Kingdom and the replacement of the Johannesburg Interbank Average Rate (JIBAR) in South Africa.

The South African Reserve Bank (SARB) has confirmed that JIBAR will be permanently discontinued following its final publication on 31 December 2026. Following an observation period from 1 November 2022 to 31 October 2023, the South African Rand Overnight Index Average (ZARONIA) was endorsed as the successor benchmark rate. Industry milestones leading up to the cessation of JIBAR included the transition to a ZARONIA-first approach for derivatives in November 2024, the cash market in June 2025, and the cessation of new JIBAR-linked instruments from March 2026.

As at 30 June 2026, the Group's JIBAR-linked exposure comprises:

- SA Bank borrowings, with associated interest rate derivatives, as detailed in Note 3.7.1
- Investments of c. R10.4 billion
- Home loans provided to customers of c. R3.9 billion

Certain secured floating-rate financial instruments within Discovery Bank are expected to transition directly from JIBAR to the South African prime lending rate as the designated replacement benchmark. The Bank intends to rely on the proposed amendments to the Financial Sector Regulation Act, expected to become effective towards the end of 2026, to facilitate the transition of these instruments.

The Group does not expect the benchmark reform to result in material accounting consequences. In accordance with the IFRS Accounting Standards reliefs applicable to IBOR reform, changes to the contractual cash flows of financial assets and liabilities arising directly from the reform will be accounted for as changes to the basis for determining contractual cash flows. Accordingly, the effective interest rate will be updated to reflect the replacement benchmark without recognising a gain or loss, provided that the new basis is economically equivalent to the previous basis.

For hedge accounting purposes, where cash flow hedges are affected by the reform, the Group will continue to apply the available reliefs. When assessing whether a forecast transaction remains highly probable, the interest rate benchmark on which the hedged cash flows are based is assumed to remain unchanged as a consequence of the reform.

The transition is not expected to result in any changes to the Group's or the Bank's risk management strategies. Management continues to monitor developments relating to benchmark reform, the transition of affected financial instruments and the associated risk management implications.

2. Consolidation

The Annual Financial Statements include the assets, liabilities, and results of operations of the Group and its subsidiaries, joint ventures, and associates.

2.1 BUSINESS COMBINATIONS

The Group uses the acquisition method of accounting to account for its business combinations. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantively all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar assets. The Group evaluates whether the optional concentration test is appropriate on a transaction-by-transaction basis.

The Group measures identifiable assets acquired and liabilities and contingent liabilities it assumes in a business combination initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, being the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, the Group records as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the Group recognises the difference directly in profit or loss as "gain on bargain purchase".

For asset acquisitions, the Group classifies contingent consideration as a financial liability in accordance with IFRS 9. Subsequent remeasurements are recognised in profit or loss.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
2. Consolidation *continued*
2.1 BUSINESS COMBINATIONS *continued*

COMPANY ACCOUNTING POLICY:

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

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

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

Common control transactions refer to business combinations in which all the combining entities or businesses are ultimately controlled by the same party (or parties) before and after the combination. This includes businesses that are associates and joint ventures.

The Company applies book value accounting to account for common control transactions. The company will dispose of its investment at the carrying amount. For sideways transfers, any difference between the consideration received and the carrying amount of the investment disposed of is recognised as an equity transaction with shareholders in equity. No gain or loss is recognised in profit or loss on disposal. The acquirer recognises the investment at the predecessor carrying amount, with any difference between the consideration transferred and the carrying amount recognised directly in equity.

For sideways transfers the entity disposing of the investment and the acquirer recognise the transaction at the predecessor carrying amount, with any difference between consideration and carrying amount recognised directly in equity and no gain or loss recognised in profit or loss.

For downstream transfers, the entity disposing of the investment recognises any excess of consideration over carrying amount as dividend income and any shortfall as an additional investment, while the acquirer recognises the investment at the predecessor carrying amount with the corresponding equity adjustment.

For upstream transfers, from the perspective of the parent, any shortfall between consideration transferred and carrying amount is recognised as dividend income and any excess as an additional investment, while the entity disposing of the investment derecognises it at carrying amount with any resulting difference recognised directly in equity. Subsequent impairment assessments are performed in accordance with IAS 36. Any impairment loss is applied first to reverse any dividend income previously recognised from upstream transactions to the extent applicable. Any remaining impairment loss is added to the carrying amount of the investment in the subsidiary, as it is treated as a capital contribution.

2.2 CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN 50%

The Group analysed its relationships with Discovery Unit Trusts and has determined that it has power to direct the relevant activities of the funds, has sufficient exposure to the variable returns of the funds and has the ability to use its power over the investee to affect its returns. This analysis concluded that the Group has control of the Discovery Unit Trusts even if the economic interest is less than 50% and is therefore required to consolidate these funds.

The Group controls these unit trusts as it has the right to the variable returns in the form of fund management fees it receives from its involvement with the funds. Furthermore, the Group exercises control over these unit trusts through the setting of the mandates and the appointment of the independent trustees. Within the regulatory framework, the Group can also amend the mandates and change the independent trustees.

Of the 23 (2025: 25) Discovery Unit Trusts and 3 (2025: 3) Discovery International Collective Investment Unit Trusts consolidated at 30 June 2026, the Group holds less than a 50% economic interest in none (2025: None) of these funds. Refer to Annexure B of the Annual Financial Statements for a list of consolidated unit trusts.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
2. Consolidation *continued*

2.3 SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group consolidates subsidiaries from the date on which the Group obtains control. The Group discontinues consolidation from the date on which control ceases. Intra-group transactions, balances, and unrealised gains or losses on intra-group transactions are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group does not eliminate intra-group foreign exchange gains and losses arising from intra-group balances.

COMPANY ACCOUNTING POLICY: FINANCIAL GUARANTEE CONTRACTS ISSUED OVER THE DEBT OF SUBSIDIARIES

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

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

The Company measures the FGC:

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

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

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

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

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

The Company subsequently recognises financial guarantee fee income as follows:

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

The Company calculates the 12 month expected credit losses for purposes of calculation 1.

Where the outcome is that calculation 1 is more than calculation 2, differences are recognised and presented as part of expected credit losses.

Where the outcome is such that calculation 2 is more than calculation 1, no adjustments are required. Any previously recognised expected credit losses can be reversed but limited to the total value previously recognised.

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

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

2. Consolidation *continued*

2.4 ASSOCIATES AND JOINT ARRANGEMENTS

2.4.1 Associates and joint ventures

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

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

The Group recognises its interest in an associate or a joint venture as an investment and accounts for that investment using the equity method. Under the equity method, on initial recognition, the investment in an associate or a joint venture is recognised at cost. The carrying amount is adjusted to recognise the Group's share of the post-acquisition profit or loss of the investee and is recognised in profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Dividends received from the investee are presented as part of investing activities in the Statement of cash flows.

Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from foreign exchange translation differences. The Group recognises its share of those changes in other comprehensive income.

The Group discontinues equity accounting when the carrying amount of the investment in an associate or a joint venture reaches zero unless it has incurred obligations, guaranteed obligations or made payments on behalf of the associate or the joint venture. The Group resumes equity accounting only after its share of the profits equals the share of losses not recognised.

The Group will discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture.

Changes in ownership

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

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

The Group's investment in an associate or a joint venture includes goodwill identified on acquisition. Discovery Limited assesses whether there is objective evidence that an associate or a joint venture is impaired at each reporting date. If such evidence of impairment exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value. For impairment, please refer to accounting policy note 7.

- Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in these entities unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4.2 Financial guarantee contracts (FGC) issued over the debt of an equity-accounted investment

The Group accounts for financial guarantee contracts (FGCs) under IFRS 9 *Financial Instruments* (IFRS 9) when it becomes a party to the irrevocable commitment of the FGC.

FGCs are contracts that require the entity, as the issuer of the contract, to make specified payments to reimburse the holder for a loss that the holder incurs because the specified debtor fails to make payment when it is due under the original or modified terms of the debt instrument or the equity-accounted investment. The Group may issue FGCs over the debt of an equity- accounted investment.

The Group measures the FGC:

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

In instances where the Group issues FGCs over the debt of a related entity that is equity accounted in accordance with the provisions of IAS 28 *Investments in Associates and Joint Ventures*, it determines the fair value of the FGCs. These FGCs issued over the debt of an associate entity are seen as transactions in the capacity as shareholders and are treated as capital contributions.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

2. Consolidation *continued*

2.4 ASSOCIATES AND JOINT ARRANGEMENTS *continued*

2.4.2 Financial guarantee contracts (FGC) issued over the debt of an equity-accounted investment *continued*

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

The Group subsequently recognises financial guarantee fee income as follows:

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

The Group calculates the lifetime expected credit losses for purposes of calculation 1. Where the outcome is that calculation 1 is more than calculation 2, differences are recognised and presented as part of expected credit losses.

Where the outcome is such that calculation 2 is more than calculation 1, no adjustments are required. Any previously recognised expected credit losses can be reversed but limited to the total value previously recognised. The Group derecognises FGCs when the FGC is extinguished, expires, or the underlying debt is extinguished.

At the date of derecognition:

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

2.4.3 Joint operations

A joint operation is a joint arrangement in which the parties have joint control of an arrangement and rights to the assets and obligations for the liabilities relating to the arrangement.

The Group recognises its share of those assets, liabilities, revenues and expenses the operators incur jointly.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*

3. Foreign currency translation

3.1 FUNCTIONAL AND PRESENTATION CURRENCY

The Consolidated financial statements are presented in Rand, the Group's presentation currency.

3.2 TRANSACTIONS AND BALANCES

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

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

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

3.3 GROUP COMPANIES

The Group translates results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency into the presentation currency as follows:

- For each Statement of financial position presented, the assets and liabilities are translated, applying the closing rate at the date of that Statement of financial position.
- For each Income statement presented, the income and expenses are translated applying the average exchange rates applicable for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates at the date of the transactions), and
- The Group recognises the resulting exchange differences as a separate component of equity, namely the foreign currency translation reserve (FCTR)

On consolidation, exchange differences including their tax effects, arising from the translation of the net investment in foreign entities are recognised in FCTR in the Statement of other comprehensive income. When a foreign operation is disposed of or sold, such exchange differences, together with their tax effects, are reclassified to profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*

4. Property and equipment

The Group measures property and equipment at cost, which includes capitalised borrowing costs, less accumulated depreciation, and any accumulated impairment losses.

The Group includes subsequent costs in the asset's carrying amount or recognises costs as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The Group recognises all other repairs and maintenance in profit or loss during the financial period in which they are incurred.

If significant parts of an item of property and equipment have different useful lives, then the Group accounts for the components as separate items (major components) of property and equipment.

The Group depreciates property and equipment when the assets are available for use, applying the straight-line method over their estimated useful lives, as follows:

Land	Indefinite
Owner occupied property	40 years
Leasehold improvements	Shorter of estimated life or period of lease
Leased asset	3 – 15 years
Computer equipment	3 – 7 years
Furniture, fittings and building fit-out	5 – 15 years
Motor vehicles	4 years
Telematics devices	2 – 5 years

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

Property and equipment shall be derecognised:

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

The Group determines gains/losses on derecognition by comparing the proceeds with the carrying amount. The Group records these gains/losses in profit or loss.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

5. Intangible assets

5.1 SOFTWARE DEVELOPMENT COSTS

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

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

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

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

The Group expenses the following items as incurred:

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

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

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

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

5.2 OTHER INTANGIBLE ASSETS

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

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

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

The Group derecognises intangible assets

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

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

6. Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred, being the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, the Group allocates goodwill acquired in a business combination to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination. Goodwill is allocated to the group of units that represents the lowest level within the entity at which management monitors for internal management purposes. The Group monitors goodwill at the operating segment level.

The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value-in- use and the fair value less costs to sell. The Group recognises any impairment of goodwill immediately as an expense and this impairment is not subsequently reversed.

7. Impairment of non-financial assets

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

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

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

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

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
8. Financial instruments
The Group initially recognises financial instruments when it becomes party to the contract.

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

8.1 FINANCIAL ASSETS
8.1.1 Recognition, classification, measurement and derecognition
At initial recognition, the Group considers the appropriate classification of financial assets as at Amortised cost (AC), Fair value through profit or loss (FVTPL), Fair value through other comprehensive income (FVOCI) for debt instruments, or Fair value through other comprehensive income (FVOCI) for equity instruments. The Group considers:

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

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

- Amortised cost, if the financial asset meets the SPPI criterion and is held for the purpose to collect the contractual cash flows. Examples of this include loans and advances to customers (eg credit card advances and home loans) and fixed-term deposits
- Fair value with changes in other comprehensive income (debt instruments) if the financial asset meets the SPPI criterion and is held either to collect contractual cash flows or for sale. The Group currently does not hold financial assets in this category. However, specified equity-accounted associates have certain debt instruments in the category
- Fair value through profit or loss for all other financial assets that do not meet the criteria above are mandatorily classified as financial instruments at fair value through profit and loss. In addition, the Group can irrevocably designate financial assets into this category if this will reduce measurement inconsistencies (ie 'accounting mismatch'). The Group's business includes, amongst others, providing unit-linked insurance, unit-linked investment and non-linked insurance products to customers. Financial assets and liabilities in these portfolios are managed to achieve the objectives of the portfolio and to ensure that liabilities are appropriately matched with assets. Additionally, Discovery Bank uses specified fixed-rate debt instruments to manage interest rate risk, and these may also be designated at FVTPL if such designation helps eliminate an accounting mismatch. In considering whether the objective of a portfolio is to collect contractual cash flows or to trade in financial instruments, the Group considers the purpose for which instruments are held, the methods of risk management in a portfolio, the manner of performance reporting on a portfolio and the basis for determining compensation to managers for asset performance. For those financial assets backing insurance contracts, the Group measures these financial assets at fair value through profit or loss. Financial assets held within the portfolio of unit-linked investment contracts are also mandatorily classified at fair value through profit or loss

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*

8. Financial instruments *continued*
8.1 FINANCIAL ASSETS *continued*
8.1.1 Recognition, classification, measurement and derecognition *continued*
For equity instruments, the Group is permitted to make the irrevocable election to present changes in fair value in other comprehensive income. However cumulative gains or losses recognised cannot be reclassified to profit or loss on disposal. This election is available on an instrument-by-instrument basis. The Group has made this election in the accounting records of specified associates. All other equity instruments are measured at FVTPL.

