



DISCOVERY HEALTH ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2025



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Discovery Health
Proprietary Limited
Registration number
1997/013480/07

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

Auditor: KPMG Inc.
Prepared by: V Mbuli CA(SA), Financial Manager
Supervised by: R Naidoo CA(SA), Finance Deputy General Manager

Directors' responsibility statement

for the year ended 30 June 2025

DIRECTORS' RESPONSIBILITY TO THE SHAREHOLDER OF DISCOVERY HEALTH PROPRIETARY LIMITED (DISCOVERY HEALTH OR COMPANY)

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

The directors have reviewed Discovery Health's budget and cash flow forecast for the year up to 30 June 2026. On the basis of this review, and in light of the current financial position and available cash resources, the directors have no reason to believe that Discovery Health will not be a going concern for the foreseeable future. The going concern basis has therefore been adopted in preparing the Annual Financial Statements.

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

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

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

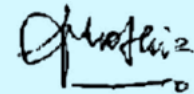
To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

Discovery Health's external auditor, KPMG Inc., have audited the Annual Financial Statements and their unqualified report appears on pages 5 to 6.

The Annual Financial Statements of Discovery Health for the year ended 30 June 2025, which appear on pages 9 to 63, have been approved by the Board of Directors on 10 September 2025 and are signed on its behalf by:



Dr RM Whelan
Director



F Chothia
Director

Report of the Discovery Health Audit Committee

for the year ended 30 June 2025

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

Independent Non-Executive Director

SV Zilwa
FN Khanyile

Non-Executive Director

Richard Farber

The Committee has discharged its oversight responsibility for Discovery Health Proprietary Limited for the year ended 30 June 2025.

The Committee reports that it has adopted appropriate terms of reference approved by the Discovery Health Board (the Board) as its charter and has regulated its affairs in compliance with the Charter and has discharged all the responsibilities set out therein and the supplementary functions assigned by the Board.

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

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

- Ensured and reported on the integrity, reliability and accuracy of the Company's accounting and financial reporting systems.
- Reviewed the proposed dividends by management and ensured that the Company meets the solvency and liquidity test before recommending any dividend to the Board for approval.
- Considered and recommended the annual financial statements for approval by the Board.
- Considered whether the going concern assertion of the Company is appropriate as well as the solvency and liquidity requirements of the Company.
- Reviewed the scope, independence, and objectivity of the external auditor and agreed on appropriate audit fees.
- Reviewed the findings and report of the external auditor.

- Monitored compliance with relevant tax legislation for local and foreign controlled entities.
- Reviewed the skills, capacity and effectiveness of the Finance Function and satisfied itself that the Finance function is adequately staffed and is effective.
- Reviewed any material incidents as a result of weakness in controls and monitored the implementation of internal control improvements that will prevent re occurrence.

The Committee is satisfied that there were no material breakdowns in internal financial controls in the reporting period that impacted on the reasonability of financial reporting to stakeholders. This is based on information, reports and presentations given by management, internal audit function and external auditors throughout the financial year.

The Committee is also satisfied that the external auditor have considered all significant matters concerning the Discovery Health's Financial Statements and how, in response, these were addressed. Furthermore, the Committee expressed its satisfaction with the independence of the external auditor and confirmed that they were able to conduct their audit functions objectively without any undue influence from the Company.

The Committee has evaluated the annual financial statements of Discovery Health Proprietary Limited for the year ended 30 June 2025 and, based on the information provided to the Committee, considers that the Company complies, in all material aspects, with the requirements of the Companies Act of South Africa and with IFRS Accounting Standards as issued by the International Accounting Standards Board and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

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



Sindi Zilwa
Chairperson

Company Secretary certificate

for the year ended 30 June 2025

It is hereby certified in terms of section 88(2)(e) of the Companies Act, that Discovery Health (Pty) Ltd has, for the year ended 30 June 2025, 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

10 September 2025

Directors' responsibility statement

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KPMG Inc
 KPMG Crescent
 85 Empire Road, Parktown, 2193,
 Private Bag 9, Parkview, 2122, South Africa
 Telephone +27 (0)11 647 7111
 Fax +27 (0)11 647 8000
 Docex 472 Johannesburg
 Web <http://www.kpmg.co.za>

Independent auditor's report

TO THE SHAREHOLDER OF DISCOVERY HEALTH PROPRIETARY LIMITED REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS OPINION

We have audited the financial statements of Discovery Health Proprietary Limited (the Company) set out on pages 9 to 63, which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Discovery Health Proprietary Limited as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Other matter

The financial statements of the Company as at and for the year ended 30 June 2024, were audited by another auditor who expressed unmodified opinion on those financial statements on 10 October 2024.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Discovery Health Proprietary Limited Annual Financial Statements for the year ended 30 June 2025", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act, No 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

KPMG Incorporated, a South African company with registration number 1999/021543/21 and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG Incorporated is a Registered Auditor, in public practice, in terms of the Auditing Profession Act 26 of 2005.
 Document classification: KPMG Confidential

Chairman: Prof W Nkuhlu
 Chief Executive: I Sehoole
 Directors: Full list on website

The company's principal place of business is at KPMG Crescent,
 85 Empire Road, Parktown.



Independent auditor's report *continued*

for the year ended 30 June 2025

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

KPMG Inc.

Signed by:

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Per Hanyani Mabaso
 Chartered Accountant (SA)
 Registered Auditor
 Associate Director
 11 September 2025

Directors' report

for the year ended 30 June 2025

The directors present their annual report, which forms part of the financial statements of Discovery Health for the year ended 30 June 2025.

NATURE OF BUSINESS

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

REVIEW OF RESULTS

Profit attributable to ordinary shareholders is R2 568 million, an increase in comparison to R2 444 million reported in the prior financial year. Profit performance was driven by growth in restricted scheme lives and careful management of operating expenses.

SHARE CAPITAL

There were no changes in the authorised or issued share capital of the Company during the financial year. Authorised number of ordinary shares was 1 100 (2024: 1 100) at R1 par value each while issued number of shares was 1 032 (2024: 1 032) at R1 par value each.

SIGNIFICANT CONTRACT

Discovery Health was appointed as the Administrator and Managed Care provider for MediPos Medical Scheme (MediPos) effective 1 April 2025.

MediPos is a restricted scheme for employees of the South African Post office, currently supporting approximately 10 610 beneficiaries.

Lonmin Medical scheme was amalgamated with another medical scheme. As a result the contract with Discovery Health as its Administrator and Managed care provider ended effective 30 June 2025.

HOLDING COMPANY

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

DIVIDENDS

Dividends declared in the financial year ended 30 June 2025:

On 4 September 2024, the directors declared a final ordinary dividend in relation the financial year ended 30 June 2024 of R1.02 billion.

On 14 February 2025, the directors declared an interim ordinary dividend of R1.21 billion.

On 20 June 2025, the directors declared a special dividend of R3 billion.

Dividends declared in the financial year ended 30 June 2024:

On 31 March 2024, the directors declared an interim ordinary dividend of R1.42 billion.

DIRECTORATE AND SECRETARY

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

Non-executive directors	Executive directors
A Gore	Dr RM Whelan
Dr J Broomberg	F Chothia
NS Koopowitz	N Pitje
Dr A Ntsaluba	
FN Khanyile	
KD Klintworth (Appointed 20 February 2025)	
SV Zilwa	
R Farber	
Dr RN Noach	
T Gamedze (Appointed 1 July 2025)	

Directors' report *continued* for the year ended 30 June 2025

COMPANY SECRETARY

AC Ceba

Registered office

1 Discovery Place
Sandton
2196
Gauteng

Postal address

PO Box 786722
Sandton
2146
Gauteng

EVENTS AFTER REPORTING DATE

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

AUDITOR

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

Statement of financial position

at 30 June 2025

R million	Notes	2025	Restated 2024	Restated 1 July 2023
Assets				
Intangible assets	3.3	900	827	779
Property and Equipment ¹	3.4	-	-	1
Investment in joint venture	3.5	*	*	*
Investment in subsidiaries	3.6	69	69	69
Deferred tax asset	3.7	64	42	58
Financial assets				
– Loans to fellow group companies at amortised cost ²	2.3	3 885	6 228	5 016
– Investment at fair value through other comprehensive income	2.4	14	108	99
– Derivative financial instruments at fair value through profit or loss	2.5	36	1	34
– Contract receivables and other receivables ²	2.6	1 302	1 103	1 107
Cash and cash equivalents	2.7	1 570	1 248	1 146
Total assets		7 840	9 626	8 309
Equity				
CAPITAL AND RESERVES				
Share capital and share premium	3.8	271	271	271
Other reserves		(198)	(163)	(176)
Retained earnings		1 514	4 103	3 081
Total equity		1 587	4 211	3 176
Liabilities				
Financial liabilities				
– Borrowings at amortised cost	2.8	4 616	4 169	3 908
– Loans from fellow group companies at amortised cost	2.9	590	266	79
– Financial guarantee contracts	2.10	29	42	66
– Other financial payables at amortised cost ³	2.11	721	651	784
– Derivative financial liabilities	2.12	11	*	36
Other payables ⁴	3.9	234	219	201
Current tax liability	3.10	52	68	59
Total liabilities		6 253	5 415	5 133
Total equity and liabilities		7 840	9 626	8 309

* Amount less than R500 000.