	Subsequent measurement
Amortised cost (AC)	The Group measures these instruments at amortised cost using the effective interest method. Movements in the balance of the instrument relate to expected credit losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. The Group measures interest revenue using the effective interest rate (EIR) on the gross carrying amount for those financial assets categorised in Stage 1.
Fair value through profit or loss (FVTPL)	The Group measures these instruments at fair value with gains and losses recognised in profit or loss. Movements in this balance are due to fair value gains or losses, interest or dividends, and foreign exchange gains or losses. The Group has elected to present the entire fair value gains and losses on a net basis as a single amount.
Fair value through other comprehensive income (FVOCI) – equity	The Group measures these instruments at fair value with gains and losses recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss. Dividends are recognised in profit or loss.
Fair value through other comprehensive income (FVOCI) – debt	The Group measures these instruments at fair value with changes in fair value recognised in other comprehensive income. Movements in the balance relate to expected credit losses, interest income and translation differences are recognised in profit or loss. The Group measures interest revenue using the effective interest rate on the gross carrying amount for those financial assets categorised in Stage 1. Refer to accounting policy 8.1.2. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

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

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

8. Financial instruments *continued*

8.1 FINANCIAL ASSETS *continued*

8.1.2 Expected credit losses

The Group measures expected credit losses on the following items:

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

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

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

The Group measures the loss allowance using the following approach:

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

The Group measures expected credit losses on:

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

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

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

8. Financial instruments *continued*

8.1 FINANCIAL ASSETS *continued*

8.1.2 Expected credit losses *continued*

UNSECURED

The Group considers the following factors:

Qualitative	Quantitative
▪ When contractual payments are in arrears, i.e. when the contractual payments are more than 30 days past due, Discovery applies the presumption that there was a significant increase in credit risk, in conjunction with Discovery Risk Grade (DRG) ▪ Bureau population segment data which falls into one of the following categories – Bureau debt review – Bureau deceased – Bureau notices – Bureau under administration – Bureau judgements – Bureau judgements – Bureau low score ▪ Clients that have been under debt review for 6 months and have kept to the revised payments schedule (ie. are in an up-to-date state) will be moved out of Stage 3 into Stage 2: SICR	▪ The quantitative definition of SICR is based on a comparison of the Discovery Risk Decrements (DRD) at origination and the DRD at the reporting date. Origination is defined as the account origination date or a limit increase or limit decrease event, whichever is most recent relative to the reporting date. The following table summarises the quantitative triggers:

Origination DRD	Reporting DRD	Trigger SICR
Missing/Invalid	Valid DRD	Trigger if Reporting DRD >= 17
Valid DRD	Missing/Invalid	Trigger SICR
Missing/Invalid	Missing/Invalid	Trigger SICR
DRD 1- 16	>= DRD 17	Trigger SICR
DRD 17	>= DRD 18	Trigger SICR
DRD 18	>= DRD 19	Trigger SICR
DRD 19	>= DRD 20	Trigger SICR
DRD 20	>= DRD 20	Trigger SICR

SECURED

The Group considers the following factors:

Qualitative	Quantitative
▪ Loans are more than 1 month in arrears ▪ Loans in debt counselling ▪ Deceased estate unsecured ▪ Rescheduled loans above their committed balance	▪ The loan had deteriorated below a predetermined risk rating.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

8. Financial instruments *continued*

8.1 FINANCIAL ASSETS *continued*

8.1.2 Expected credit losses *continued*

CREDIT IMPAIRED AND DEFAULT

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

'Default' is defined on a facility level and considers both quantitative and qualitative factors, as provided in the Basel capital framework. The qualitative criterion requires banks to identify credit deterioration before the exposure becomes delinquent, or "unlikeliness to pay" events, while the quantitative criterion requires banks to look at the material delinquency status.

The Group considers the following factors as to what constitutes a default from a qualitative and quantitative perspective, which is in line with the South African Reserve Bank definition.

Qualitative	Quantitative
■ The borrower is placed in debt counselling/debt review ■ The borrower is deceased ■ The facility has undergone a distressed restructure/special arrangement ■ The facility has been transferred to charge-off/legal status ■ The client is insolvent ■ The facility is written off ■ It is considered unlikely that the borrower will pay its credit obligations to Discovery Bank in full, without recourse by Discovery Bank to actions such as realising security (if held)	■ The borrower is more than 90 days past due on any material credit obligation to Discovery Bank. Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding

As mentioned, the Group regards default events as confirmed debt review and debt counselling cases. The exposure will remain in Default (Stage 3) for a minimum probation period of 6 months. The Group will cure the exposure to Stage 2: SICR if the exposure is in an up-to-date state (performing) after 6 months.

Write-off

The Group will reduce the gross carrying amount of a financial asset when it has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. Currently, Discovery Bank bases the write-off point at 15 payments in arrears and at least 12 months in default. This point of write-off is appropriate as the average recovery rate after 15 months is 0.7% of the balance at default. To ensure the appropriateness of the write-off point, Discovery Bank assesses the proposed write-off point on an annual basis. Discovery Bank considers both time in default and recency of repayments for the write-off point.

Discovery Bank categorises collections into early-stage collections and late-stage collections. Early-stage collections are identified as accounts in arrears that are less than 90 days past due, whereas late-stage collections are identified as debts with an arrears status greater than 90 days past due. Early-stage collections are subject to internal enforcement activities. Once the debt has reached 120 days in arrears, Discovery Bank appoints an external debt collection agency to collect outstanding payments on its behalf.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

8. Financial instruments *continued*

8.2 FINANCIAL LIABILITIES

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

Financial liabilities are measured at FVTPL if:

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

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

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

The Group has investment contracts which have financial risk and are consequently recognised and measured in terms of IFRS 9 rather than IFRS 17. These contracts are classified at fair value through profit or loss. The Group links the investment contracts policies to the return on underlying financial assets as these are directly matched. The movement on the Group's own credit risk is considered immaterial. The Group measures the remaining financial liabilities at amortised cost.

The Group derecognises financial liabilities when the obligation is extinguished.

8.3 OFFSET

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

8.4 MODIFICATIONS

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

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

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

8.4.1 Modification of distressed restructures

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

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

8. Financial instruments *continued*

8.5 INTERBANK OFFERED RATES (IBOR) REFORMS

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

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

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

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

8.6 SALE-AND-REPURCHASES

A repurchase agreement ("repo") represents a borrowing arrangement whereby the Group sells securities to a counterparty and agrees to repurchase those securities at a fixed, higher price at a future date. Although legal title to the securities transfers to the counterparty, the Group retains the risks and rewards of ownership, and the transaction functions as a secured financing arrangement.

Securities sold under a repurchase agreement remain recognised on the statement of financial position, as the Group retains control and the underlying risks and rewards are not transferred.

Cash received from the counterparty is recognised as a financial asset and a corresponding financial liability is recognised for the obligation to pay the repurchase price. The difference between the selling price of the securities and the repurchase price is recognised as interest expense using the effective interest rate method over the term of the agreement.

Where the counterparty has the right to sell or re-pledge the securities received as collateral, this fact is disclosed, but does not result in derecognition of the underlying securities by the Group.

8.7 REVERSE REPURCHASE AGREEMENTS

Reverse repurchase agreements are a form of secured lending whereby the Group provides a loan to a counterparty in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back to the counterparty at a fixed higher price in the future (This arrangement functions as a short-term financial asset for the Group, with the securities serving as collateral to secure the loan).

The Group purchases securities (under a reverse repurchase agreement) subject to a commitment to resell or return them. The securities are not included on the statement of financial position as the Group does not acquire the risks and rewards of ownership.

Consideration paid by the Group (or cash collateral provided) in a reverse repo is recognised as a loan asset. The difference between the original purchase price and pre-arranged buyback price is accounted for as interest income using the effective interest rate method.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

9. Derivative financial instruments

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

The Group initially recognises derivative financial instruments in the Statement of financial position at fair value on the date on which a derivative contract is entered into (the best evidence of fair value on day one is the transaction price). The Group subsequently remeasures these instruments to fair value. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Fair values are obtained from quoted prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. The Group presents all derivatives as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

9.1 CASH FLOW HEDGE

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

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

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

9.2 DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

9. Derivative financial instruments *continued*

9.3 HEDGING RESERVE

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

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

For the purpose of cash flow hedges (see accounting policy 9.1), in determining whether a forecast transaction is highly probable, an entity will assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of IBOR reforms. The Group anticipates that ZARONIA will impact some of its JIBAR risk management and hedge accounting relationships in the longer term.

10. Cash and cash equivalents

Cash and cash equivalents comprise:

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

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

11. Share capital

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

Where any company within the Group purchases Discovery Limited equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to Discovery Limited equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to Discovery Limited equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

The Group holds treasury shares through the Discovery Unit Trusts that the Group controls and consolidates. The Group elected, irrevocably to continue to account for the shares as outstanding equity and to account for the reacquired share as if the instrument was a financial asset measured at fair value through profit or loss under IFRS 9.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts

12.1 INSURANCE CONTRACTS SCOPE AND GROUPING

12.1.1 Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder should a specified uncertain future event adversely affect the policyholder. Reinsurance contracts are contracts under which the reinsurer accepts significant insurance risk from the Group. Even in situations where the contract does not expose the reinsurer to the possibility of a significant loss, the contract will still be deemed to be a reinsurance contract transferring significant risk if it transfers substantially all of the insurance risk resulting from the reinsured portions of the underlying reinsurance contracts.

The Group determines whether it has assumed significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Insurance and reinsurance contracts can also expose the Group to financial risk, which is not taken into account in the determination of significant insurance risk.

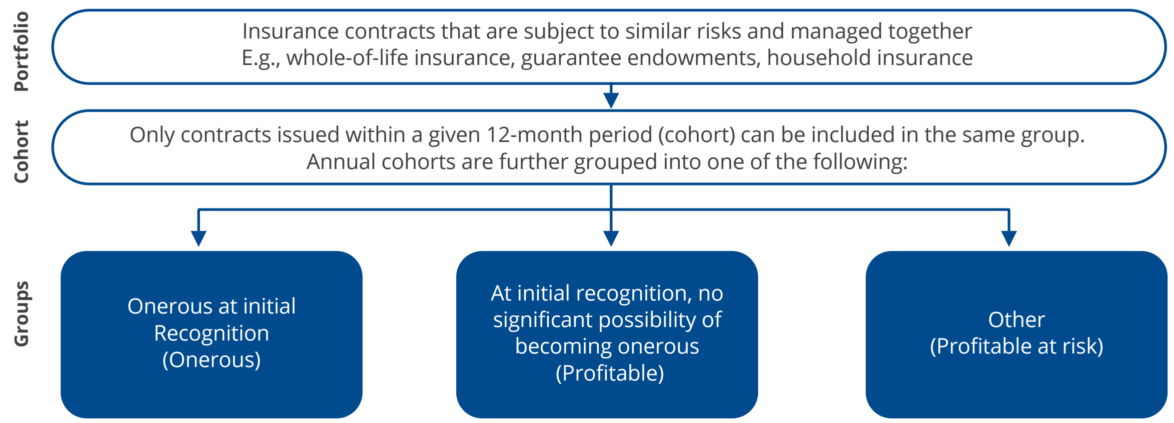
12.1.2 Separating components within insurance contracts

IFRS 17 requires an analysis of whether the contract contains components that should be separated from the insurance contract and accounted for under different IFRS Accounting Standards. IFRS 17 requires that cash flows relating to embedded derivatives, cash flows relating to distinct investment components and promises to transfer distinct goods or distinct services, other than insurance contract services, be accounted for separately.

The Group presently has no contracts requiring further separation or a combination of insurance contracts.

12.1.3 Unit of account, aggregation and recognition of insurance and reinsurance contracts

Under IFRS 17, the unit of account is defined as a group of insurance contracts. The way insurance contracts are grouped affects the timing of profit recognition for insurance services but does not affect the measurement of the estimated cash flows to fulfil the insurance contracts. In terms of IFRS 17, the unit of account is determined by first establishing a portfolio of insurance contracts and then creating separate cohorts within the portfolio based on the date of origination. Each such cohort is further grouped into three groupings based on estimated profitability.



IFRS 17 Illustration of principles 1: Unit of account

At initial recognition, the Group recognises groups of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period
- The date when the policyholder's first payment is due or received if there is no due date
- When the Group determines that a group of insurance contracts become onerous

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.1 INSURANCE CONTRACTS SCOPE AND GROUPING *continued*

12.1.4 Measurement models

IFRS 17 provides three possible measurement models

1. The default model is the General Measurement Model (GMM). The GMM is typically used for measuring long-term insurance risk and annuity contracts.
2. The GMM is supplemented by the Variable Fee Approach (VFA) for contracts where policyholders have purchased investment-linked insurance contracts integrated with insurance coverage (meaning insurance contracts with direct participating features)
3. The Premium Allocation Approach (PAA) is a simplified approach of the GMM for short-duration contracts such as group risk, personal lines and private medical insurance.

Direct participating contracts are contracts for which, at inception:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items, the Group considers that a substantial share is a majority of returns, and
- The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. The Group considers that a substantial proportion is a majority proportion of change on a present value probability-weighted average of all scenarios.

Within the Group, the unit-linked products and Discovery Optimiser products offered by Discovery Life are examples of insurance contracts with DPFs.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.2 OVERVIEW OF THE GROUP PORTFOLIOS, MEASUREMENT MODELS AND ACCOUNTING POLICY ELECTIONS

The table below summarises the material insurance contracts the Group issues and reinsurance contracts it holds. It sets out the measurement model applied and key assumptions and elections.