¹ Property and Equipment was fully depreciated and derecognised in the prior year.

² The prior year, 30 June 2024 ended financial results have been restated to separately present prior year Loan and receivables as Loans to fellow group companies at amortised cost and Contract receivables and other receivables, improving disclosure and aiding user understanding of asset classification. Refer to note 5.6 for further information.

³ Trade and Other payables has been renamed Other financial payables at amortised cost and Loans from fellow group companies at amortised cost to align with the Group policy. Refer to note 5.6 for further information.

⁴ Employee benefits has been renamed Other payables and now include all non-financial liabilities such as Employee benefits and VAT.



Statement of profit or loss

for the year ended 30 June 2025

R million	Notes	2025	2024
Fee income from administration business ¹		9 745	9 150
Net fair value gains/(loss) on financial assets at fair value through profit or loss ^{2,4}	2.13	29	9
Investment income ³	3.11	90	94
- Investment income using the effective interest rate method		90	93
- Dividend income		-	1
Other income	3.12	1 884	1 981
Net income		11 748	11 234
Expected credit loss	2.10.2	(14)	3
Marketing and administration expenses ⁴	3.13	(7 765)	(7 445)
Operating profit before financing and income tax		3 969	3 792
Interest expense on borrowings	2.14	(449)	(425)
Foreign exchange gain/(loss)		(15)	(27)
Profit before tax		3 505	3 340
Income tax expense	3.14	(937)	(896)
Profit for the year		2 568	2 444

¹ Fee income comprises of administration and managed care fee income from DHMS and the Inhouse Schemes.

² Prior year Fair value adjustment on Derivatives has been renamed to Net fair value gains/(loss) on financial assets at fair value through profit or loss the value has not changed.

³ Investment income includes Dividend Income in 2024: R1 million which is not measured using the effective rate method.

⁴ The prior year amount of R16 million which relates to the Day 1 gains on the RecoMed Investments has been reclassified to Net fair value gains/(losses) on financial assets at fair value through profit or loss. The amount was previously disclosed under marketing and administration expenses.

Statement of other comprehensive income

for the year ended 30 June 2025

R million	2025	2024
Profit for the year	2 568	2 444
Other comprehensive income:		
Income and expenses that will not be reclassified to profit or loss:		
Equity instruments held at Fair Value through other comprehensive income (FVTOCI)	19	(6)
– Change in fair value of equity instruments at FVTOCI	24	(8)
– Tax on change in fair value of equity instruments at FVTOCI	(5)	2
Items that may be reclassified to profit or loss:		
Cash flow hedges	-	*
– Gains/(loss) reclassified to profit or loss	-	*
– Tax on recycled gains/(loss)	-	-
Other comprehensive income/(loss) for the year, net of tax	19	(6)
Total comprehensive income for the year	2 587	2 438

* Amount is less than R500 000.

Statement of cash flows

for the year ended 30 June 2025

R million	Notes	2025	2024
Cash flow from operating activities			
		507	492
Cash generated from operations	4.2	4 223	4 198
Dividend received	3.11	-	1
Interest received	3.11	89	61
Interest paid	2.14	(2)	(14)
Taxation paid	4.3	(977)	(876)
Net movement in operating assets and liabilities	4.4	(2 826)	(2 878)
(Increase)/Decrease in operating assets	4.4.1	(3 079)	(2 616)
Increase/(Decrease) in operating liabilities	4.4.2	253	(262)
Cash flows from Investing activities			
		(185)	(240)
Increase in loans granted to fellow group companies and enterprise development initiatives		(26)	(12)
Proceeds from settlement of enterprise development loans		4	-
Disposal of shares		117	-
Purchase of intangible assets	3.3	(280)	(228)
Cash flows from financing activities			
		-	(150)
Repayment of borrowings		-	(150)
Net Increase in cash and cash equivalents		336	130
Effects of exchange rate changes on cash and cash equivalents		(14)	(28)
Cash and cash equivalents at the beginning of the year		1 248	1 146
Cash and cash equivalents at end of the year	2.7	1 570	1 248



Statement of changes in equity

for the year ended 30 June 2025

R million	Share capital and share premium	Share based payment reserve	Investment reserve	Retained earnings	Total
Year ended 30 June 2025					
At the beginning of the year	271	(224)	61	4 103	4 211
Total comprehensive income for the year	-	-	19	2 568	2 587
Profit for the year	-	-	-	2 568	2 568
Other comprehensive income	-	-	19	-	19
Transactions with owners:	-	27	(81)	(5 157)	(5 211)
Value of employee services	-	162	-	-	162
Transfer of vested equity scheme	-	4	-	(4)	-
Contribution to share trust	-	(139)	-	-	(139)
Transfer among reserves	-	-	(81)	81	-
Dividend paid to ordinary shareholder	-	-	-	(5 234)	(5 234)
At end of year	271	(197)	(1)	1 514	1 587
Year ended 30 June 2024					
At beginning of the year	271	(243)	67	3 081	3 176
Total comprehensive income for the year	-	-	(6)	2 444	2 438
Profit for the year	-	-	-	2 444	2 444
Other comprehensive income	-	-	(6)	-	(6)
Transactions with owners:	-	19	-	(1 422)	(1 403)
Value of employee services	-	188	-	-	188
Capital reduction	-	-	-	(1)	(1)
Transfer of vested equity scheme	-	1	-	(1)	-
Contribution to share trust	-	(150)	-	-	(150)
Intersegmental funding	-	(20)	-	-	(20)
Dividend paid to ordinary shareholder	-	-	-	(1 420)	(1 420)
At end of year	271	(224)	61	4 103	4 211

Notes to the annual financial statements

for the year ended 30 June 2025

SECTION 1: SIGNIFICANT ESTIMATES

1.1 EXPECTED CREDIT LOSSES

Financial Guarantee Contracts and long-term loans and receivables

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

Expected credit losses on Enterprise Development (ED) loans

The Company applies the ECL model in accordance with IFRS 9 to measure impairment on financial assets, including ED loans. Assessing the ECL for these loans requires significant judgement in determining both the staging of the loans and the assumptions applied in estimating future cash flows and default probabilities.

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

The Company has several mechanisms to support recoverability, including:

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

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

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

2.1 INTRODUCTION AND OVERVIEW

This section provides information on financial instruments including the disclosure and reconciliation of all financial assets and liabilities, cash and cash equivalents and interest expenses. This section also details how financial risk is managed. Refer to Annexure B accounting policy 8 for the accounting policies on financial instruments.

2.2 PRIMARY FINANCIAL STATEMENTS AND INFORMATION ANALYSED IN THIS SECTION

R million	Notes	2025	2024
Statement of financial position			
Assets			
Financial assets			
- Loans to fellow group companies at amortised cost	2.3	3 885	6 228
- Investment at fair value through other comprehensive income	2.4	14	108
- Derivative financial instruments at fair value through profit or loss	2.5	36	1
- Contract receivables and other receivables	2.6	1 302	1 103
Cash and cash equivalents	2.7	1 570	1 248
Liabilities			
Financial liabilities			
- Borrowings at amortised cost	2.8	4 616	4 169
- Loans from fellow group companies	2.9	590	266
- Financial guarantee contracts	2.10	29	42
- Other financial payables at amortised cost ²	2.11	721	651
- Derivative financial liabilities	2.12	11	*
Statement of profit and loss			
Expected credit loss	2.10.2	14	3
Net fair value gains/losses) on financial assets at fair value through profit or loss ²	2.13	29	9
Interest expense on borrowings	2.14	449	425
Additional information			
Management of Financial Risk	2.15		



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.3 LOANS TO FELLOW GROUP COMPANIES

R million	2025	2024
Interest bearing		
Nanolabs Health Services (Pty) Ltd	10	6
Medical Services Organisation International (Pty) Ltd	8	6
Non-Interest bearing		
Discovery Limited	3 247	5 746
Cogence (Pty) Ltd	1	*
Discovery Administration Services (Pty) Ltd	2	2
Discovery Bank Holdings Limited	-	1
Discovery Connect Distribution Services (Pty) Ltd	24	16
Discovery Group Europe Limited	-	1
Discovery Health Care Services (Pty) Ltd	11	9
Discovery Insure Limited	24	22
Discovery Life Limited	68	42
Discovery Life Collective Investment (Pty) Ltd	*	*
Discovery Life Investment Services (Pty) Ltd	2	17
Discovery Medical Suppliers (Pty) Ltd	31	39
Discovery Telematics Services (Pty) Ltd	7	9
Discovery Third Party Recovery Services (Pty) Ltd	2	2
Discovery Green (Pty) Ltd	*	*
Discovery Vitality (Pty) Ltd	2	2
Digital Therapeutics Xpress (Pty) Ltd	*	-
Grove Nursing Services (Pty) Ltd	49	53
Medical Services Organisation International (Pty) Ltd	1	-
Medical Services Organisation Isle of Man	1	-
Nanolabs Health Services (Pty) Ltd	1	*
Southern RX Distributors (Pty) Ltd	155	132
Vitality Corporate Services Limited	7	7
Vitality Group International Inc.	231	114
Vitality International Health Insurance Company	2	2
Total before expected credit loss	3 886	6 228
Expected credit loss	(1)	-
Closing balance	3 885	6 228
Current	3 870	6 216
Non-current	15	12

* Amount is less than R500 000.

2.3.1 Movement analysis of Loans to fellow group companies:

R million	2025	2024
Balance at the beginning of the year	6 228	5 107
Additional loans granted	4 228	4 454
Repayment of loans	(6 731)	(3 313)
- Capital portion	(6 731)	(3 313)
- Interest portion	(*)	(*)
Other movements	160	(18)
Foreign currency movements	*	(2)
Interest receivable	1	*
Expected credit loss	(1)	-
Closing balance	3 885	6 228
Current	3 870	6 216
Non-current	15	12

* Amount is less than R500 000.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.3 LOANS TO FELLOW GROUP COMPANIES *continued*

2.3.2 Terms of interest-bearing loans

	Principal loan amount	Variable interest	Interest payment	Capital payment	Maturity date	2025	2024
NanoLabs Health Services (Pty) Ltd	3	SA Prime lending rate	At maturity	At maturity	5 Dec 2028	3	3
Nanolabs Health Services (Pty) Ltd	3	SA Prime lending rate	At maturity	At maturity	4 June 2029	4	3
Nanolabs Health Services (Pty) Ltd	3	SA Prime lending rate	At maturity	At maturity	12 Dec 2029	3	-
Medical Services Organisation International (Pty) Ltd	8	SA Prime lending rate	Quarterly	Monthly from Year 2026	15 Jan 2029	8	6
Total	17					18	12

2.4 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

R million	2025	2024
Balance at the beginning of the year	108	99
Investment in RecoMed	-	16
Disposal of Investment in Discovery Limited shares	(117)	-
Unrealised gains/(loss) at fair value through OCI	23	(7)
Balance at the end of the year (non-current)	14	108

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

Discovery Health had a shareholding of 680 268 shares in its holding company Discovery Limited. Discovery Limited is listed on the JSE. The shares were disposed of for R117 million during the 2025 financial year. The investment value was R92 million in 2024 and revalued to R117 million on date of sale.

Discovery Health purchased 10% interest in RMed Online (Pty) Ltd (trading as RecoMed) for R43 only and was subsequently revalued to R16 million in 2024. RecoMed is an online healthcare booking platform. It connects clients with quality healthcare providers and facilitates online bookings from any device. The Investment value was R14 million on 30 June 2025 (2024: R16 million).

2.5 DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FINANCIAL ASSET)

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

R million	2025	2024
Derivatives not designated as hedging instruments:		
Equity price risk derivatives	36	1
Closing balance	36	1
Current	33	1
Non-current	3	-

Refer to note 2.15.1.4 Credit exposure for a detailed description of the derivative financial instruments listed above.

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.6 CONTRACT RECEIVABLE AND OTHER RECEIVABLES

R million	2025	2024
Contract receivables		
Closed scheme debtors	135	122
Discovery Health Medical Scheme	973	779
Wellness debtors	-	1
Vitality Group receivables	11	5
Total Contract receivables	1 119	907
Other financial receivables		
Loans to BEE initiatives	132	114
Payroll Debtors	9	7
Security deposits	-	3
Expired hedge receivables	6	-
Other debtors	87	104
Total Other financial receivables	234	228
Total financial receivables (before ECL)	1 353	1 135
Expected credit losses	(62)	(56)
Total financial receivables	1 291	1 079
Other non-financial debtors		
Prepayments	11	24
Closing balance	1 302	1 103
Current	1 253	1 062
Non-current	49	41

The carrying value approximates the fair value of contract receivables and other receivables due to its short term nature.

2.6.1 CONTRACT RECEIVABLES MOVEMENT ANALYSIS

R million	2025	2024
Opening balance	907	856
Income recognised in the year	9 761	9 321
Payments received	(9 549)	(9 270)
Foreign exchange valuation	*	*
Closing balance	1 119	907

* Amount is less than R500 000.

2.7 CASH AND CASH EQUIVALENTS

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

R million	2025	2024
- Cash at bank and in hand ¹	838	634
- Short term deposits ¹	285	614
- Money market investments	447	-
Cash and cash equivalents	1 570	1 248

¹ The prior year figures have been restated according to the correct classification categories between Cash in bank and Short term deposits. There is no impact on total cash and cash equivalents balance.

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

To meet the requirements for cash equivalents, as outlined in Annexure B, accounting policy 10 Cash and Cash Equivalents, Discovery conducts assessments of its money market investments. These investments will only be classified as cash equivalents if they meet the following criteria:

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

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

The Company's money market investments meet the above criteria.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.8 BORROWINGS

For the accounting policies relevant to the recognition and measurement of Borrowings, refer to Annexure B accounting policy 12.

R million	2025	2024
Interest bearing loans		
- Discovery Limited	4 616	4 169
Closing balance	4 616	4 169
Current	-	-
Non-current	4 616	4 169

Movement analysis of interest-bearing loans:

R million	2025	2024
Opening balance	4 169	3 908
Repaid Loan ¹	-	(150)
Interest accrued (note 2.14)	447	423
Interest paid (note 2.14) ¹	-	(12)
Closing balance	4 616	4 169

¹ The principal loan amount and interest relating to the Discovery Insure loan was fully settled in the prior year.

Terms of interest-bearing loans from Holding Company

R million	Principal loan amount	Variable interest	Interest payment	Capital payment	Maturity date	Carrying Value	
						2025	2024
		3-Month Jibar					
Discovery Limited	727	+240bps	At maturity	At maturity	1 Sept 2026	1 607	1 451
Discovery Limited	93	Fixed	At maturity	At maturity	30 Sep 2026	227	205
Discovery Limited	282	Fixed	At maturity	At maturity	30 Sep 2026	562	507
Discovery Limited	235	Fixed	At maturity	At maturity	15 Dec 2026	402	363
Discovery Limited	173	Fixed	At maturity	At maturity	28 Mar 2027	651	588
Discovery Limited	288	Fixed	At maturity	At maturity	30 June 2027	479	433
Discovery Limited	212	Fixed	At maturity	At maturity	3 July 2027	688	622
Total	2 010					4 616	4 169

2.9 LOANS FROM FELLOW GROUP COMPANIES¹

R million	2025	2024
Discovery Central services (Pty) Ltd	485	176
Discovery Limited	-	2
Discovery Insure Limited	*	-
Discovery Medical suppliers (Pty) Ltd	*	-
Discovery Partner Markets Services (Pte) Ltd	4	28
Discovery Vitality (Pty) Ltd	62	19
Medical Services Organisation International (Pty) Ltd	-	1
Medical Services Organisation Isle of Man	-	4
Southern RX Distributors (Pty) Ltd	*	-
Vitality Corporate Services Limited	21	2
Vitality Group International Inc.	18	34
Closing balance - current	590	266

¹ The transactions recorded in intercompany loans from fellow group companies are unsecured, interest free and repayable on demand.

* Amounts below R500 000.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.10 FINANCIAL GUARANTEE CONTRACTS (FGC)

Investments in group contracts consist of Financial guaranteed contracts (FGC). Discovery Health issued financial guarantee contracts, to the value of R9 million (2024: R10 million), for Discovery Limited's syndicate and Domestic Term Note programme loans totalling R9 995 million (2024: R11 368 million).

Discovery Health issued other financial guarantee contracts to the value of R20 million (2024: R32 million) for Discovery Central Services' Investec loans amounting to R2 873 million (2024: R3 407 million).

R million	2025	2024
Financial guarantee issued are as follows:		
- Discovery Limited	9	10
- Discovery Central Services Proprietary Limited	20	32
Closing balance	29	42

All Financial guarantee contracts are classified as current.

During the year, the FGC was amortised by R18 million (2024: R26 million). The FGC valuation subsequently increased by R5 million (2024: increased by R1.3 million).

2.10.1 Movement analysis

R million	2025	2024
Opening balance	42	66
Financial guarantee contract issued	-	1
Fee income	(18)	(26)
Expected credit losses (valuation)	5	1
Financial guarantee contract	29	42

2.10.2 Expected credit loss

R million	2025	2024
Contract receivables and other receivables		
Provision for bad debts	(9)	4
Financial guarantee contract	(5)	(1)
- Discovery Limited	(5)	*
- Discovery central services (Pty) Ltd	*	(1)
Movement in allowance for expected credit losses	(14)	3

* Amount less R500 000.

Please refer to Annexure B, accounting policy 3 for the accounting policies on financial guarantee contracts.

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.11 OTHER FINANCIAL PAYABLES

R million	2025	2024
Payables and accrued liabilities	97	126
Payroll creditors	534	466
Share-based payments	-	28
Security deposit on derivatives	12	-
Other Creditors	78	31
Closing balance	721	651
Current	714	644
Non-current	7	7

2.12 DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FINANCIAL LIABILITY)

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

R million	2025	2024
Derivatives not designated as hedging instruments:		
Equity price risk derivatives	11	*
Closing balance	11	*
Current	9	*
Non-current	2	-

Refer to note 2.15.1.4 Credit exposure for Derivative financial instruments at fair value through profit or loss for a detailed description of the derivative financial instruments listed above.