<table>
<tr><th></th><th>Measurement Model</th><th>Risk adjustment confidence level[1]</th><th>Elections on IFIE</th><th>PAA only – election for treatment of initial acquisition cash flows (IACF)</th></tr>
<tr><td colspan="5">Insurance contract issued and business lines</td></tr>
<tr><td>Individual life insurance contracts:
Discovery Life and VitalityLife</td><td rowspan="2">GMM</td><td rowspan="3">90%</td><td>Elected to present changes in IFIE in OCI and profit or loss</td><td rowspan="3">n/a</td></tr>
<tr><td>Insurance-linked investment contracts:
General endowments in Discovery Invest</td><td rowspan="2">Elected to present changes in IFIE in profit or loss</td></tr>
<tr><td>Unit-linked insurance contracts:
Unit-linked and DRO in Discovery Invest</td><td>VFA</td></tr>
<tr><td>Group life insurance contracts:
Discovery Life</td><td rowspan="3">PAA</td><td>90%</td><td>Elected to present changes in IFIE in OCI and profit or loss for long-tail claims.
Elected not to reflect the interest for cash flows less than 12 months</td><td>Elected to immediately expense IACF</td></tr>
<tr><td>Car and household insurance:
Discovery Insure</td><td rowspan="2">75%</td><td rowspan="2">Elected not to reflect interest for cash flows less than 12 months</td><td>Elected to immediately expense IACF</td></tr>
<tr><td>Health insurance:
Vitality International Health Insurance Company (AfricaHealth)</td><td>Consistent with default IFRS 17 requirement, defer IACF and amortise over the initial and renewal periods</td></tr>
</table>

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
12. Insurance contracts *continued*
12.2 OVERVIEW OF THE GROUP PORTFOLIOS, MEASUREMENT MODELS AND ACCOUNTING POLICY ELECTIONS *continued*

Reinsurance contracts held				
Individual life: Quota share reinsurance for Discovery Individual Life and VitalityLife	GMM	90%	Elected to present changes in IFIE in OCI and profit or loss	n/a
Individual life: Excess of loss reinsurance				
Group life insurance contracts: Catastrophe, group continuation and mass lapse treaties	PAA	90%	Elected not to reflect interest for cash flows less than 12 months	Elected to immediately expense IACF
Car and household insurance: Quota share reinsurance and excess of loss insurance		75%		
Health insurance: Quota share reinsurance				

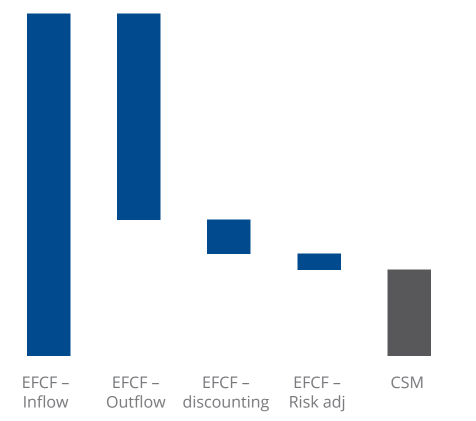
1 Risk adjustment was determined using the confidence level technique unless otherwise stated.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
12. Insurance contracts *continued*
12.3 CONTRACTS MEASURED UNDER THE GMM AND VFA

Under IFRS 17, any company that issues insurance contracts must report those contracts on the Statement of financial position as the total of:

- The expected fulfilment cash flows (EFCF): the current estimates of amounts that the company expects to collect from premiums net of the payout for claims, benefits, and expenses, including an adjustment for the timing and risk of those amounts, and
- The CSM: the expected profit for providing insurance coverage recognised in profit or loss over the period of insurance coverage.



Under IFRS 17, *Insurance Contracts* are measured as the sum of:

the expected fulfilment cash flows (EFCF), representing the present value of current estimates of amounts that the insurer expects to collect from premiums net of the pay out for claims, benefits and expenses, including an adjustment for the risk of those cash flows.

Those cash flows for future services are known as "liability for remaining coverage" (LRC) and those cash flows for services already incurred constitute liability for insurance claims (LIC)

+

the contractual service margin (CSM), represents the remaining inherent value of the cohort and is similar to unearned profit for providing future insurance coverage. On initial recognition, for a profitable contract, the CSM is the equal and opposite amount of the net cash inflow, resulting in no income or expense arising on initial recognition.

IFRS 17 Illustration of principles 2: General Measurement Model (GMM).

12.3.1 Expected fulfilment cash flows (EFCF)

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the contract boundary of each contract in the group. Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

EFCF include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs incurred in fulfilling contracts. Other costs incurred to fulfil a group of contracts include direct costs and an allocation of fixed and variable overheads directly attributable to fulfilling the group of insurance contracts.

The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. When estimating, the Group uses information about past events, current conditions and forecasts of future conditions.

Insurance acquisition cash flows arise from activities of selling, underwriting and commencing a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.3 CONTRACTS MEASURED UNDER THE GMM AND VFA *continued*

12.3.2 Reflecting the time value of money and discount rates

Discounting adjusts the estimates of expected cash flows to reflect the time value of money and the financial risks associated with those cash flows to the extent that the financial risks are not already included in the cash flow estimates.

The following table shows which discount rate to apply throughout measuring a group of insurance contracts and the general objective of determining that discount rate.

Element of measurement model	
Fulfilment cash flows	Current discount rates
CSM interest accretion for contracts without direct participation features (i.e. portfolios under GMM).	Discount rates are determined on initial recognition of the group, i.e. locked-in at inception.
Adjustments to the CSM for changes in the fulfilment cash flows for contracts without direct participation features (i.e. portfolios under GMM).	Discount rates are determined on initial recognition of the group, i.e. locked-in at inception.
Adjustments to the CSM for changes in the fulfilment cash flows for DPF contracts that do not vary based on the returns on underlying items (i.e. portfolios under VFA), excluding the change in the effect of the time value of money and financial risks.	Current discount rates.

The bottom-up approach is used to derive the discount rate for the cash flows. Under this approach, the Group determines the discount rate as the risk-free yield, adjusted for differences in liquidity characteristics of the insurance contracts sold. For portfolios of contracts where the insurance contract liability is materially matched with assets, a top-down approach is used to derive the discount rate for the cash flows.

For the Group, the risk-free yield curve will be 'current' and reflect the risk-free yield curve derived on the last day of the reporting period. The nominal risk-free yield curve is used to discount nominal cash flows, while real cash flows are discounted using the real risk-free yield curve.

12.3.3 Risk adjustment

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from nonfinancial risk as the Group fulfils insurance contracts. It measures the compensation that the entity would require to make it indifferent between:

- Fulfilling a liability that has a range of possible outcomes arising from non-financial risk and
- Fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contract

A lower risk adjustment would be observed for those insurance contracts with shorter durations, high frequency and low severity type products and narrow probability of distribution. A higher risk adjustment would be observed for insurance contracts that are longer in duration, have a low frequency and high severity and have a wide probability of distribution.

IFRS 17 does not prescribe methods for determining the risk adjustment for non-financial risk. Therefore, management's judgement is necessary to determine an appropriate risk adjustment technique.

When applying a confidence level technique, the first step in the process is to calculate the best estimate reserve, where there is an equal chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The risk adjustment is then calculated such that there is a specified percentage probability that the reserves will be sufficient to cover future claims. For the specified percentages applied, refer to section 12.2.

ACCOUNTING POLICY ELECTION: PRESENTATION OF RISK ADJUSTMENT BETWEEN INSURANCE SERVICE RESULT AND IFIE

Discovery disaggregates changes in risk adjustment for non-financial risk between the insurance service result and insurance finance income and expenses.

Insurance Service Result: the portion of the risk adjustment related to current and past insurance service expenses is recognised as part of the insurance service result

IFIE: The financial effects of changes in the risk adjustment due to the time value of money and financial risk are included in IFIE.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.3 CONTRACTS MEASURED UNDER THE GMM AND VFA *continued*

12.3.4 Contractual service margin (CSM)

The CSM represents the future unearned profit. On initial recognition of a group of insurance contracts, if the total of the fulfilment cash flows, including insurance acquisition cash flows:

- Is a net inflow, then the group is profitable. In this case, the Group measures CSM as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition
- Is a net outflow, then the group is onerous. In this case, the Group recognises the net outflow immediately as a loss in profit or loss. The Group creates a loss component to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue

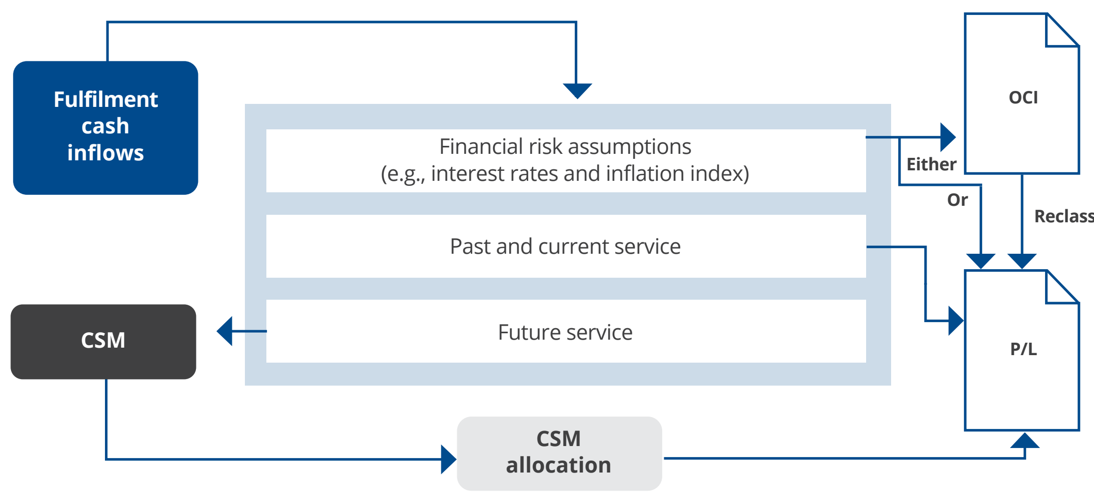
12.3.5 Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

- The LRC comprises the fulfilment cash flows related to services that will be provided under the contracts in future periods and any remaining CSM at that date
- The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported

IFRS 17 requires a company to update the EFCF at each reporting date, using current estimates of the amount, timing, and uncertainty of cash flows and discount rates. The Group:

- accounts for changes to estimates of future cash flows from one reporting date to another, either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it, and
- chooses where to present IFIE either:
  - All in profit or loss, or
  - Include IFIE in profit or loss using systematic allocation. The remainder of IFIE is recognised in OCI. The treatment can be summarised as follows:



IFRS 17 Illustration of principles 3: Subsequent measurement.

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
Group income statement
Group statement of other comprehensive income
Group statement of cash flows
Group statement of changes in equity
Notes to the Group annual financial statements
Company Annual Financial Statements
Annexures
Glossary

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.3 CONTRACTS MEASURED UNDER THE GMM AND VFA *continued*

12.3.6 Changes in EFCF

Changes in expected fulfilment cash flows from the estimates at the previous reporting date or inception of the contracts are recognised as follows:

Nature of change	Treatment
Changes relating to current or past services	Recognised in the insurance service result in profit or loss.
Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous).
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as IFIE
Changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items for a group of direct participating contracts (VFA)	Recognised in the insurance service result in profit or loss.

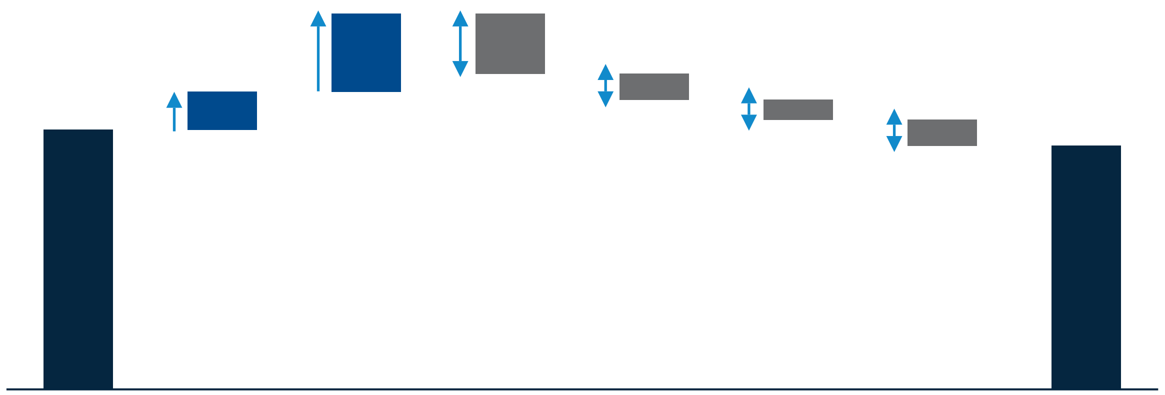
Accounting policy election: Presentation of IFIE

The Group has elected to disaggregate IFIE for the period in OCI and present in profit or loss IFIE using a systematic allocation on its long-term life insurance business lines in Discovery Life, VitalityLife and associated reinsurance contracts and a long-tail claims in its Group Risk business. In disaggregating the IFIE using systematic allocation, the Group applies the guidance of a group of insurance contracts where the financial risk has a substantial effect on the amount paid to policyholders, most notably changes in assumptions of inflation. The systematic rate allocates the remainder of the revised IFIE over the remaining duration of the group of contracts, ie effective yield approach. For the remainder of business lines, the IFIE and changes therein relating to insurance contracts are presented in profit or loss, offset by the changes in the value of assets backing the insurance contracts.

Changes in CSM

As noted in 12.3.4, the CSM represents the future unearned profit. The movement in the CSM during a financial reporting period can be summarised as follows:

Movement in CSM during reporting period



IFRS 17 Illustration of principles 4: Subsequent changes in CSM.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.3 CONTRACTS MEASURED UNDER THE GMM AND VFA *continued*

12.3.6 Changes in EFCF *continued*

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the financial year, adjusted for:

1. The CSM of any new contracts added to the group in the year
2. Interest accreted on the carrying amount of the CSM during the year. As noted in 12.3.2, discount rates are determined on initial recognition of the group, meaning locked-in at inception. As noted in 12.3.2., , the CSM for group of insurance contracts in VFA is not locked in
3. Changes in fulfilment cash flows that relate to future services, except to the extent that:
   a. Any increases in the fulfilment cash outflows exceeding the carrying amount of the CSM, in which case the excess is recognised immediately in profit or loss
   b. Any decreases in the fulfilment cash outflows are allocated to the loss component, reversing losses previously recognised in profit or loss
4. Reflects changes in exchange rates for those contracts denominated in different currency than the functional currency of the insurer that issued the policy
5. For contracts measured using the VFA, the change in the amount of the insurer's share of the fair value of the underlying item
6. The amount recognised as insurance revenue because of the services provided in the year, meaning release of CSM using coverage units.