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

R million	2025	2024
Net fair value gains		
Net fair value gains on derivatives ¹	22	16
Fair value of De-designated hedges	7	(7)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	29	9

¹ The prior year amount of R16 million which relates to the Day 1 gains on the RecoMed Investments has been reclassified to Net fair value gains/(loss) on financial assets at fair value through profit or loss. The amount was previously disclosed under marketing and administration expenses.

2.14 INTEREST EXPENSE ON BORROWINGS

R million	2025	2024
Interest expense on:		
- Interest on borrowings using the effective interest rate method	447	423
- Other interest paid	2	2
- Credit support	*	*
Finance costs	449	425
Interest paid	2	14
Interest accrued	447	411

* Amount is less than R500 000.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and investment return. Market risk that could impact on 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. The Company does not hold any equity instruments and therefore not exposed to equity risk.

Interest rate risk: The impact of changes in market interest rates.

Currency risk: The impact of changes in foreign exchange rates. The Company does not have exposure to currency risk.

Credit risk

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

Liquidity risk

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

Financial risks are managed by the Company as follows:

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

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

The Company's approach in monitoring credit risk

The Company's credit risk rating systems and processes differentiate and quantify credit risk across counterparties and asset classes. The Company uses different credit rating approaches to monitor credit risk dependent on the financial assets. For financial assets with 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, being a ranking of creditworthiness, is allocated to the obligor. Where external ratings are unavailable, internal rating assessments are conducted through analysis of the latest financial and other relevant information, in a consistent and systematic manner.

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

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

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

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

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

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

The Company's approach in monitoring credit risk *continued*

The Company's internal 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 the lowest level of 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
<p>A numerical modifier may be added to each generic rating classification. Each modifier indicates the following:</p> <ul style="list-style-type: none"> * 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 		

2.15.1 Market risk

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

2.15.1.1 CURRENCY RISK

The currency risk is the impact of changes in foreign exchange rates on future cash flows and hence the value of a financial instrument.

Discovery Health has exposure to currency risk arising from various foreign currency transactions, primarily from the US dollar. The Company determined that a 10% change is a reasonable expected strengthening/(weakening) of the US dollar (USD) against the functional currency, South African Rand (ZAR).

Sensitivity to currency risk is summarized in table below:

R million Increase/(Decrease)	Profit or (loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2025				
USD	59	(59)	59	(59)
30 June 2024				
USD	28	(28)	28	(28)

¹ Sensitivity table summarizes the impact on Profit and loss (Foreign exchange gains/ (loss) and marketing and administration expenses) and Equity before tax assuming all other conditions remain constant.

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

	USD	GBP	RMB
30 June 2025	17.77	24.34	2.48
30 June 2024	18.26	23.07	2.51



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

2.15.1 Market risk *continued*

CURRENCY RISK EXPOSURE:

R million	Total	Rand	USD	GBP	RMB
At 30 June 2025					
Loans to fellow group companies	3 885	3 881	3	1	-
Investment at fair value through OCI	14	14	-	-	-
Derivative financial instruments at fair value through profit or loss	36	36	-	-	-
Contract receivables and other receivables ¹	1 291	1 280	-	-	11
Cash and cash equivalents	1 570	946	622	2	*
Total financial assets	6 796	6 157	625	3	11
Borrowings at amortised cost	4 616	4 616	-	-	-
Loans from fellow group companies	590	547	18	21	4
Financial guarantee contracts	29	29	-	-	-
Other financial payables at amortised cost	721	698	19	-	4
Derivative financial instruments at fair value through profit or loss	11	11	-	-	-
Total financial liabilities	5 967	5 901	37	21	8
At 30 June 2024 restated					
Loans to fellow group companies	6 228	6 221	2	5	-
Investment at fair value through OCI	108	108	-	-	-
Derivative financial instruments at fair value through profit or loss	1	1	-	-	-
Contract receivables and other receivables ¹	1 079	1 073	-	-	6
Cash and cash equivalents	1 248	920	326	2	-
Total financial assets	8 664	8 323	328	7	6
Borrowings at amortised cost	4 169	4 169	-	-	-
Loans from fellow group companies	266	200	33	6	27
Financial guarantee contracts	42	42	-	-	-
Other financial payables at amortised cost	651	630	14	-	7
Derivative financial instruments at fair value through profit or loss	*	*	-	-	-
Total financial liabilities	5 128	5 041	47	6	34

* Amount is less than R500 000.

¹ Contract receivables and other receivables excludes prepayments of R11 million (2024: R24 million).



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

2.15.1 Market risk *continued*

2.15.1.2 INTEREST RATE RISK

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

For financial assets with a floating rate, a 1% increase or decrease in the local interest rate would result in an impact on profit or loss (investment income) and equity before tax of R15.8 million (2024: R11.5 million).

While financial liabilities with a floating interest rate, a 1% change in the interest rate would result in an increase or decrease of R16.2 million (2024: R14.5 million) in profit or loss (interest on borrowings) and equity before tax.

The sensitivity is based on the assumption that the interest rate has increased or decreased by 1% with all other variables held constant.

The table below details the specific interest rate risk that Discovery Health is exposed to:

R million	Carrying value	Floating	Fixed	Non-interest bearing
At 30 June 2025				
Loans to fellow group companies	3 885	17	-	3 868
Investment at fair value through OCI	14	-	-	14
Derivative financial instruments at fair value through profit or loss	36	-	-	36
Contract receivables and other receivables	1 291	16	-	1 275
Cash and cash equivalents	1 570	1 543	27	-
Total financial assets	6 796	1 576	27	5 193
Borrowings at amortised cost	4 616	1 607	3 009	-
Loans from fellow group companies	590	-	-	590
Financial guarantee contracts	29	-	-	29
Other financial payables at amortised cost	721	12	-	709
Derivative financial instruments at fair value through profit or loss	11	-	-	11
Total financial liabilities	5 967	1 619	3 009	1 339
At 30 June 2024				
Loans to fellow group companies	6 228	12	-	6 216
Investment at fair value through OCI	108	-	-	108
Derivative financial instruments at fair value through profit or loss	1	-	-	1
Contract receivables and other receivables	1 079	16	-	1 063
Cash and cash equivalents	1 248	1 117	131	-
Total financial assets	8 664	1 145	131	7 388
Borrowings at a amortised cost	4 169	1 451	2 718	-
Loans from fellow group companies	266	-	-	266
Financial guarantee contracts	42	-	-	42
Other financial payables at amortised cost	651	-	-	651
Derivative financial liabilities	*	-	-	*
Total financial liabilities	5 128	1 451	2 718	959

* Amount less than R500 000.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

2.15.1 Market risk *continued*

2.15.1.3 EQUITY PRICE RISK

INVESTMENTS

Discovery Health also holds shares in RMed Online (Proprietary) Limited which is not listed. For this investment a 10% decrease in equity would result in a loss of R1.4 million (2024: R1.6 million). This loss would be recognised directly in equity. A 10% increase in the equity would result in a gain of R1.4 million (2024: R1.6 million).

Discovery Health held shares in Discovery Limited which is listed on the JSE Limited and sold the shares during the year. On the date of sale an increase in the share price of 10% would result in a gain of R11.7 million (2024: R9 million). A 10% decrease would result in a R11.7 million loss (2024: R9 million). The gain of R25 million was recognised directly in equity when the shares were sold.

2.15.1.4 CREDIT RISK

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

CREDIT RISK EXPOSURE TO CASH AND CASH EQUIVALENTS

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

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

R million	Total	Aa1 Aa2 Aa3	A1 A2 A3	Ba1 Ba2 Ba3	Baa1 Baa2 Baa3
At 30 June 2025					
Cash and cash equivalents	1 570	150	-	142	1 278
At 30 June 2024					
Cash and cash equivalents	1 248	*	*	699	549

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

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

CREDIT RISK RELATING TO CONTRACT RECEIVABLES AND OTHER RECEIVABLES¹

R million	Notes	2025	2024
Closed scheme debtors ²	2.6	135	122
Discovery Health Medical Scheme ²	2.6	973	779
Loans to BEE initiatives	2.6	132	114
Security deposits on derivatives	2.6	-	3
Expired Hedge receivable	2.6	6	-
Payroll debtors	2.6	9	-
Vitality Group receivables	2.6	11	5
Wellness debtors	2.6	-	1
Other debtors	2.6	87	111
Less expected credit losses	2.6	(62)	(56)
Total		1 291	1 079

¹ Contract receivables and other receivables exclude prepayments of R11 million (2024: R24 million).

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



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

2.15.1 Market risk *continued*

2.15.1.4 CREDIT RISK *continued*

CREDIT RISK RELATING TO CONTRACT RECEIVABLES AND OTHER RECEIVABLES *continued*

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

R million	Gross 2025	ECL 2025	Gross 2024	ECL 2024
Not past due	1 312	(52)	1 081	(51)
30 days	4	-	4	-
60 days	2	-	11	-
90 days	12	-	10	-
120 days	5	-	1	-
150 days	-	-	-	-
>150 days	18	(10)	28	(5)
Total	1 353	(62)	1 135	(56)

The Company establishes an allowance for expected credit losses that represents its estimate of expected losses with respect to trade debtors 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.