Inclusion of the time value of money in coverage units

In determining the coverage units, Discovery has elected to reflect the time value of money in the coverage units using a real rate of return for insurance contracts measured using the GMM. For insurance contracts measured using the VFA, Discovery has elected to reflect the time value of money in the coverage units using a nominal rate of return.

12.4 CONTRACTS MEASURED UNDER THE PAA

As permitted in IFRS 17, the Group has elected to apply the premium allocation approach (PAA) to measure a group of insurance contracts issued or reinsurance contracts held if, at the inception of the group:

- The coverage period of each contract in the group of insurance contracts is one year or less, or
- The Group reasonably expects that the PAA would produce a measurement of the LRC for a group of insurance contracts that would not differ materially from the measurement achieved by applying the GMM.

The PAA simplifies the general measurement model. At initial recognition, the insurance contract is measured as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows (applicable only if the group has elected to defer the insurance acquisition cash flows), and
- Plus/minus non-acquisition assets or liabilities previously recognised for cash flows related to the group of insurance contracts.

Where insurance acquisition cash flows are directly attributable to a group of contracts, the Group allocates costs to that group and the groups that will include renewals of those contracts. The Group expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on how the Group expects to recover those cash flows.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. The Group does not revise amounts allocated to a group once all contracts have been added to the group.

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, the Group:

- Recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group, and
- If the asset relates to future renewals, the Group recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals, and this excess has not already been recognised as an impairment loss.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.4 CONTRACTS MEASURED UNDER THE PAA *continued*

The Group reverses any impairment losses in profit or loss and increases the asset's carrying amount to the extent that the impairment conditions have improved.

Accounting policy elections

For those contracts that apply the PAA, the Group has elected not to reflect the time value of money in the measurement of the LRC and the LIC when:

- LRC: On initial recognition of the contract, the time between the insurance service and the related premium is less than a year
- LIC: The cash flows are expected to be paid or received in less than one year from the date the claim is incurred. In some instances, claims might be disputed. If the claim is expected to be disputed and settlement deferred beyond 12 months, the exception would not apply

The Group has elected to immediately expense insurance acquisition cash flows for the following material portfolios:

- Group Life
- Discovery Insure – Discovery Insure has the following portfolios: Personal lines for motor and household, Medical gap, trauma cover and travel insurance
- AfricaHealth portfolios recognised before 1 July 2025

12.4.1 Risk adjustment

Refer to section 12.3.3 for the detailed accounting policy on risk adjustment. For the summary of the specified percentages applied, refer to section 12.2.

12.5 REINSURANCE CONTRACTS

Each reinsurance contract is allocated to the applicable group of reinsurance contracts when that contract is initially recognised in line with the requirements of IFRS17. The Group concludes that the reinsurance contract's legal form as a single contract reflects the substance of the Group's contractual rights and obligations.

A group of reinsurance contracts is recognised, as required under IFRS 17, on the following dates.

- Reinsurance contracts initiated by the Group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts
- Other reinsurance contracts initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts. Where the Group recognises an onerous group of underlying insurance contracts on an earlier date, and the related reinsurance contract was entered into before that earlier date, in that case, the group of reinsurance contracts is recognised on that earlier date. This applies to the Group's excess of loss and stop-loss reinsurance contracts
- Reinsurance contracts acquired: The date of acquisition

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of the underlying insurance contracts. When a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, the Group will adjust the asset's carrying amount for remaining coverage instead of adjusting the CSM.

12.6 DERECOGNITION AND MODIFICATIONS

The Group derecognises a contract when it is extinguished, meaning when the specified obligations in the contract expire or are discharged, the contract is cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- The fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised
- The CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component
- The number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group

If a contract is derecognised because it is transferred to a third party, then the Group adjusts the CSM for the premium charged by the third party unless the group is onerous.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

12. Insurance contracts *continued*

12.7 EXCEPTIONS WHERE THE MODIFIED RETROSPECTIVE APPROACH WAS APPLIED

The Group transition approach applied at the date of transition of IFRS 17 (1 July 2023) continue to impact a part of how the CSM balance is determined. The accounting policies of how the CSM on the date of transition was determined for groups measured applying the modified retrospective approach are summarised below.

12.7.1 Discovery individual life portfolio

The Group's applied the modified retrospective approach for the Discovery Individual Life portfolio by aggregating pre-June 2003 contracts into a single group. Applying the full retrospective approach was impracticable due to the absence of historical models and sufficiently detailed data, particularly for business sold before the June 2002 financial year. These early cohorts are immaterial, as Discovery Life only commenced operations in 2000.

12.7.2 Discovery invest portfolios

For the Discovery Invest portfolios, the modified retrospective approach was applied by grouping:

- Contracts issued before June 2016 for the discretionary participation features (DRO) portfolio, and
- Contracts issued before June 2012 for the general endowments and unit-linked portfolios

13. Investment contracts

Investment contracts transfer financial risk without significant insurance risk. Financial risk refers to the risk of a possible future change in the value of an asset or financial instrument due to a change in interest rate, commodity price, index of prices (e.g. consumer price index and retail price index), foreign exchange rate, or other measurable variables.

The Group issues investment contracts without fixed benefits (e.g. unit-linked investment contracts and structured products) and investment contracts with fixed and guaranteed benefits (e.g. term certain annuity)

VALUATION OF POLICYHOLDER LIABILITIES

Investment contracts without fixed benefits are financial liabilities whose fair value is dependent on the fair value of the underlying financial assets and derivatives (unit-linked investment contracts), which are classified at fair value through profit or loss. The Group designates these investment contracts to be measured at fair value through profit or loss because the Group manages and evaluates the performance of the group of financial instruments on a fair value basis. See Accounting Policy 8.1.1 for the financial assets backing these liabilities.

The Group's main valuation techniques incorporate all factors that market participants would consider and are based on observable market data. The fair value of a unit-linked investment contract financial liability is determined using the current unit price that reflects the fair values of the financial assets contained within the Group's unitised investment funds linked to the financial liability.

The Group determines the fair value of the financial liabilities by multiplying the number of units attributed to each policyholder at the reporting date by the unit price for the same date.

For investment contracts with fixed and guaranteed terms, valuation techniques are used to establish the fair value at inception and at each reporting date. Valuation techniques include discounted cash flow analysis using current market rates of interest and reference to other instruments that are substantially the same.

PREMIUM REVENUE

All premiums received under investment contracts are recorded as deposits to investment contract liabilities, and claims incurred on investment contracts are recorded as deductions from investment contract liabilities.

FEES ON INVESTMENT CONTRACTS

The Group charges regular fees to the customer monthly either directly or by making a deduction from invested funds.

COSTS OF OBTAINING CONTRACTS

The costs of obtaining contracts represent the contractual customer relationship and the right to receive future investment management fees. Incremental costs directly attributable to securing rights to receive policy fees for services sold with investment contracts are recognised as an asset where they can be identified separately and measured reliably, and it is probable that they will be recovered. An incremental cost is one that would not have been incurred if the Group had not secured the investment contract.

The asset represents the Group's contractual right to benefit from providing asset management services and is amortised over the expected life of the contract as the entity recognises the related revenue.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

14. Borrowings

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

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

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

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs using the effective interest method.

15. Income taxes, direct and indirect taxes

15.1 CURRENT TAX

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

15.2 DEFERRED TAX

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

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

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

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

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

The Group offsets deferred tax assets and liabilities when:

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

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

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

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

15.3 DIRECT AND INDIRECT TAXES

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

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

15.4 INTEREST ARISING FROM TAXES

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

16. Employee benefits

16.1 SHORT-TERM EMPLOYEE BENEFITS

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

16.2 POST-EMPLOYMENT BENEFITS

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

16.3 SHARE-BASED COMPENSATION

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

EQUITY-SETTLED SHARE-BASED COMPENSATION PLANS

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

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

CASH-SETTLED SHARE-BASED COMPENSATION PLANS

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

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

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

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

16. Employee benefits *continued*

16.3 SHARE-BASED COMPENSATION *continued*

COMPANY ACCOUNTING POLICY:

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

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

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

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

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

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

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

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

16.4 PROFIT SHARE AND BONUS PLAN

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

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

17. Other payables and provisions

17.1 OTHER PAYABLES

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

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

17.2 PROVISIONS

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

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

18. Contingent liabilities

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

The Group does not recognise contingent liabilities, but it discloses a contingent liability when:

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

19. Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* which is applicable to the Group's revenue from administration business, Vitality income and banking fee and commission income.

IFRS 15 requires that once the Group identifies contracts, it identifies the performance obligations in the contract. The Group determines this on the basis of whether the customer can benefit from the promised good or service individually or together with other readily available resources and whether the performance obligation is distinct in the context of the contract. For the Group, most contracts contained a single performance obligation, or a contract that consists of a series of distinct goods or services that are substantially the same and transferred to the customer over the same pattern.
The timing of revenue recognition is dependent on whether the Group transfers control over the good or service over time or at a point in time. In determining the appropriate timing for revenue recognition, the Group considers whether the customer benefits as the entity performs. For most revenue types, the Group provides stand-ready services to customers, where customers benefit as the entity's services are consumed. In limited instances where revenue is not recognised over time, the Group recognises revenue at a point in time when control transfers. For revenue the Group recognises over time, the stand-ready service is recognised in a straight line over the term of the contract.

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

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

19. Revenue recognition *continued*

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

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

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

For contracts that contain a significant financing component, the discount rate applied reflects a market rate of interest at inception of the contract, consistent with a separate financing transaction between the parties. The rate is determined at contract inception and not reassessed subsequently. Interest income recognised on the financing component is presented as investment income in profit or loss.

	Fee income from administration business	Vitality Income	Banking fee and commission income
Nature of performance obligations	The Group recognises fee income on health administration and managed care services it renders. Fee income is also generated on asset administration and fees earned on the use of intellectual property (such as software-as-a-service). For Discovery Telematic Services fee income is generated from the Vitality Drive device activation. In the respective businesses, the Group considers these as revenue, and most are seen as single performance obligations in the respective legal entities. These revenues are separated by the underlying reported entity in the segment information shown in Section 1. Fees earned on the use of intellectual property (such as software-as-a-service) also include fees earned through the Vitality Global Markets where the Group/ Company identified separate performance obligations relating to services to obtain new business and services to create ongoing value for certain contracts.	Vitality income includes the fee income that Vitality members pay to access the Vitality benefit and various activation fees for activating additional benefits. The performance obligation relates to access to the Vitality rewards programme and partner benefits the Group provides to its members.	Banking fee and commission income include banking service fees for banking services. The performance obligation relates to access to banking and banking services rendered. Commission income relates to the interchange fees Discovery Bank earns on transactions using debit or credit cards. The performance obligation relates to the settlement of transactions via the card network.
When does control pass – Point in time (PIT) vs over time	Performance obligations to provide administration services are considered stand-ready services, the customer obtains control over the service as the entity makes its services available on an "as and when" basis. As a result, the Group recognises revenue over time, as the respective entity makes the services available, based on the passage of time. For fees earned on certain contracts through the Vitality Global Markets, services to obtain new business are recognised at the point in time as this is when the performance condition is satisfied. Revenue relating to services to create ongoing value are recognised over time as improvements in lapse, mortality and morbidity are observed and measured.	Performance obligations to provide access to benefits are considered stand-ready services as the customers obtain benefits over the duration of the contract and when required by the customers. As a result, the Group recognises revenue over time based on the passage of time.	The performance obligation associated with the banking fee and commission income is satisfied over time because the client obtains substantially all of the remaining benefits from the service over the period of the month for which the banking fee was charged.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

19. Revenue recognition *continued*

For contracts that contain a significant financing component, the discount rate applied reflects a market rate of interest at inception of the contract, consistent with a separate financing transaction between the parties. The rate is determined at contract inception and not reassessed subsequently. Interest income recognised on the financing component is presented as investment income in profit or loss.

	Fee income from administration business	Vitality Income	Banking fee and commission income
When are amounts payable?	Amounts are billed for health administration and managed care business at the end of the respective month, with amounts paid within 30 days. For fees on asset administration business, the Group disinvests amounts for the units held at the end of the related month. Certain fees, such as advisor fees, are received upfront but are deferred as a contract liability over the expected term of the entity's performance.	The Group bills the amounts either monthly, payable within 30 days, or billed on activation of the benefit, payable immediately.	Banking fees are charged monthly, and payment is immediate. Interchange income is charged at the point of payment and settled daily in batch format.
Variable consideration and estimates	There is no potential for amounts of revenue to vary relating to discounts or rebates on the health administration business. For the asset administration business, fees are determined based on assets under management at a point in time. There are no benchmark performance-based fees. The nature of the integrated products that the Group sells related to the investment business allows for fee discounts and rebates to be determined based on client behaviour. For fees earned on certain contracts through the Vitality Global Markets, the transaction price includes fixed and variable components. Revenue is estimated and recognised in line with the constraint on variable consideration, only to the extent that it is highly probable that there will not be a significant reversal of revenue already recognised once the uncertainty is resolved. The fee discounts and rebates are determined according to a fixed methodology incorporating policyholder specific information including Vitality status. The Group has experience in estimating these amounts, which are based on a limited number of outcomes.	There are no adjustments to the transaction price as a result of any variable consideration. There is no significant financing component.	There are no adjustments to the transaction price as a result of any variable consideration. There is no significant financing component.
Costs to capitalise	Where costs are incurred directly to secure a new health administration customer, and the contract is expected to exceed 12 months, the Group capitalises and amortises costs over the expected term of contract. Costs are routinely incurred on the asset administration business related to commission and other incremental costs of entering into the contract. The Group capitalises and recognises these over the expected duration of the customer relationship. The Group tests these assets for impairment to the extent that the carrying amount of the asset exceeds the expected remaining net cash inflows from the customer contract.	In respect of the Apple Watch benefit, the Group incurs costs upfront to purchase the device and provide it to the customer. These costs are deferred and recognised over the two-year term of the benefit.	Discovery Bank incurs direct costs attributable to card production, delivery costs, and commission fees. The incremental costs of obtaining the contracts and cost to fulfil contracts are capitalised. Discovery Bank amortises these costs over the expected life of the contract.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
19. Revenue recognition *continued*
The Group presents any unconditional rights to consideration separately as a receivable. The Group assesses a contract asset for impairment in accordance with IFRS 9. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. Any impairment losses the Group recognises on any receivables or contract assets arising from its contracts with customers are disclosed separately from impairment losses from other contracts.

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

20. Other non-revenue income
20.1 INVESTMENT INCOME
Investment income comprises dividends as well as the interest the Group receives from assets held at amortised cost and cash and cash equivalents.

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

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

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

20.2 NET FAIR VALUE GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
Net fair value gains/(losses) on financial assets at fair value through profit or loss include gains and losses arising from interest, dividends and net realised and unrealised gains or losses on financial assets held at fair value through profit or loss.

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

IDENTIFICATION OF A LEASE
At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS *16 Leases.*

Contracts where the service provider has a substantive right to substitute the asset for an alternative asset during the lease term is not regarded as a lease, but instead a service contract. Accordingly, the Group does not account for these contracts under IFRS 16. For the Group such contracts include items such as vending machines.

21. Leases
21.1 AS A LESSEE
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each component on the basis of its relative stand-alone prices. However, for property leases, the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group presents right-of- use assets in ‘Property and equipment’ and lease liabilities in ‘Borrowings at amortised cost’ in the Statement of financial position.

The Group leases the following assets with a range of lease terms:

Qualitative	Subsequent measurement
Large offices	5 – 15 years
Small offices/Franchise offices (SA only)	1 – 3 years
Computer equipment (e.g. servers) (SA only)	3 – 4 years
Motor vehicles (UK only)	3 years

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
21. Leases *continued*
21.1 AS A LESSEE *continued*
MEASUREMENT
LEASE LIABILITY

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The incremental borrowing rates were calculated for each legal entity within the Group that entered into lease arrangements. The incremental borrowing rate considers a base interest rate reflective of the jurisdiction in which the legal entity operates (South Africa, United Kingdom and United States of America), the term of the lease arrangement and the nature of the assets.

Lease payments the Group includes in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee, and
- The exercise price under a purchase option that Discovery is reasonably certain to exercise, lease payments in an optional renewal period if Discovery is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Discovery is reasonably certain not to terminate early

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability or right-of-use (ROU) asset at initial recognition. The Group recognises these variable lease expenses as an expense in profit or loss in the period in which the event or condition that triggers the payment occurs.

Extension or termination options are included in a number of the building leases across Discovery. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Group considers extension options (for periods after termination options) in the lease term when there is reasonable certainty that those options will be exercised.

The Group measures the lease liability at amortised cost using the effective interest method. The Group remeasures the liability when there is a change in future lease payments arising from a change in an index or rate, if there is a change in its estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the Group remeasures the lease liability in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

21. Leases *continued*

21.1 AS A LESSEE *continued*

RIGHT-OF-USE ASSET

The Group initially measures the right-of-use asset at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received. The Group receives incentives such as reimbursements for installations or rent-free periods.

The Group subsequently depreciates the right-of-use asset using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

In that case, the Group depreciates the right-of-use asset over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

PURCHASE OF AN UNDERLYING ASSET DURING THE LEASE TERM

Where the Group purchases an underlying asset from the lessor during the lease term and the original lease agreement did not include a purchase option, the Group accounts for the termination of the lease and the purchase of the underlying asset as separate transactions, provided the consideration can be allocated between the two transactions on a reasonable basis.

The Group allocates the consideration paid between:

- The settlement of the existing lease, and
- The purchase of the underlying asset.

On termination of the lease, the Group derecognises the right-of-use asset, the lease liability and any other liabilities associated with the lease that are extinguished as part of the transaction. The Group recognises the difference between the consideration allocated to the settlement of the lease and the net carrying amount of the assets and liabilities associated with the lease in profit or loss.

The Group recognises the consideration allocated to the purchase of the underlying asset as part of the cost of property and equipment. The Group subsequently accounts for the purchased asset in accordance with the accounting policy for property and equipment.

SHORT-TERM LEASES AND LOW VALUE ITEMS

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases of low-value assets relate to those categories of assets which, at the inception of the lease, typically have a value, if bought new, of no more than approximately R70 000. For the Group, these categories include computer equipment such as desktops, laptops, monitors and related IT peripherals.

Short-term leases are those leases with a lease term of less than 12 months.

Annexure A - Group accounting policies *continued*

for the year ended 30 June 2026

Material accounting policies *continued*

21. Leases *continued*

21.2 AS A LESSOR

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each component on the basis of their relative standalone prices.

CLASSIFICATION

To classify the lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers indicators such as whether the lease is for a major part of the economic life of the asset, the specialised nature of the asset and the present value of lease payments.

The Group leases out portions of its leased property in the form of subleases. The Group has classified these leases as operating leases.

MEASUREMENT

As the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying leased asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other income'.

22. Marketing and administration expenses

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

23. Interest expense on borrowings and lease liabilities

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

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

24. Dividend distribution

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

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
25. Normalised headline earnings
The Group assesses its performance using normalised headline earnings, an alternative profit measure not under the IFRS Accounting Standards, alongside its IFRS Accounting Standards 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.

Measures not in terms of IFRS Accounting Standards are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

The Group 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 the Group's normal operations as follows:

- Once-off transactions – eg, restructuring costs, transaction costs related to interest rate derivatives and initial deferred tax assets raised on previously unrecognised assessed losses
- Unusual items – the Group 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 reporting periods
- Income or expenses not considered to be part of the Group'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.

The following adjustments may be made in the determination of NHEPS:

Adjustment	Explanation
Fair value (gains)/losses on foreign exchange contracts not designated as a hedge	The adjustment reflects fair value gains or losses on foreign exchange contracts entered in anticipation of future capital injections in foreign operations. These derivative instruments are not designated as a hedge and as a result, the fair value adjustments are recognised in profit or loss. The fair value adjustments of these derivative instruments can result in volatility in profit or loss and is therefore excluded in assessing the normal business operations of the Group as it relates specifically to a future once-off transaction.
Amortisation of intangibles from business combinations	The adjustment reflects the amortisation of intangible assets which arose from the purchase of various subsidiaries and associates within the Group and were recognised in accordance with IFRS 3 *Business Combinations.* Intangible assets recognised from business combinations provide little predictive value of the earnings from the business, as these assets will not be reacquired, renewed, or replaced once depleted. Discovery also infrequently acquires businesses. The amortisation of these assets is therefore excluded in assessing the normal business operations of the Group.
Deferred tax assets raised on assessed losses, net of related adjustments	The adjustment reflects the initial recognition of deferred tax assets in respect of assessed losses in prior financial periods, after evaluating that there is future taxable income that will arise in the respective business. The initial and subsequent recognition of this deferred tax asset results in a once-off income recognised in profit or loss. It provides no predictive value in assessing the normal business operations of the Group. In addition, related adjustments are made to exclude the effect of realisation of deferred tax assets that was not recognised within earnings, e.g. during transition to new IFRS Accounting standards.

Annexure A - Group accounting policies *continued*
for the year ended 30 June 2026

Material accounting policies *continued*
25. Normalised headline earnings *continued*

Adjustment	Explanation
Changes in tax balances as a result of use of different tax rates	The adjustments reflect the changes in current and deferred tax balances resulting from the use of different tax rates that related to items that were excluded from normalised headline earnings in the current or prior periods.
Restructuring Costs	The adjustment reflects restructuring costs which are once-off costs incurred to restructure specified business areas. These transaction costs are infrequent and therefore excluded in assessing the normal business operations of the Group.
Gain on disposal of intangible assets – Vitality Group International	The adjustments include those gains on disposal of intangible assets, eg in the AmplifyHealth deal, where Vitality Group International monetised a specified regional right to an initial component of its intellectual property rights via sale as opposed to a licensing arrangement. These gains are not considered part of normal operations for assessing the normal business operations of the Group.
Gains or losses on the termination of leases arising from the acquisition of the underlying asset	Gains or losses arising from the termination or modification of lease arrangements arise from once-off, non-recurring transactions. These gains or losses arise from strategic capital transactions are not considered part of normal operations for assessing the normal business operations of the Group.
Remeasurements of contingent consideration relating to acquisitions accounted for under IFRS 3 *Business Combinations*	These adjustments relate to gains and losses arising from the subsequent measurement of contingent consideration recognised in respect of acquisitions accounted under IFRS 3 *Business Combinations* The gains or losses on this contingent consideration can result in volatility in profit or loss and is therefore excluded in assessing the normal business operations of the Group as it relates specifically to a future once-off transaction (i.e. the acquisition).
Equity-accounted investees disposal related costs	In some instances, when there is a partial disposal of equity-accounted interest or dilution of interest, the associate may incur transaction costs to affect the transaction. These transaction costs are infrequent and therefore excluded in assessing the normal business operations of the Group.

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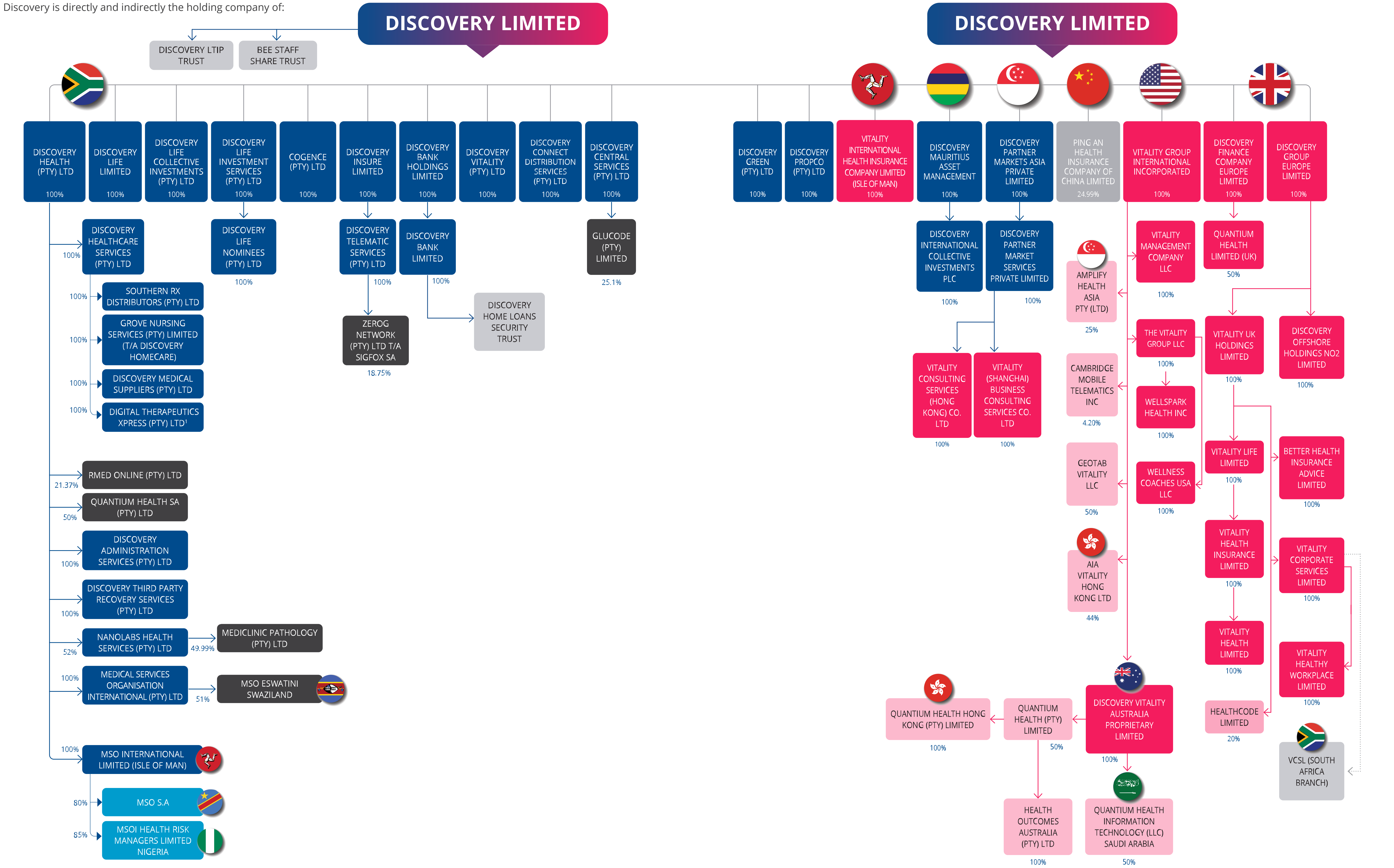
Annexure B – Group structure

for the year ended 30 June 2026

Discovery is directly and indirectly the holding company of:



Annexure B – Group structure *continued*

for the year ended 30 June 2026

In addition to the above subsidiaries, Discovery consolidates unit trusts which are deemed to be under the Group's control in terms of IFRS 10 *Consolidated Financial Statements*. The consolidated unit trusts include:

- Cogence Discovery Balanced Dynamic Asset Optimiser Fund of Funds
- Discovery Balanced Fund
- Discovery Cautious Balanced Fund
- Cogence Discovery Cautious Dynamic Asset Optimiser Fund of Funds
- Discovery Diversified Income Fund
- Discovery Equity Fund
- Discovery Flexible Property Fund
- Discovery Global Equity Feeder Fund
- Discovery Global Real Estate Securities Feeder Fund
- Discovery Global Value Equity Feeder Fund
- Discovery Moderate Balanced Fund
- Cogence Discovery Moderate Dynamic Asset Optimiser Fund of Funds
- Discovery Money Market Fund
- Discovery Target Retirement 2025 Fund
- Discovery Target Retirement 2030 Fund
- Discovery Target Retirement 2035 Fund
- Discovery Target Retirement 2040 Fund
- Discovery Target Retirement 2045 Fund
- Discovery Target Retirement 2050 Fund
- Discovery Target Retirement 2055 Fund
- Discovery Target Retirement 2060 Fund
- Discovery Global Multi Asset Fund (previously named Discovery Worldwide Best Ideas Fund)
- Discovery Strategic Bond Fund
- Cogence Global Cautious Portfolio (Mauritius)
- Cogence Global Balanced Portfolio (Mauritius)
- Cogence Global Growth Portfolio Fund (Mauritius)

Annexure C - Directorate

for the year ended 30 June 2026

Remuneration and fees

Payment to directors and prescribed officers for the year ended 30 June 2026 for services rendered are set out in the table below. It should be noted that these payments reflect cash payments made to directors and prescribed officers during the financial year and therefore all variable pay components are reflective of performance measurements relating to previous periods. The variable pay components relating to the current year under review are physically paid in the following financial year and are analysed in detail in the Group's annual remuneration report and are more reflective of the performance of the period under review.