CREDIT EXPOSURE

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

R million	Movement
Balance at beginning of 1 July 2023	(68)
Additional provision raised	(3)
Provision reversed	9
Provision utilised	6
Closing balance at 30 June 2024	(56)
Balance at beginning of 1 July 2024	(56)
Additional provision raised	(9)
Provision reversed	*
Provision utilised	3
Closing balance at 30 June 2025	(62)

* Amount less than R500 000.

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

2.15.1 Market risk *continued*

2.15.1.4 CREDIT RISK *continued*

EXPECTED CREDIT LOSS RECONCILIATION

R million	General approach		Simplified approach	
	Stage 2	Stage 3	90 Days Past due	Total
30 June 2025				
Balance at beginning of the year	(26)	(25)	(5)	(56)
Additional provision raised	(1)	(1)	(7)	(9)
Provisions reversed	-	-	*	*
Provisions utilised	2	-	1	3
Balance at end of the year	(25)	(26)	(11)	(62)
30 June 2024				
Balance at beginning of the year	(25)	(25)	(18)	(68)
Additional provision raised	(1)	-	(2)	(3)
Provisions reversed	-	-	9	9
Provisions utilised	-	-	6	6
Balance at end of the year	(26)	(25)	(5)	(56)

* Amounts less than R500 000.

2.15.2 Liquidity risk

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

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

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

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

R million	Total	<1 year	1 - 2 years	3 - 5 years
At 30 June 2025				
Loans to fellow group companies ¹	3 891	3 871	3	17
Investment at fair value through OCI	14	14	-	-
Derivative financial instruments at fair value through profit or loss	36	33	3	-
Contract receivables and other receivables	1 291	1 242	49	-
Cash and cash equivalents	1 570	1 570	-	-
Total financial assets	6 802	6 730	55	17
Borrowings at amortised cost ²	5 361	-	3 494	1 867
Loans from fellow group companies	590	590	-	-
Financial guarantee contracts	12 868	12 868	-	-
Other financial payables at amortised cost	721	714	6	1
Derivative financial instruments at fair value through profit or loss	11	9	2	-
Total Liabilities	19 551	14 181	3 502	1 868

¹ Loans to fellow group companies include future interest to reflect maturity on an undiscounted basis R5.3 million (2024: R5.5 million).

² Borrowings at amortised cost include future interest to reflect maturity on an undiscounted basis R745 million (2024: R1 221 million).



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

2.15.2 Liquidity risk *continued*

R million	Total	<1 year	1 - 2 years	2 - 5 years
At 30 June 2024				
Loans to fellow group companies ¹	6 233	6 216	2	15
Investment at fair value through OCI	108	108	-	-
Derivative financial instruments at fair value through profit or loss	1	1	-	-
Contract receivables and other receivables	1 079	1 040	34	5
Cash and cash equivalents	1 248	1 248	-	-
Total financial assets	8 669	8 613	36	20
Borrowings at amortised cost ²	5 390	-	-	5 390
Loans from fellow group companies	266	266	-	-
Financial guarantee contracts	14 775	14 775	-	-
Other financial payables at amortised cost	651	640	8	3
Derivative financial instruments at fair value through profit or loss	*	*	-	-
Total financial Liabilities	21 082	15 681	8	5 393

* Amount less than R500 000.

¹ Loans to fellow group companies include future interest to reflect maturity on an undiscounted basis R5.3 million (2024: R5.5 million).

² Borrowings at amortised cost include future interest to reflect maturity on an undiscounted basis R745 million (2024: R1 221 million).

2.15.3 Fair value estimation

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

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

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

- Quoted prices for similar instruments or identical instruments in markets which are not considered to be active, or
- Valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 includes financial instruments that are valued using valuation techniques that incorporate information other than observable market data. The valuation method used is the Enterprise Value/EBITDA based of the entity's business case projection and regression analysis based on a metrics of monthly sale, and where at least one input (which could have a significant effect on instruments' valuation) cannot be based on observable market data. In addition to the above the valuation was influenced by investments made by external parties.

R million	Level 1	Level 2	Level 3	Total
30 June 2025				
Investments at fair value through OCI	-	-	14	14
Derivative financial assets	-	14	22	36
Total financial assets	-	14	36	50
Derivative financial liabilities	-	11	-	11
Total financial liabilities	-	11	-	11
30 June 2024				
Investments at fair value through OCI	92	-	16	108
Derivative financial assets	-	1	-	1
Total financial assets	92	1	16	109
Derivative financial liabilities	-	*	-	*
Total financial liabilities	-	*	-	*

* Amount is less than R500 000.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 2: FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK *continued*

2.15 MANAGEMENT OF FINANCIAL RISK *continued*

2.15.3 Fair value estimation *continued*

FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

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

R million	Investments at fair value through OCI	Derivative financial assets	Total
30 June 2024			
Balance at the beginning of year	*	-	*
Total gains/(loss) for the period:			
- Included in other comprehensive income	16	-	16
Balance at the end of the year	16	-	16

* Amount is less than R500 000.

SPECIFIC VALUATION TECHNIQUES USED TO VALUE FINANCIAL INSTRUMENTS IN LEVEL 2

The fair value of the derivatives is calculated by the issuers of those instruments, as follows:

- The fair value of call options is calculated based on a Black-Scholes model.
- The fair value of the return swaps is calculated by discounting the future cash flow of the instrument.

Main inputs and assumptions for Level 2 fair value hierarchy are as follows:

- Discounted rates
- Spot rates of the underlying
- Correlation factors
- Volatilities
- Earning yield
- Valuation method

Capital Management

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

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

R million	2025	2024
All assets excluding intangible assets, property and equipment, intercompany loans and deferred tax	2 980	2 505
Financial liabilities less intercompany loans and borrowings	761	694
Total equity	1 587	4 211
Debt: Assets	0.26	0.27
Gearing ratio	0.48	0.16

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 3: OTHER ASSETS, EQUITY, LIABILITIES AND ITEMS OF INCOME AND EXPENSES

3.1 INTRODUCTION AND OVERVIEW

This section provides information on the remainder of the assets, equity, liabilities, income and expense in the Annual Financial Statements.

3.2 PRIMARY FINANCIAL STATEMENTS AND INFORMATION ANALYSED IN THIS SECTION

R million	Notes	2025	2024
Statement of Financial position			
Assets			
Intangible assets	3.3	900	827
Property and Equipment	3.4	-	-
Investment in joint venture	3.5	*	*
Investment in subsidiaries	3.6	69	69
Deferred tax asset	3.7	64	42
Equity			
Share capital and share premium	3.8	271	271
Liabilities			
Other payables	3.9	234	219
Current tax liability	3.10	52	68
Statement of profit and Loss			
Investment Income at amortised cost	3.11	90	94
Other Income	3.12	1 884	1 981
Marketing and administration expenses	3.13	7 765	7 445
Income tax expense	3.14	937	896

* Amount is less than R500 000.

3.3 INTANGIBLE ASSETS

R million	2025	2024
At the beginning of the year		
Additions	280	228
Derecognition ¹		
- Cost	(22)	(93)
- Accumulated amortisation	21	93
Impairment	(20)	-
Amortisation charge	(186)	(180)
At the end of the year²		
Cost	1 539	1 281
Accumulated amortisation	(639)	(454)

¹ During the year, various intangible assets that were no longer in use were derecognised. These assets had a book value of R1.7 million in the current year (2024: Rnil book value).

² Intangible assets consist of software and core systems.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 3: OTHER ASSETS, EQUITY, LIABILITIES AND ITEMS OF INCOME AND EXPENSES *continued*

3.4 PROPERTY AND EQUIPMENT

R million	Furniture, fittings and building fit out	Computer equipment	Motor vehicles	Leasehold improvements	Total
At 30 June 2025					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
At the end of the year	-	-	-	-	-
Year ended 30 June 2024					
At the beginning of the year	*	-	*	1	1
Disposals ¹					
- cost	(4)	(8)	(10)	(1)	(23)
- accumulated depreciation	4	8	10	1	23
Depreciation charge	(*)	-	(*)	(1)	(1)
At the end of the year	-	-	-	-	-
At 30 June 2024					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
At the end of the year	-	-	-	-	-

* Amount is less than R500 000.

¹ During the prior year, Rnil value assets no longer in use were derecognised on the Fixed asset register. These assets had a zero resale value.

3.5 INVESTMENT IN JOINT VENTURE

Rand	Issued ordinary capital		Effective percentage holding		Investment in Joint Venture	
	2025	2024	2025	2024	2025	2024
Quantum Health SA Proprietary Limited	1 000	1 000	50%	50%	5 000	5 000
Closing balance	1 000	1 000	50%	50%	5 000	5 000

The investment is initially recognised at cost and tested for impairment annually. Refer to Annexure B accounting policy 2.1 for details on the accounting treatment.

3.6 INVESTMENT IN SUBSIDIARIES

Rand	Issued ordinary capital		Effective percentage holding ¹		Investment in subsidiary	
	2025	2024	2025	2024	2025	2024
- Discovery Third Party Recovery Services Proprietary Limited	1	1	100%	100%	1	1
- Discovery Health Care Services Proprietary Limited	1	1	100%	100%	10 100	10 100
- Medical Services Organisation International (MSOI)	1 010	1 010	70%	70%	20 337 509	20 337 509
• MSOI Limited	10	10	70%	70%	7 846 928	7 846 928
• MSOI Proprietary Limited	1 000	1 000	70%	70%	12 490 581	12 490 581
- Discovery Administration Services Proprietary Limited	320	320	100%	100%	33 472 840	33 472 840
- NanoLabs Health Services Proprietary Limited (NanoLabs)	1 639	1 639	52%	52%	15 295 500	15 295 500
At the beginning of the year	2 971	2 971			69 115 950	69 115 950

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

The investments are initially recognised at cost and tested for impairment annually. Refer to Annexure B accounting policy 2 for details on the accounting method used.

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



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 3: OTHER ASSETS, EQUITY, LIABILITIES AND ITEMS OF INCOME AND EXPENSES *continued*

3.7 DEFERRED TAX

R million	2025	2024
Deferred tax asset	132	109
Deferred tax liability	(68)	(67)
Total Deferred tax	64	42
Movement summary:		
Balance at the beginning of the year	42	58
Statement of profit or loss charge	2	(12)
Statement of comprehensive income charge	18	2
Deferred tax on cash flow hedge charged to other comprehensive income	2	(6)
Balance at the end of the year	64	42

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

Deferred tax comprises:

R million	Opening balance	Recognised in profit/loss	Recognised in OCI	Recognised in equity	Closing balance	Deferred tax asset	Deferred tax liabilities
Year ended 30 June 2025							
Difference between wear and tear and depreciation	(30)	(6)	-	-	(36)	-	(36)
Prepayments	(3)	1	-	-	(2)	-	(2)
Other financial payables	109	9	-	-	118	118	-
DSY LTIP equity settled	(16)	(7)	-	2	(21)	-	(21)
Unrealised gain on financial instruments	(16)	-	18	-	2	2	-
Other	(2)	*	-	-	(2)	-	(2)
Income received in advance	-	12	-	-	12	12	-
Financial instruments	-	(7)	-	-	(7)	-	(7)
Total movement analysis	42	2	18	2	64	132	(68)

R million	Opening balance	Recognised in profit/loss	Recognised in OCI	Recognised in equity	Closing balance	Deferred tax asset	Deferred tax liabilities
Year ended 30 June 2024							
Cash flow hedges	1	(1)	-	-	-	-	-
Difference between wear and tear and depreciation	(36)	6	-	-	(30)	-	(30)
Prepayments	(3)	*	-	-	(3)	-	(3)
Other financial payables	135	(26)	-	-	109	109	-
DSY LTIP equity settled	(19)	9	-	(6)	(16)	-	(16)
Unrealised gain on financial instruments	(18)	-	2	-	(16)	-	(16)
Other	(2)	-	-	-	(2)	-	(2)
Total movement analysis	58	(12)	2	(6)	42	109	(67)

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



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 3: OTHER ASSETS, EQUITY, LIABILITIES AND ITEMS OF INCOME AND EXPENSES *continued*

3.8 SHARE CAPITAL AND SHARE PREMIUM

Rands	Issued		Total
	Share capital	Share premium	Share Capital & Share premium
Issued			
At 1 July 2023	1 032	270 999 968	271 001 000
Share movement – shares issued	–	–	–
At 30 June 2024	1 032	270 999 968	271 001 000
At 1 July 2024	1 032	270 999 968	271 001 000
Share movement – shares issued	–	–	–
At 30 June 2025	1 032	270 999 968	271 001 000

* The company has 1100 authorised ordinary shares at R1 per share. No changes were made to the authorised ordinary shares during the year.

3.9 OTHER PAYABLES

R million	2025	2024
Employee benefits	144	135
Value-added tax	90	84
Closing balance	234	219
Current	214	199
Non-current	20	20

3.9.1 Employee benefits movement analysis

R million	2025	2024
At the beginning of the year	135	126
Additional provision raised	167	159
Used during the year	(149)	(139)
Paid to terminated employees	(9)	(11)
At the end of the year	144	135
Current	124	115
Non-current	20	20

Employee benefits above only relate to leave pay provision.

3.10 CURRENT TAX LIABILITY

R million	2025	2024
Balance at the beginning of the year	68	59
– Current tax expense	939	885
– Current tax – OCI	22	–
– Taxation paid	(977)	(876)
Closing balance	52	68

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 3: OTHER ASSETS, EQUITY, LIABILITIES AND ITEMS OF INCOME AND EXPENSES *continued*

3.11 INVESTMENT INCOME

R million	2025	2024
Investment income at amortised costs		
Interest income on cash and cash equivalents at amortised cost	87	67
Interest income on third-party loans at amortised cost	3	26
Other investment income		
Dividend income ¹	-	1
Investment income	90	94
Investment income received	89	62
Investment income accrued	1	32

¹ Dividend income received from Discovery Limited in 2024. Dividend income is not measured at amortised cost.

3.12 OTHER INCOME

R million	2025	2024
Financial guarantee contracts fee income	18	26
Other income recoveries	1 249	1 372
Other income	617	583
Other income	1 884	1 981

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 3: OTHER ASSETS, EQUITY, LIABILITIES AND ITEMS OF INCOME AND EXPENSES *continued*

3.13 MARKETING AND ADMINISTRATION EXPENSES

R million	2025	2024
Current year fee	7	5
Prior year fee	*	1
Other services	1	2
Auditors' remuneration	8	8
Salaries and allowances	2 669	2 600
Medical aid fund contributions	212	205
Provident and retirement fund contributions	189	174
Social security levies	11	11
Share based payment expenses	171	209
Share based payment expense liability	11	16
Share based payment expense equity	160	193
Staff training	19	14
Recruitment fees	6	2
Temporary staff	17	8
Leave pay expense	9	20
Other	272	231
Staff costs including executive directors (note 5.3)¹	3 575	3 474
Administration expenses	402	389
Amortisation of intangible assets (note 3.4)	186	180
Building related and office costs	308	346
Depreciation of property and equipment (note 3.5)	-	1
Derecognition of intangible asset (note 3.4)	1	-
Insurance	7	-
IT systems and consumables	1 867	1 729
Impairment expenses	20	-
Marketing and distribution costs	256	266
Professional fees	286	335
Travel expenses	62	63
Vitality service fees	459	397
Other operating expenses ^{1,2}	328	257
Other operating costs	4 182	3 963
Administration expenses (including marketing)³	7 765	7 445

* Amount is less than R500 000.

¹ The prior year staff cost balance included R16 million fair value gains from the RecoMed Investment. This amount has been disclosed in the Net fair value gains/losses from financial assets. Refer to note 2.13.

² Included in Other operating expenses are donations, sponsorships, procurement costs and corporate services to name a few. When disaggregated, all of these expenses are immaterial.

³ The Administration expenses (including marketing) in the prior year has been disaggregated to reflect the expense category by nature, improving disclosure and aiding understanding of expense classification.

Included in the Building related and office costs are short term rentals for office space and computer equipment to the value of R256 million (2024: R304 million).



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 3: OTHER ASSETS, EQUITY, LIABILITIES AND ITEMS OF INCOME AND EXPENSES *continued*

3.14 INCOME TAX EXPENSE

R million	2025	2024
Current tax	939	885
- Current year	876	885
- Prior year adjustment	*	-
- Capital gains tax	63	-
Deferred tax	(2)	11
- Current year	(2)	11
African normal taxation	937	896
<i>* Amount is less than R500 000.</i>		
Reconciliation of rate of taxation %	2025	2024
South African normal tax rate	27.00	27.00
Non-deductible expenditure	(0.07)	(0.20)
Additional tax allowances	(0.04)	-
Other additional Income	(0.14)	-
Effective tax rate	26.75	26.80

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

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 GENERATED FROM OPERATIONS

R million	Note	2025	2024
Profit before taxation		3 505	3 340
Adjusted for items presented separately in statement of cash flows			
Interest received	3.11	(90)	(94)
Interest paid	2.14	449	425
Adjusted for non-cash items:			
Gains/Losses on financial assets at fair value through profit or loss	3.12	(18)	(26)
Gains/Losses from derivative financial assets – FGC	2.13	(7)	7
Cash flow hedge losses/(gains) from derivative financial instruments	2.13	(22)	(16)
Marketing and administration expenses:			
Share-based payment expenses – cash settled	3.13	11	16
Share-based payment expenses – equity settled		160	193
Amortisation of software		186	180
Loss on derecognition of intangible assets		1	–
Impairment of intangible assets		20	–
Allowance for expected credit losses financial receivables		14	(5)
Provision for employee benefits		–	148
Foreign exchange losses/(gains)		14	29
Depreciation of Plant and Equipment		–	1
Cash generated by operations		4 223	4 198