Payments to directors and prescribed officers for the year ended 30 June 2026 for services rendered are as follows:

R'000	Services as directors	Basic salary	Performance bonus	Long-term incentives (LTIP) [1]	Provident fund contributions	Other benefits[2]	Total
Executive							
A Gore	–	10 086	13 266	14 984	751	311	39 398
HD Kallner	–	9 140	25 751	29 978	457	154	65 480
NS Koopowitz[3]	–	27 180	31 752	48 807	227	638	108 604
B Swartzberg	–	7 085	9 185	12 844	747	395	30 256
DM Viljoen	–	7 446	10 532	9 765	1 180	426	29 349
Sub-total	–	60 937	90 486	116 378	3 362	1 924	273 087
Non-executive							
ME Tucker[4]	8 383	–	–	–	–	–	8 383
LM Chiume	2 113	–	–	–	–	–	2 113
R Farber[5]	4 060	–	–	–	–	4 226	8 286
VN Fakude	1 166	–	–	–	–	–	1 166
WM Hlahla	1 821	–	–	–	–	–	1 821
FN Khanyile	2 617	–	–	–	–	–	2 617
D Macready	2 743	–	–	–	–	–	2 743
KC Ramon	1 770	–	–	–	–	–	1 770
M Schreuder	2 974	–	–	–	–	–	2 974
B Van Kralingen[6]	2 210	–	–	–	–	98	2 308
Sub-total	29 857	–	–	–	–	4 324	34 181
Total	29 857	60 937	90 486	116 378	3 362	6 248	307 268
Less: paid by subsidiaries	(29 857)	(60 937)	(90 486)	(116 378)	(3 362)	(6 248)	(307 268)

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

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Annexure C - Directorate *continued*

for the year ended 30 June 2026

Remuneration and fees *continued*

Payment to directors and prescribed officers for the year ended 30 June 2025 for services rendered are set out in the table below. It should be noted that these payments reflect cash payments made to directors and prescribed officers during the financial year and therefore all variable pay components are reflective of performance measurements relating to previous periods. The variable pay components relating to the current year under review are physically paid in the following financial year and are analysed in detail in the Group's annual remuneration report and are more reflective of the performance of the period under review.

Payments to directors and prescribed officers for the year ended 30 June 2025 for services rendered are as follows

R'000	Services as directors	Basic salary	Performance bonus	Long-term incentives (LTIP) [1]	Provident fund contributions	Other benefits[2]	Total
Executive							
A Gore	–	9 346	10 623	10 984	922	422	**32 297**
HD Kallner	–	8 914	24 294	16 525	434	233	**50 400**
NS Koopowitz[3]	–	27 201	21 472	39 673	235	631	**89 212**
B Swartzberg	–	6 770	8 529	10 379	701	416	**26 795**
DM Viljoen	–	7 154	8 757	7 046	1 132	395	**24 484**
Sub-total	–	59 385	73 675	84 607	3 424	2 097	**223 188**
Non-executive							
ME Tucker[4]	8 655	–	–	–	–	52	**8 707**
LM Chiume	1 453	–	–	–	–	–	**1 453**
R Farber[5]	4 045	–	–	–	–	4 178	**8 223**
WM Hlahla	1 729	–	–	–	–	–	**1 729**
FN Khanyile	2 511	–	–	–	–	–	**2 511**
D Macready	2 570	–	–	–	–	–	**2 570**
T Mboweni	495	–	–	–	–	–	**495**
KC Ramon	1 666	–	–	–	–	–	**1 666**
M Schreuder	2 775	–	–	–	–	–	**2 775**
B Van Kralingen[6]	2 324	–	–	–	–	103	**2 427**
Sub-total	28 223	–	–	–	–	4 333	**32 556**
Total	28 223	59 385	73 675	84 607	3 424	6 430	**255 744**
Less: paid by subsidiaries	(28 223)	(59 385)	(73 675)	(84 607)	(3 424)	(6 430)	**(255 744)**

1 "LTIP" comprises cash-settled and equity-settled incentives.
2 "Other benefits" comprise medical aid contributions, travel, other allowances and fees from group subsidiaries.
3 Transitioned from Group Executive Director to Prescribed Officer with effect from 1 March 2023. The remuneration presented above is for the full financial year.
4 Salary and incentive are paid in GBP. Transitioned from Group Executive Director to Prescribed Officer with effect from 1 March 2023.
5 Director's fees for services rendered are paid in GBP.
6 Director's fees for services and fees for other consulting services rendered by R Farber were paid in AUD. Director's fees for consulting services are included as part of other benefits.

Annexure C - Directorate *continued*

for the year ended 30 June 2026

Directors' participation in long-term incentive schemes

Discovery's directors and prescribed officers participate in the various long-term incentive schemes offered by the Group and their participation is disclosed below. Refer to Group section 4.5 for a detailed description of the various schemes offered.

DISCOVERY LIMITED PHANTOM SHARE SCHEME

Directors and prescribed officers participation as at 30 June 2026:

Directors and prescribed officers	Outstanding shares	Date granted	Final vesting date	Value at 30 June 2026 R
B Swartzberg	5 384	30/11/2022	30/9/2027	**1 422 614**
	13 050	20/5/2024	30/9/2026	**3 448 202**
NS Koopowitz	29 640	1/12/2025	30/9/2028	**7 831 777**

DISCOVERY LIMITED LONG-TERM INCENTIVE PLAN

Directors and prescribed officers participation as at 30 June 2026:

Directors and prescribed officers	Outstanding shares	Date granted	Final vesting date	Value at 30 June 2026 R
A Gore	22 929	20/10/2021	30/9/2026	**6 058 530**
HD Kallner	15 379	20/10/2021	30/9/2026	**4 063 593**
B Swartzberg	7 690	20/10/2021	30/9/2026	**2 031 929**
	16 017	30/11/2023	30/9/2028	**4 232 172**
	46 799	30/11/2024	30/9/2029	**12 365 700**
	28 536	30/11/2025	30/9/2030	**7 540 067**
DM Viljoen	15 066	20/10/2021	30/9/2026	**3 980 889**

THE VITALITYHEALTH AND VITALITYLIFE PHANTOM SHARE SCHEMES

Directors and prescribed officers participation as at 30 June 2026:

Directors and prescribed officers	Outstanding shares	Date granted	Exercise Price GBP	Final vesting date	Value at 30 June 2026 GBP
NS Koopowitz	12 608	1/10/2023	–	30/9/2026	**751 311**
	12 164	1/10/2024	–	30/9/2027	**724 853**
	25 607	1/10/2025	–	30/9/2028	**1 525 921**

Annexure C - Directorate *continued*

for the year ended 30 June 2026

Directors' participation in single incentive plan

DISCOVERY LIMITED SINGLE INCENTIVE PLAN

Directors and prescribed officers participation as at 30 June 2026:

Directors and prescribed officers	Outstanding shares	Date granted	Final vesting date	Value at 30 June 2026 R
A Gore	61 482	30/11/2022	30/9/2027	**16 245 389**
	64 244	30/11/2023	30/9/2028	**16 975 192**
	61 760	30/11/2024	30/9/2029	**16 318 845**
	68 348	30/11/2025	30/9/2030	**18 059 592**
HD Kallner	45 216	30/11/2022	30/9/2027	**11 947 424**
	53 220	30/11/2023	30/9/2026	**14 062 321**
	94 156	30/11/2024	30/9/2027	**24 878 840**
	132 672	30/11/2025	30/9/2028	**35 055 923**
B Swartzberg	45 333	30/11/2022	30/9/2027	**11 978 339**
	46 453	30/11/2023	30/9/2028	**12 274 276**
	44 153	30/11/2024	30/9/2029	**11 666 547**
	47 016	30/11/2025	30/9/2030	**12 423 038**
DM Viljoen	40 703	30/11/2022	30/9/2027	**10 754 954**
	49 864	30/11/2023	30/9/2028	**13 175 565**
	50 910	30/11/2024	30/9/2029	**13 451 949**
	54 260	30/11/2025	30/9/2030	**14 337 120**

Annexure C - Directorate *continued*

for the year ended 30 June 2026

Directors' interest in shares

According to the Register of Directors' Interests, maintained by Discovery in accordance with the provisions of section 30(4)(d) of the Companies Act, directors and prescribed officers of Discovery have disclosed the following interest in the securities of the Company at 30 June 2026. Unless stated otherwise, the interest shown is only in the ordinary shares of the Company.

Directors and prescribed officers	Direct beneficial	Indirect beneficial	Total	Indirect beneficial-Unvested shares	Total interest in shares
30 June 2026					
Executive					
A Gore[1]	**31 372**	**43 902 935**	**43 934 307**	**278 763**	**44 213 070**
B Swartzberg[2]	**3 184 608**	**18 035 115**	**21 219 723**	**281 997**	**21 501 720**
DM Viljoen	**125 804**	**–**	**125 804**	**210 803**	**336 607**
HD Kallner[3]	**177 331**	**–**	**177 331**	**340 643**	**517 974**
NS Koopowitz	**–**	**450 037**	**450 037**	**–**	**450 037**
Non-executive					
R Farber	**40 000**	**–**	**40 000**	**–**	**40 000**
FN Khanyile	**1 300**	**–**	**1 300**	**–**	**1 300**
KC Ramon[4]	**39 793**	**4 529**	**44 322**	**–**	**44 322**
Total	**3 600 208**	**62 392 616**	**65 992 824**	**1 112 206**	**67 105 030**
30 June 2025					
Executive					
A Gore[1]	31 372	45 278 935	45 310 307	287 321	45 597 628
B Swartzberg[2]	3 146 461	18 035 115	21 181 576	244 592	21 426 168
DM Viljoen	100 745	–	100 745	206 662	307 407
HD Kallner[3]	100 398	–	100 398	361 838	462 236
NS Koopowitz	–	600 037	600 037	–	600 037
Non-executive					
R Farber	45 000	–	45 000	–	45 000
FN Khanyile	1 300	–	1 300	–	1 300
KC Ramon	1 326	4 529	5 855	–	5 855
Total	3 426 602	63 918 616	67 345 218	1 100 413	68 445 631

1 Includes 41 300 000 (2025: 41 300 000) ordinary shares which are subject to security.
2 Includes 6 000 000 (2025: 6 000 000) ordinary shares which are subject to security.
3 Includes 100 000 (2025: 100 000) ordinary shares which are subject to security.
4 Included in direct beneficial interest is 38 467 B Preference shares.

There has been no change in the directors' interests in Discovery Limited's shares between 30 June 2026 and the date of publication of this annual report.

Annexure D - Unaudited analysis of shareholders

at 30 June 2026

Ordinary shareholders

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000 shares	39 267	87.51	5 181 395	0.76
1 001 – 10 000 shares	4 080	9.09	11 521 580	1.69
10 001 – 100 000 shares	1 065	2.37	35 899 769	5.26
100 001 – 1 000 000 shares	372	0.83	116 815 010	17.12
1 000 001 shares and over	88	0.20	513 073 865	75.17
	44 872	100.00	682 491 619	100.00
Public/non-public shareholders				
Non-public shareholders	15	0.03	180 046 449	26.38
– Directors of the Company, including their associates[1]	8	0.02	67 066 563	9.83
– Employee share trusts[2]	2	—	8 509 971	1.25
– Directors of major subsidiaries and trustees of share schemes[1]	4	0.01	802 651	0.12
– Strategic holdings (more than 10%)	1	—	103 667 264	15.18
Public shareholders	44 857	99.97	502 445 170	73.62
	44 872	100.00	682 491 619	100.00

1 Includes shares held by directors and prescribed officers in share trusts.
2 Excludes shares held by directors and prescribed officers in share trusts.

	Number of shares	%
Beneficial shareholders' holding of 5% or more		
Government Employees Pension Fund (including shares managed by Public Investment Corporation)	103 667 264	15.18
Remgro Limited	51 254 365	7.51
Adrian Gore[1]	44 213 070	6.48
RBC Global Asset Management Inc	37 595 461	5.51
	236 730 160	34.68

1 Includes shares held in share trusts.

B preference shareholders

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000 shares	2 810	76.92	292 727	3.66
1 001 – 10 000 shares	713	19.52	2 156 691	26.96
10 001 – 100 000 shares	119	3.26	2 803 966	35.05
100 001 – 1 000 000 shares	11	0.30	2 746 616	34.33
	3 653	100.00	8 000 000	100.00
Public/non-public shareholders				
Public shareholders	3 652	99.97	7 961 533	99.52
Non - public shareholder	1	0.03	38 467	0.48
Directors of the Company, including their associates	1	0.03	38 467	0.48
	3 653	100	8 000 000	100.00

	Number of shares	%
Beneficial shareholders' holding of 5% or more		
PSG Diversified Income Fund	725 555	9.07
OUTsurance Insurance Company Ltd	500 000	6.25
Amplify SCI Wealth Protector Fund	397 163	4.96
	1 622 718	20.28

Annexure E – Embedded value statement

for the year ended 30 June 2026

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 expected 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.

Table 1: Group embedded value

R millions	30 June 2026	30 June 2025	% Change
Shareholders' funds	82 661	65 699	26
Adjustment to shareholders' funds from published basis[1]	(52 264)	(40 660)	29
Adjusted net worth[2]	30 397	25 039	21
Value of in-force covered business before cost of required capital	116 089	104 812	11
Cost of required capital	(3 562)	(3 297)	8
Discovery Group embedded value	142 924	126 554	13
Number of shares (millions)	672.6	666.6	
Embedded value per share	R212.49	R189.85	12
Diluted number of shares (millions)	675.0	668.7	
Diluted embedded value per share[3]	R211.75	R189.25	12

1 A breakdown of the "Adjustment to shareholders' funds from published basis" is shown in the table below. Note that where relevant, adjustments have been converted using the closing exchange rate of R21.73/GBP (June 2025: R24.34/GBP).

R millions	*30 June 2026*	*30 June 2025*
Life net assets under insurance contracts	*(31 944)*	*(21 333)*
Vitality Life Limited net assets under insurance contracts	*(11 691)*	*(11 663)*
VitalityHealth Insurance Acquisition Cash Flow (IACF) Asset	*(5 049)*	*(5 120)*
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	*(4)*	*(7)*
Goodwill relating to the acquisition of Standard Life Healthcare and the PAC joint venture	*(2 689)*	*(3 012)*
Intangible assets (net of deferred tax) in covered businesses	*(556)*	*(813)*
Net preference share capital	*(779)*	*(779)*
*Reversal of 1 Discovery Place IFRS 16 financial lease accounting**	*0*	*1 550*
*Equity settled share based payment mark-to-market adjustment***	*448*	*517*
Total	*(52 264)*	*(40 660)*

* *The "Reversal of 1 Discovery Place IFRS 16 financial lease accounting" adjustment has reduced from R1.55 billion at 30 June 2025 to nil at 30 June 2026 following the purchase of the 1 Discovery Place building. The historical EV adjustment is no longer required and has been replaced by a once-off gain of R1.07 billion (net of tax) recognised on the termination of the lease arrangement, which is reflected in the Shareholders' funds and therefore forms part of the Adjusted net worth.*

** *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.*

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Table 1: Group embedded value *continued*

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 millions	30 June 2026	30 June 2025
Shareholders' funds	***82 661***	*65 699*
Adjustment to shareholders' funds	***(52 264)***	*(40 660)*
Adjusted net worth	***30 397***	*25 039*
Excess of available capital over adjusted net worth	***57 553***	*52 419*
Available capital	***87 950***	*77 458*
Required capital	***56 852***	*48 446*
Excess available capital	***31 098***	*29 012*

The excess of available capital over adjusted net worth reflects the difference between the adjusted net worth for embedded value purposes and the available capital on a statutory solvency basis for covered business. This includes:

- *The net preference share capital of R779 million which is included as available capital.*
- *The difference between Vitality Life Limited's Solvency UK 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 millions	30 June 2026	30 June 2025
Health and Vitality	***1 328***	*1 286*
Life and Invest	***37 439***	*29 349*
VitalityHealth	***4 269***	*4 761*
VitalityLife	***13 816***	*13 050*
Total Required Capital	***56 852***	*48 446*

- *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 was set equal to 1.55 times the Solvency UK Pillar 1 Solvency Capital Requirement.*
- *For VitalityLife, the required capital was set equal to 1.4 times the Solvency UK Pillar 1 Solvency Capital Requirement.*

The cost of required capital in the embedded value is calculated assuming shareholder cash flow is limited to the cash flow available after having met both the required capital amount and, where relevant, an internally defined liquidity target capital requirement of tangible assets. As a result, changes in the required capital noted in the table above may differ from changes in the cost of required capital, where the liquidity target capital requirement of tangible assets is the prevailing constraint. Additional detail is provided in the 'basis of preparation' section.

3 The diluted embedded value per share adjusts for the effect of vested treasury shares, share options exercised, and vesting of share awards where the impact is dilutive. This adjustment has been aligned to the diluted number of shares shown elsewhere in the financial statements.

Table 2: Value of in-force covered business

R millions	Value before cost of capital	Cost of capital	Value after cost of capital
At 30 June 2026			
Health and Vitality	**31 570**	**(554)**	**31 016**
Life and Invest[1]	**52 233**	**(1 771)**	**50 462**
VitalityHealth[2]	**17 041**	**(461)**	**16 580**
VitalityLife[2]	**15 245**	**(776)**	**14 469**
Total	**116 089**	**(3 562)**	**112 527**
At 30 June 2025			
Health and Vitality	27 972	(525)	27 447
Life and Invest[1]	42 869	(1 614)	41 255
VitalityHealth[2]	18 395	(526)	17 869
VitalityLife[2]	15 576	(632)	14 944
Total	104 812	(3 297)	101 515

1 Included in the Life and Invest value of in-force covered business is R3 418 million (June 2025: R2 894 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 R21.73/GBP (June 2025: R24.34/GBP).

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Table 3: Group embedded value earnings

R millions	Year ended 30 June 2026	Year ended 30 June 2025
Embedded value at end of period	**142 924**	126 554
Less: embedded value at beginning of period	**(126 554)**	(110 354)
Increase in embedded value	**16 370**	16 200
Dividends paid	**2 205**	1 707
Employee share option schemes	**(824)**	(721)
Net change in capital	**145**	23
Transfer to hedging reserve	**(52)**	104
Acquisition of subsidiaries with non-controlling interest	**1**	(1)
Embedded value earnings	**17 845**	17 312
Annualised return on opening embedded value	**14.1 %**	15.7 %

Table 4: Components of Group embedded value earnings

R millions	Year ended 30 June 2026: Net Worth	Year ended 30 June 2026: Cost of required capital	Year ended 30 June 2026: Value of in-force covered business	Year ended 30 June 2026: Embedded Value	Year ended 30 June 2025: Embedded Value
Total profit from new business (at point of sale)	(7 234)	(356)	10 411	**2 821**	2 154
Profit from existing business					
– Expected return	9 777	(5)	1 175	**10 947**	10 878
– Change in methodology and assumptions[1]	3 223	(116)	2 223	**5 330**	(404)
– Experience variances	1 840	78	1 198	**3 116**	2 905
Impairment, amortisation and fair value adjustment[2]	(41)	–	–	**(41)**	(62)
Increase in goodwill and intangibles	(344)	–	–	**(344)**	(382)
Non-covered businesses[3]	2 819	–	–	**2 819**	2 537
Non-recurring expenses	(280)	–	–	**(280)**	(355)
Acquisition costs[4]	(64)	–	3	**(61)**	(45)
Finance costs[5]	(3 018)	–	–	**(3 018)**	(3 125)
Foreign exchange rate movements[6]	(1 204)	133	(3 732)	**(4 803)**	1 550
Other[7]	(74)	–	–	**(74)**	(8)
Return on shareholders' funds[5,8]	1 433	–	–	**1 433**	1 669
Embedded value earnings	6 833	(266)	11 278	**17 845**	17 312

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 Vitality Global.
3 This item includes the profits of non-covered businesses. Head office costs which relate to non-covered business are included in this item, as well as cR196 million of expenses which are currently incurred by the covered businesses but will be met by non-covered businesses in due course, and hence have not been included in the relevant covered businesses' embedded value expense analysis. In addition, included in non-covered businesses is a net negative impact of R482 million relating to the termination of the 1 Discovery Place lease, reflecting the reversal of the historical EV shareholder adjustment partly offset by a once-off termination gain (net of tax).
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 Finance costs and return on shareholders' funds are shown gross of intercompany charges (R1 367 million at 30 June 2026 and R1 351 million at 30 June 2025).
6 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.
7 This item includes, among other items, the tangible tax impact from movements in covered business intangible assets, which are excluded from the net worth.
8 The return on shareholders' funds is shown net of tax and management charges.

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
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Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Table 5: Experience variances

R millions	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	Year ended 30 June 2026 Total	Year ended 30 June 2025 Total
Renewal expenses	37	–	(27)	5	(76)	–	(22)	–	**(83)**	25
Lapses and surrenders[1]	25	339	32	129	–	(234)	(93)	125	**323**	1 583
Mortality and morbidity[2]	–	–	1 105	(105)	530	–	151	–	**1 681**	(462)
Policy alterations[3]	–	5	(613)	57	–	–	8	(70)	**(613)**	(761)
Backdated cancellations	–	–	–	–	–	–	–	–	**–**	–
Premium and Fee Income	197	–	10	(84)	(91)	–	4	30	**66**	1 100
Inflation-linked indexation	–	–	3	24	–	–	6	5	**38**	(130)
Economic[4]	–	–	157	219	180	–	–	–	**556**	719
Tax[5]	168	–	(59)	123	(18)	–	242	(2)	**454**	483
Reinsurance[6]	–	–	–	–	–	–	(227)	9	**(218)**	(94)
Maintain modelling term[7]	–	357	–	108	–	229	–	–	**694**	566
Vitality benefits[8]	88	–	–	–	–	–	4	–	**92**	(116)
Other[9]	–	–	131	7	–	–	(12)	–	**126**	(8)
Total	**515**	**701**	**739**	**483**	**525**	**(5)**	**61**	**97**	**3 116**	**2 905**

1 For VitalityHealth, the lapse and surrender experience reflects lower than expected retained renewal premium increases, as a result of the business reducing renewal price increases earlier than planned to support retention, given strong profit margin emergence. For Health and Vitality, the lapse and surrender experience reflects the success of targeted interventions against the one-year stressed lapse assumption introduced in the prior period.

2 For Life and Invest, overall claims experience for the period was better than expected for Individual Life, Group Life and Invest lines of business. For VitalityHealth, this item largely reflects the net impact of lower than expected claims.

3 For Life and Invest, and VitalityLife, the policy alterations experience relates mainly to persistent pressures within the economic environment. This is partially offset by positive experience on lapses and premium income. A number of targeted interventions and management actions are currently being implemented, which are expected to improve the observed experience in the short-term.

4 For Life and Invest, better than expected unit fund growth in Invest resulted in an improved projected fee income reflected in the value of in-force. In addition, this item includes impacts arising from the IAS 12 deferred tax liability, driven by market movements. For VitalityHealth, investment return continued to contribute to profitability as interest rates in the UK remain high.

5 The tax variance arises due to the difference in timing between expected and actual tax payments, as well as differences in the modelling of certain components of expected taxable profit compared to actual taxable profit.

6 For VitalityLife, higher financial reinsurance repayments made over the period results in a lower outstanding deficit account balance, which is reflected as a positive variance in the value of in-force and a negative variance in the net worth. In addition, for VitalityLife, higher than expected risk reinsurance premiums contributed to the negative variance in net worth.

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

8 For Health and Vitality, the experience is driven by successful benefit management initiatives in the Vitality business.

9 For Life and Invest, this relates to offsetting differences between the actual timing of cash flows and model expectation.

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Table 6: Methodology and assumption changes

R millions	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	Year ended 30 June 2026 Total	Year ended 30 June 2025 Total
Modelling changes[1]	–	(10)	92	(163)	–	–	267	(95)	**91**	(99)
Expenses[2]	–	(134)	(32)	(458)	–	–	(37)	(132)	**(793)**	(377)
Lapses[3]	–	(8)	–	(146)	–	–	(147)	25	**(276)**	(1 297)
Mortality and morbidity[4]	–	–	(206)	345	–	–	(52)	(127)	**(40)**	1 034
Benefit changes[5]	–	(73)	–	–	–	–	–	–	**(73)**	17
Vitality[6]	–	–	–	–	–	–	14	158	**172**	–
Tax[7]	–	–	–	(334)	–	–	–	–	**(334)**	–
Economic assumptions[8]	–	493	289	5 194	–	(489)	22	242	**5 751**	174
Premium and fee income[9]	–	401	–	–	–	–	–	–	**401**	196
Reinsurance and financing[10]	–	–	533	(29)	–	–	2 428	(2 602)	**330**	104
Other	–	–	39	38	–	–	13	11	**101**	(156)
Total	**–**	**669**	**715**	**4 447**	**–**	**(489)**	**2 508**	**(2 520)**	**5 330**	**(404)**

1 Refinements to the modelling environment were introduced. For Life and Invest, this largely relates to updates for commission modelling, and for VitalityLife this reflects modelling updates in respect of reinsurance retention.

2 For Health and Vitality, Life and Invest, and VitalityLife, the expense assumptions were updated to align to budget. For VitalityLife, expense assumptions were also updated to align more closely at a benefit level. For Group Life, a comprehensive review of expenses resulted in a higher allocation to renewal expenses.

3 For Health and Vitality, the one-year stressed lapse assumption which was introduced in the prior period was retained for Vitality only, to allow time for specific interventions to take effect. For Life and Invest, the lapse basis was updated to include the introduction of a one-year stressed assumption in respect of the phasing in of management actions to address policy alterations experience. For VitalityLife, the item includes a strengthening of the VitalityLife Whole of Life lapse basis.

4 For Life and Invest, refinements to the mortality and morbidity assumptions on the Individual Life, Invest and Group Life businesses were implemented, which largely offset in aggregate, with the net positive impact relating to aligning Group Life's claims assumption more closely to recent experience. For VitalityLife, the item reflects the impact of updating mortality improvement assumptions.

5 For Health and Vitality, the Vitality profit margin assumption was updated to align to budget.

6 For VitalityLife, the Vitality status distribution and physical activity assumptions were updated to align with recent experience.

7 For Life and Invest, the Invest transfer tax modelling under IFRS17 for Embedded Value purposes was refined.

8 For Health and Vitality, and Life and Invest, the item includes the impact of updating the internally derived yield curves as at 30 June 2026. For Health and Vitality, this also includes the impact of higher-than-expected inflation applicable to the administration and managed care fee escalation in 2026. For VitalityHealth, this includes the impact of the increase in the risk discount rate, following the increase in the underlying risk-free rate, which results in a decrease in the Annuity Factor. For VitalityLife, this item includes the impact of updating to the 30 June 2026 Solvency UK yield curves and IFRS interest rates.

9 For Health and Vitality, this item represents an additional administration and managed care fee margin effective for 2026. This additional margin is contractually effective given a defined level of spend to enhance the services rendered by the administrator.

10 For Life and Invest, the reinsurance and financing item includes reinsurance optimisation initiatives and the impact of internal financing arrangements, where the future expected cash flows arising from part of the negative reserves are monetised to match other positive policy liabilities. For VitalityLife, this item includes the impact of external financing arrangements, where future expected cash flows arising from part of the negative reserves are monetised to partially fund new business.