4.3 TAXATION PAID

R million	Note	2025	2024
Balance at the beginning of the year		(68)	(59)
Taxation charged for the year in the income statement	3.14	(937)	(896)
Adjustment for movement in deferred taxation		(2)	11
Reallocation to separately disclosable items	3.14	(22)	–
Balance at the end of the year		52	68
Taxation paid		(977)	(876)

4.4 NET MOVEMENTS IN OPERATING ASSETS/LIABILITIES

4.4.1 Operating assets

R million	Note	2025	2024
Loans to fellow group companies	2.3	(160)	(71)
Loans to Holding Company	2.3	(2 727)	(2 548)
Derivatives	2.5	(5)	(7)
Contract receivables and other receivables	2.6	(187)	10
(Increase)/Decrease in operating assets		(3 079)	(2 616)

4.4.2 Operating liabilities

R million	Note	2025	2024
Loans from fellow group companies	2.9	324	188
Other financial payables at amortised cost	2.11	53	(149)
Other payables	3.9	15	(131)
Share-based payment reserves		(139)	(170)
Increase/(Decrease) in operating liabilities		253	(262)



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE

5.1 INTRODUCTION AND OVERVIEW

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

Additional information	Notes
Share base payments	5.2
Related parties	5.3
Contingencies	5.4
Subsequent events	5.5
Restatement	5.6

5.2 SHARE BASED PAYMENT EXPENSES

Incentive schemes

Discovery Limited operates various share-based payment arrangements. The details of these arrangements are described below:

5.2.1 BEE staff trust

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 allocations 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 shall distribute to the employees the allocated shares to which the employees may be entitled.

OPTION SCHEME

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

5.2.2 Phantom share scheme

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

5.2.3 Acquisition schemes

There are various schemes offered to franchise directors, agents and employees. Prior to 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.

5.2.4 Discovery's long-term incentive plan (Equity-Settled)

DISCOVERY'S 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 (refer to point 5.2.2 above) with an equity-settled LTIP.

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 (SIP)

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 called 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 awards granted. The vesting of the deferred share awards is conditional on the participant still being employed on each vesting date and not subject to any performance conditions.

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

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



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE *continued*

5.2 SHARE BASED PAYMENT EXPENSES *continued*

Summary of units granted

The following is a summary of the terms and conditions of the share options granted to Discovery Health employees:

Date granted	Share/ option price	Final vesting date	Shares under options at beginning of year	Share/ options granted during year	Share/ options vested during year	Share/ options cancelled or adjusted during year	Closing balance
1. BEE staff trust							
FY 2017	R122.50	30/09/2021	1 722	-	(1 722)	-	-
FY 2017	-	30/09/2021	287	-	(287)	-	-
FY 2020	-	30/09/2025	2 385	-	(1 192)	-	1 193
FY 2021	-	31/03/2026	6 680	-	(3 828)	-	2 852
FY 2022	-	30/09/2026	24 518	-	(11 786)	(1 511)	11 221
FY 2023	-	30/04/2028	13 008	-	(2 710)	(3 711)	6 587
FY 2024	-	30/04/2029	9 175	-	-	(1 755)	7 420
FY 2025	-	30/09/2029	-	4 070	-	-	4 070
2. The Phantom share scheme							
FY 2023	-	30/09/2027	71 698	-	(27 539)	(4 201)	39 958
FY 2024	-	30/09/2026	84 597	-	(43 189)	(13 114)	28 294
3. Acquisition share scheme							
FY 2020	-	30/06/2025	11 456	-	(9 601)	(285)	1 570
FY 2021	-	30/06/2026	13 991	-	(6 405)	(457)	7 129
FY 2022	-	30/06/2027	43 414	-	(8 580)	(2 269)	32 565
FY 2024	-	30/09/2028	88 510	-	-	(6 415)	82 095
FY 2025	-	30/09/2029	-	55 814	-	(1 188)	54 626
4. Discovery LTIP and SIP							
FY 2020	-	30/09/2024	204 705	-	(199 270)	(5 435)	-
FY 2021	-	30/09/2025	588 644	-	(293 791)	(11 788)	283 065
FY 2022	-	30/09/2026	871 978	-	(290 122)	(25 076)	556 780
FY 2023	-	30/09/2027	867 353	-	(398 920)	(57 760)	410 673
FY 2024	-	30/09/2028	1 208 218	-	(442 503)	(92 134)	673 581
FY 2025	-	30/09/2027	-	782 967	(8 869)	(12 929)	761 169

The Black-Scholes model was used to calculate the fair value of the following options based on the assumptions in the below table:

Rands	Fair value	Valuation Method
Incentive scheme		
BEE Staff Trust		Unconditional fair value is equal to the share price at grant date, less the present value of estimated dividends paid prior to the time of exercise.
01/07/2019 – 30/06/2020	70.82	
01/07/2020 – 30/06/2021	114.16 – 115.13	
01/07/2021 – 30/06/2022	118.85 – 122.14	
01/07/2022 – 30/06/2023	119.94 – 137.91	
01/07/2023 – 30/06/2024	109.75 – 141.87	
01/07/2024 – 30/06/2025	183.87 – 190.02	
Acquisition Share Scheme		Unconditional fair value is equal to the underlying share price in Discovery at grant dates.
01/07/2023 – 30/06/2024	146.46	
01/07/2024 – 30/06/2025	192.69	
Incentive scheme		
Discovery LTIP and SIP		Unconditional fair value is equal to the underlying share price in Discovery at grant dates.
01/07/2020 – 30/06/2021	110.56	
01/07/2021 – 30/06/2022	135.94	
01/07/2022 – 30/06/2023	127.58 – 149.05	
01/07/2023 – 30/06/2024	117.16 – 133.04	
01/07/2024 – 30/06/2025	192.69	



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE *continued*

5.2 SHARE BASED PAYMENT EXPENSES *continued*

The Phantom schemes and Acquisition schemes are cash-settled, and a liability is raised in terms of *IFRS 2 Share-based payments*. The liability is repriced at each reporting date. The closing share price at 30 June 2025 was R214.80.

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

5.3 RELATED PARTIES

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

Discovery Limited

Discovery Health entered into a long-term loan agreement with Discovery Limited. The loans were advanced to Discovery Health in 2016 and 2017. The principal amount is R2 010 million. The loan for R727 million is repayable on 1 September 2026. The loan amounting to R1 283 million was taken out in tranches and repayable dates per tranche ranges between 30 September 2026 and 3 July 2027. Interest will accrue at the relevant interest rate on a day-to-day basis. The balance at year-end was R4 616 million (2024: R4 169 million). Interest for the year was R447 million (2024: R411 million).

Discovery Health sold 680 268 shares in Discovery Limited during the financial year to Discovery Connect.

Discovery Health declared a dividend of R5.23 billion (2024: R1.42 billion) to the holding company, Discovery Limited, in the current year.

Discovery Insure Limited

Discovery Health entered into a long-term loan agreement with Discovery Insure Limited. The loan was advanced to Discovery Health in 2016. The principal amount was R150 million. The loan bore interest at the 3-month JIBAR plus 240 basis points per annum. The loan was settled in full in the prior year.

Discovery Vitality Proprietary Limited

The Vitality Wellness programme is integrated with products offered by the Company. Vitality charges a service fee for this integration, which is determined on an annual basis and agreed upon contractually. Service fees paid amounted to R480 million (2024: R375 million).

Discovery Consulting Services Proprietary Limited

The Company has established a network of 29 franchises (2024: 28 Franchises) to sell its products. The Company has paid R66 million (2024: R56 million) in fees to the franchises. Discovery Consulting Services participate in the Acquisition Scheme. During the year R7.6 million (2024: R3.6 million) was accrued for in terms of this scheme. Refer to note 5.2 for further details.

Discovery Administration Services Proprietary Limited

The Company provides operational services to Discovery Administration Services for which it charges an administration fee. The fees received during the year amounted to R15.4 million (2024: R15.3 million).

The Discovery Fund and Trust

The fund supports sustainable non-governmental healthcare projects, especially in primary healthcare. These projects complement the delivery of primary and preventative care in the public sector and help to relieve the burden on state facilities. The Company also paid The Discovery Fund a management fee of R4.6 million (2024: R0.5 million).

The Discovery Trust received contributions from the Company of R25 million during the year (2024: R23 million).