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Table 7: Value of new business

R millions	Year ended 30 June 2026	30 June 2025	% Change
Health and Vitality			
Gross profit from new business (at point of sale)	**1 506**	1 095	
Cost of required capital	**(51)**	(45)	
Present value of future profits from new business (at point of sale) after cost of required capital	**1 455**	1 050	39
New business annualised premium equivalent[1]	**6 919**	6 093	14
Life and Invest			
Present value of future profits from new business (at point of sale)[2]	**555**	535	
Cost of required capital	**(86)**	(74)	
Present value of future profits from new business (at point of sale) after cost of required capital	**469**	461	2
New business annualised premium equivalent[3]	**3 704**	3 270	13
Annualised profit margin[4]	**1.6%**	1.8%	
Annualised profit margin excluding Invest business	**3.8%**	2.1%	
VitalityHealth[5]			
Present value of future profits from new business (at point of sale)	**554**	671	
Cost of required capital	**(60)**	(62)	
Present value of future profits from new business (at point of sale) after cost of required capital	**494**	609	(19)
New business annualised premium equivalent[6]	**2 733**	2 564	7
Annualised profit margin[4]	**2.5%**	3.1%	
VitalityLife			
Present value of future profits from new business (at point of sale)	**562**	153	
Cost of required capital	**(159)**	(119)	
Present value of future profits from new business (at point of sale) after cost of required capital	**403**	34	1 085
New business annualised premium equivalent[7]	**2 519**	2 094	20
Annualised profit margin[4]	**2.3%**	0.2%	

The term "annual premium equivalent" ("APE") was disclosed as "annualised premium income" ("API") in previous reporting periods. The term was changed to avoid conflict with the new business disclosures in the published financial statements, which reference a different definition for "new business annualised premium income".

1 *Health new business annualised premium equivalent is the gross contribution to the medical schemes. The new business annualised premium equivalent 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 2026. The total Health and Vitality new business annualised premium income written over the period was R11 035 million (June 2025: R10 119 million).*
2 *Included in the Life and Invest embedded value of new business is R50 million (June 2025: R49 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.*
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 plus 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 equivalent 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 2026.*
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. The new business annual premium equivalent shown above excludes automatic contribution increases and servicing increases in respect of existing business.*

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Table 7: Value of new business *continued*

The new business annualised premium equivalent of R3 704 million (single premium APE: R1 860 million (June 2025: R1 717 million)) shown above excludes automatic premium increases, servicing increases in respect of existing business and Umbrella Funds and Other CEB new business annualised premium income. The total new business annualised premium equivalent written over the period was R7 109 million (single premium APE: R1 979 million (June 2025: R1 806million)) and is set out in the table below:

R millions	30 June 2026	30 June 2025
New business annualised premium equivalent	***3 704***	*3 270*
Automatic premium increases	***2 269***	*2 219*
Servicing increases	***839***	*761*
Umbrella Funds and other CEB new business annualised premium income	***297***	*383*
New business annualised premium income	***7 109***	*6 633*

The new business annual premium equivalent of R3 704 million is split between Life of R803 million (June 2025: R735 million) and Invest of R2 901 million (June 2025: R2 535 million).

Single premium Invest business is included at 10% of the value of the single premium. Section 14 transfers for Umbrella Funds are included at 10% of the fund value. 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.

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Table 8: Embedded value economic assumptions

R millions	30 June 2026	30 June 2025
Beta coefficient	**0.75**	0.75
Equity risk premium (%)	**3.50**	3.50
Risk discount rate (%)		
– Health and Vitality[1]	**11.625**	13.875
– Life and Invest[1]	**11.625**	14.625
– VitalityHealth	**7.102**	6.573
– VitalityLife	**7.077**	6.734
Rand / GB Pound Exchange Rate		
– Closing	**21.73**	24.34
– Average	**22.68**	23.48
Margin over Expense inflation to derive Medical Inflation (%)		
South Africa	**3.00**	3.00
Expense inflation (%)[2]		
South Africa – Health and Vitality	**4.88**	5.66
– Life and Invest	**5.16**	6.41
United Kingdom	**3.77**	3.72
Pre-tax investment return (%)		
South Africa – Cash[1]	**7.50**	10.50
– Life and Invest bonds[3]	**9.00**	12.00
– Health and Vitality bonds[3]	**9.00**	11.25
– Equity	**12.50**	15.50
United Kingdom – VitalityHealth risk-free rate	**4.48**	3.95
– VitalityLife risk-free rate	**4.45**	4.11
– VitalityLife Investment return	**5.65**	5.26
Long-term corporation tax rate (%)		
South Africa	**27**	27
United Kingdom	**25**	25
VitalityHealth margin assumption		
– Margin (net of tax and cost of capital) (%)	**10.58**	10.56
– Annuity Factor	**7.57**	7.81
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.

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

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 and augmented by future expectations.

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 an internally derived nominal yield curve, which is consistent with the IFRS 17 reporting basis.

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 was based on the single interest rate derived from the Prudential Regulatory Authority yield curve. VitalityLife has transitioned to the use of full yield curves to represent its risk-free rate assumption following the implementation of IFRS 17. For consistency, VitalityLife has also transitioned to the use of a market inflation curve from a long-term market view of inflation.

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 assumed profit margins after tax and the cost of required capital. The assumptions underlying the Annuity Factor and Margin are set at the total book level, taking into account the current experience and future expectations across all durations of in-force business. The economic components underlying the Annuity Factor are reviewed at each reporting date; the non-economic components underlying the Annuity Factor and Margin assumptions are reviewed periodically.

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 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.

Annexure E – Embedded value statement *continued*

for the year ended 30 June 2026

Basis of preparation

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 2026 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

	Discovery Group	Health and Vitality		Life and Invest		VitalityHealth		VitalityLife			
R millions	Adjusted net worth	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	30 397	31 570	(554)	52 233	(1 771)	17 041	(461)	15 245	(776)	**142 924**	
Impact of:											
Risk discount rate + 1%	30 397	29 783	(607)	47 650	(1 906)	16 085	(601)	14 232	(877)	**134 156**	(6)
Risk discount rate - 1%	30 397	33 552	(493)	57 678	(1 605)	18 107	(303)	16 403	(624)	**153 112**	7
Lapses - 10%	30 258	32 595	(580)	57 107	(1 822)	19 185	(519)	16 213	(867)	**151 570**	6
Interest rates - 1%[1]	30 540	31 533	(532)	53 325	(1 818)	18 107	(490)	14 750	(886)	**144 529**	1
Equity and property market value - 10%	29 923	31 570	(554)	51 144	(1 765)	17 041	(461)	15 245	(776)	**141 367**	(1)
Equity and property return + 1%	30 397	31 570	(554)	52 716	(1 770)	17 041	(461)	15 245	(776)	**143 408**	0
Renewal expenses - 10%	30 493	34 715	(513)	53 087	(1 754)	18 697	(461)	15 623	(754)	**149 133**	4
Mortality and Morbidity - 5%	30 639	31 570	(554)	55 424	(1 655)	20 471	(461)	15 710	(754)	**150 390**	5
Projection term + 1 year	30 397	31 972	(559)	52 377	(1 774)	17 235	(466)	15 245	(776)	**143 651**	1

1 *All economic assumptions were reduced by 1%.*

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 millions	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	**Value of new business**	% change
Base	1 506	(51)	555	(86)	554	(60)	562	(159)	**2 821**	
Impact of:										
Risk discount rate + 1%	1 389	(56)	348	(93)	418	(76)	341	(175)	**2 096**	(26)
Risk discount rate - 1%	1 636	(45)	795	(78)	704	(41)	813	(130)	**3 654**	30
Lapses - 10%	1 603	(55)	776	(89)	933	(70)	792	(183)	**3 707**	31
Interest rates - 1%[1]	1 516	(49)	643	(88)	704	(64)	638	(183)	**3 117**	10
Equity and property return + 1%	1 506	(51)	587	(86)	554	(60)	562	(159)	**2 853**	1
Renewal expenses - 10%	1 710	(48)	609	(85)	739	(60)	635	(155)	**3 345**	19
Mortality and Morbidity - 5%	1 506	(51)	651	(80)	937	(60)	625	(158)	**3 370**	19
Projection term + 1 year	1 532	(52)	561	(86)	578	(60)	562	(159)	**2 876**	2
Acquisition Expenses - 10%	1 546	(51)	763	(86)	593	(60)	819	(159)	**3 365**	19

1 *All economic assumptions were reduced by 1%.*

Annexure F – Unaudited five-year review

for the year ended 30 June 2026

Group	2022 (IFRS 4)	2023 (IFRS 17)	2024 (IFRS 17)	2025 (IFRS 17)	2026 (IFRS 17)
Income statement extracts (R million)					
Operating profit	7 858	10 308	11 390	14 587	**18 613**
Headline earnings	5 204	6 720	7 384	9 625	**12 923**
Items adjusted for normalised headline earnings	612	(320)	127	156	**(1 128)**
Normalised headline earnings	5 816	6 400	7 511	9 781	**11 795**
Diluted normalised headline earnings per share (cents)	877.3	967.9	1 129.5	1 462.8	**1 747.4**
Statement of financial position extracts (R million)					
Total assets	231 945	255 339	279 634	327 450	**381 673**
Shareholders' funds	40 819	47 242	54 451	65 699	**82 661**
Embedded value					
Embedded value (R million)	86 258	98 176	110 354	126 554	**142 924**
Diluted embedded value per share (R)	129.07	148.45	165.94	189.25	**211.75**
Key ratios					
Return on average equity (%)	12.6	14.9	14.8	15.9	**17.8**
Return on average assets (%)	2.2	2.7	2.8	3.1	**3.7**
Exchange rates					
Rand/USD					
– Closing	16.47	18.87	18.26	17.77	**16.37**
– Average	15.22	17.79	18.71	18.16	**16.90**
Rand/GBP					
– Closing	20.00	23.99	23.07	24.34	**21.73**
– Average	20.25	21.43	23.55	23.48	**22.68**
Share statistics					
Number of ordinary shares in issue					
– Weighted average (000's)	656 901	658 045	661 071	665 168	**671 104**
– Diluted weighted average (000's)	663 082	661 328	665 016	668 715	**675 000**
– End of period (000's)	668 963	673 146	676 374	679 681	**682 492**
Price/diluted headline earnings (times)	14.60	15.07	11.93	14.68	**15.12**
Share price (cents per share):					
– High	18 280	15 266	15 878	22 189	**28 837**
– Low	11 760	10 241	10 721	13 557	**18 983**
– Closing	12 810	14 585	13 469	21 480	**26 423**
Market capitalisation (R million)	85 694	98 172	91 104	146 000	**180 335**

Glossary

Abbreviation	Meaning
1DP	1 Discovery Place, Discovery's Sandton Head office building
API	Annualised Premium Income
BOE	Bank of England
CAE	Chief Audit Executive
CCIC	Capital, Currency and Investment Committee
CEB	Corporate Employee Benefits
CEO	Chief Executive Officer
CFC	Controlled Foreign Company
CFO	Chief Financial Officer
CGU	Cash generating unit
CIPC	Companies and Intellectual Property Commission
CMT	Cambridge Mobile Telematics
CODM	Chief Operating Decision-Maker
Companies Act	South African Companies Act, 71 of 2008
CRO	Chief Risk Officer
CSA	Credit Support Annex to an ISDA Master Agreement, governing collateral arrangements between derivative counterparties
CSM	Contractual Service Margin (unearned profit)
DHEL	Discovery Holdings Europe Limited
DHMS	Discovery Health Medical Scheme
Discovery	Discovery Limited Group
DLAC	Discovery Limited Audit Committee
DMTN	Domestic Medium Term Note
DPF	Direct Participation Features
DRG	Discovery Risk Grades
DRO	Discovery Retirement Optimiser
DSY	Discovery SA
ECL	Expected credit losses
EFCF	Expected Fulfilment Cash Flows
ESG	Environmental, Social, and Corporate Governance
FCC	Finance and Capital Committee
FEC	Foreign Exchange Contracts
FGC	Financial Guarantee Contracts
Financial risk	The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, currency exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.
FinRe	Financial Reinsurance – with risk transfer
FLR	Financial Leverage Ratio
FRC	United Kingdom Financial Reporting Council
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GIA	Group Internal Audit
GMM	General Measurement Model

Directors' responsibility statement
Group Chief Executive and Group Chief Financial Officer's internal financial control responsibility statement
Certificate by the Company Secretary
Report of the Discovery Limited Audit Committee
Independent auditors' report
Directors' report
Group statement of financial position
Group income statement
Group statement of other comprehensive income
Group statement of cash flows
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Glossary *continued*

Abbreviation	Meaning
HAF	Head of Actuarial Function
IACF	Initial Acquisition Cash Flows
IASB	International Accounting Standards Board
IBNR	Incurred but not yet reported claims
ICA	Individual Capital Assessment
IFA	Insurance Fund Account
IFIE	Insurance finance income and expense comprises the change in the carrying amount of the group of insurance contracts arising from: ■ the effect of the time value of money and changes in the time value of money, and ■ the effect of financial risk and changes in financial risk
IFRS 17 margins	IFRS 17 margins refers to the contractual service margin plus the risk adjustment, also referred to sometimes as Store-of-value
IFRS 17	IFRS 17 Insurance Contracts (effective for Discovery post 1 July 2023)
IFRS	IFRS Accounting Standards
INSPRU	The Prudential Sourcebook for Insurers
IRBA	South African Independent Regulatory Board of Auditors
ISDA	International Swaps and Derivatives Association Master Agreement, governing derivative transactions
ISE	Insurance Service Expenses
JSE	JSE Limited
KAM	Key Audit Matters
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
LTIP	Long-term Incentive Plan
Morbidity	Morbidity claims are claims which arise as a result of an impairment of life due to an illness or disability event insured by the policyholder
Mortality	Mortality claims are claims which arise from the death of an insured life
NCAHFS	Non-current asset held for sale
NCD	Negotiable certificates of deposits
OCI	Other Comprehensive Income
OCR	Outstanding Claims Reserve
ORSA	Own Risk and Solvency Assessment
PA	Prudential Authority (South Africa)
PAA	Premium Allocation Approach
PAC	Prudential Assurance Company Limited
PAHI	Ping An Health Insurance Company of China Ltd
PRA	Prudential Regulatory Authority (United Kingdom)
ROEV	Return On Opening Embedded Value
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAM	Solvency Assessment and Management
SAP	Standard of Actuarial Practice
SCR	Solvency Capital Requirement
SME	Small and Medium-sized Enterprises
TCFD	Task Force on Climate-related Financial Disclosure
TRS	Total Return equity Swaps
UK	United Kingdom
VFA	Variable Fee Approach
VGI	Vitality Group International Inc.
Vitality	United Kingdom and Vitality Global
WHT	Withholding Tax

Discovery

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