The Discovery Foundation

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

The Company also paid the Discovery Foundation a management fee of in the prior year R0.6 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 the Company's staff during the year amounted to R189 million (2024: R174 million). The Funds have R6 836 million (2024: R5 751 million) of assets under administration on behalf of Discovery Staff, R6 538 million is invested in unit linked insurance policies issued by Discovery Life (2024: R5 510 million). R4 650 million (2024: R4 882 million) of the unit linked insurance policies are in turn linked to unit trusts managed by Discovery Life Collective Investments.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE *continued*

5.3 RELATED PARTIES *continued*

Fellow group companies and subsidiaries:

INTERCOMPANY DERIVATIVES

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

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

R'000	Derivative asset	Derivative liability	Expired hedge receivable	Expired hedge payable	Security deposit asset
30 June 2025					
Discovery Life Limited	-	(4 351)	-	(25 652)	34 253
Discovery Insure Limited	-	(1 763)	-	(9 210)	6 564
Discovery Life Investment Services (Pty) Ltd	-	(4 852)	-	(11 954)	-
Total	-	(10 966)	-	(46 816)	40 817
30 June 2024					
Discovery Life Limited	1 905	(1 021)	1 748	(4 043)	(6 973)
Discovery Insure Limited	541	(780)	374	(1 138)	(565)
Discovery Life Investment Services (Pty) Ltd	779	(1 090)	693	(1 520)	-
Total	3 225	(2 891)	2 815	(6 701)	(7 538)

OTHER INTERCOMPANY SERVICES

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

The table below summarises the total value of fees charged and received for these services and the balances outstanding at 30 June:

DISCOVERY GROUP ASSOCIATES AND JOINT VENTURES

R million	Receivable		Payable	
	2025	2024	2025	2024
Other related parties				
Glucode (Pty) Ltd ¹	*	-	(1)	-
Ping An Health Insurance Company of China Limited ¹	11	5	-	-
Quantium Health South Africa (Pty) Ltd ¹	*	*	-	-
Balances with other related parties²	11	5	(1)	-

¹ These entities are associates and joint ventures in the Discovery Group. Discovery Health has direct shareholding in Quantium Health SA.

² The balance forms part of contract receivables and other receivables or other financial payables at amortised cost.

* Amounts less than R500 000.

DISCOVERY GROUP FELLOW SUBSIDIARIES AND HOLDING COMPANY

R million	Notes	2025	2024
Loans to fellow group companies	2.3	3 885	6 228
Loans from fellow group companies	2.9	590	266



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE *continued*

5.3 RELATED PARTIES *continued*

OTHER INTERCOMPANY SERVICES *continued*

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

R'million	Net fees received		Net fees paid	
	2025	2024	2025	2024
Intercompany				
Discovery Administration Services (Pty) Ltd	15	15	-	-
Discovery Bank Limited	-	*	-	-
Discovery Central services (Pty) Ltd	-	-	(1 970)	(1 953)
Discovery Connect Distribution Services (Pty) Ltd	17	14	-	-
Discovery Group Europe Limited	-	-	-	-
Discovery Health Care Services (Pty) Ltd	-	-	(5)	(1)
Discovery Insure Limited	52	35	-	-
Discovery Life Limited	-	26	-	-
Discovery Life Investment Services (Pty) Ltd	9	8	-	-
Discovery Medical Suppliers (Pty) Ltd	-	-	-	(1)
Discovery Partner Markets Services (Pte) Ltd	-	-	(63)	(46)
Discovery Telematics Services (Pty) Ltd	-	3	-	-
Discovery Third Party Recovery Services (Pty) Ltd	*	*	-	-
Discovery Vitality (Pty) Ltd	-	-	(432)	(366)
Grove Nursing Services (Pty) Ltd	5	5	-	-
Medical Services Organisation International (Pty) Ltd	-	-	(12)	(10)
Medical Services Organisation Isle of Man	-	-	(10)	(9)
Nanolabs Health Services (Pty) Ltd	1	-	-	-
Southern RX Distributors (Pty) Ltd	14	9	-	-
Vitality Corporate Services Limited	45	57	-	-
The Vitality Group LLC	*	*	-	-
Vitality Group International Inc.	840	1 001	-	-
Vitality International Health Insurance Company	15	11	-	-
Intercompany transactions	1 013	1 184	(2 492)	(2 386)

* Amounts less than R500 000.

R'million	Net fees received		Net fees paid	
	2025	2024	2025	2024
Other related parties				
Glucose (Pty) Ltd	3	-	(11)	-
Ping An Health Insurance Company of China Limited	16	6	-	-
Quantum Health South Africa (Pty) Ltd	1	1	-	-
Transactions with other related parties	20	7	(11)	-



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE *continued*

5.3 RELATED PARTIES *continued*

Key management personnel of Discovery Health, families of key management (as defined in IAS 24) and entities significantly influenced or controlled by key management.

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

Corporate Social Investment (CSI) donations and management fees of R29.6 million (2024: R23.5 million) were paid to the Discovery Fund and Trust. Certain executive directors of Discovery Limited have significant influence in these entities.

Discovery Health Medical Scheme (DHMS)

The Company administers DHMS and provides managed care services for which it charges an administration fee and a managed care fee respectively. These fees are determined on an annual basis and approved by the trustees of DHMS. The fees amounted to R8 349 million (2024: R7 909 million). Discovery Health also provides wellness services to DHMS.

The Company provides a Diabetes care program to DHMS and received fees for this service to the value of R37 million (2024: R20 million).

DHMS owes the Company R973 million (2024: R779 million) at year-end.

Managed medical schemes

During the year, the Company administered the following 18 restricted membership medical schemes:

- Anglo Medical Scheme
- Anglovaal Group Medical Scheme
- Bankmed Medical Scheme
- BMW Employees Medical Aid Scheme
- Engen Medical Aid Scheme
- Glencore Medical Scheme
- LA Health Medical Scheme
- Lonmin Medical Scheme (Resigned 30 June 2025)
- Malcor Medical Aid Scheme
- MultiChoice Medical Aid Scheme
- Netcare Medical Scheme
- Remedi Medical Scheme
- Retail Medical Scheme
- TFG Medical Aid Scheme
- Tsogo Sun Group Medical Scheme
- University of KwaZulu Natal Medical Scheme
- Sasolmed Medical Scheme
- MediPos Medical Scheme (Effective 1 April 2025)

Discovery Health charges these schemes administration and manage care fees which are determined on an annual basis and approved by the trustees of the respective closed schemes. The fees totalled R1 396 million (2024: R1 232 million). R135 million (2024: R122 million) is due to the Company from the Schemes at year end. The Company provides a Diabetes Care program and other primary services to some of the In-House Schemes. The fees received for these services in the current year amounted to R204 million (2024: R195 million).

Directors' service contracts

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

Directors' interests in contracts

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

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE *continued*

5.3 RELATED PARTIES *continued*

Directors' remuneration

Remuneration packages for executive directors consist of the following components:

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

Non-executive directors receive a fixed fee for their participation on the Board and Board committees. Black non-executive directors also participated in the Discovery Limited BEE transactions in 2005 and 2015. Non-executive directors' fees are reviewed annually and benchmarked against industry standards to ensure the fees remain competitive.

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

Payments to directors for the year ended 30 June 2025 for services rendered:

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

¹ "Other benefits" comprise medical aid contributions, travel, other allowances and fees from group subsidiaries.

² "LTIP" comprises cash-settled and equity-settled incentives.

³ Salary and Incentives are paid in GBP.

⁴ Appointed 20 February 2025.

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.

* Black non-executive directors also participated in the Discovery Limited BEE transactions in 2005 and 2015.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

SECTION 5: ADDITIONAL DISCLOSURE *continued*

5.3 RELATED PARTIES *continued*

Payments to Directors for the year ended 30 June 2024 for services rendered:

R'000	Services as directors	Basic salary	Performance bonus	LTIP ²	Provident fund contributions	Other benefits ¹	Total
Dr RN Noach	-	3 082	2 987	8 967	154	54	15 244
Dr RM Whelan ³	-	2 620	1 105	1 726	201	60	5 712
F Chothia	-	3 910	2 255	2 811	314	276	9 566
N Pitje	-	4 569	2 052	3 640	290	93	10 644
Executive subtotal	-	14 181	8 399	17 144	959	483	41 166
A Gore	-	8 436	9 151	11 363	1 264	489	30 703
NS Koopowitz ⁴	-	24 202	47 989	5 633	236	620	78 680
Dr A Ntsaluba	-	5 270	7 888	9 136	395	365	23 054
J Broomberg	-	13 500	2 954	7 653	236	65	24 408
R Farber ⁵	3 791	-	-	-	-	4 268	8 059
FN Khanyile	2 131	-	-	-	-	-	2 131
DR TV Maphai*	635	-	-	-	-	-	635
SV Zilwa*	1 821	-	-	-	-	-	1 821
Non-executive subtotal	8 378	51 408	67 982	33 785	2 131	5 807	169 491
Total	8 378	65 589	76 381	50 929	3 090	6 290	210 657
Less: paid by the Company	-	(5 702)	(4 092)	(11 185)	(355)	(114)	(21 448)
Paid by Group	8 378	59 887	72 289	39 744	2 735	6 176	189 209

¹ "Other benefits" comprise medical aid contributions, travel, other allowances and fees from group subsidiaries.

² "LTIP" comprises cash-settled and equity-settled incentives.

³ Appointed 17 January 2024.

⁴ Salary and Incentives 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.

* Black non-executive directors also participated in the Discovery Limited BEE transactions in 2005 and 2015.

5.4 CONTINGENCIES

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

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

Please refer to note 2.10 for more details on these financial guarantee contracts. There are no material claims that have been instituted against Discovery Health.

5.5 SUBSEQUENT EVENTS

On the 1 July 2025 Mr Themba Gamedze was appointed as a Non-executive director.

On 19 August 2025 Discovery Limited executed a 2-year R2.1 billion revolving credit facility with ABSA, naming Discovery Health as one of the guarantors on the facility.

On 5 September 2025 the directors approved a final ordinary dividend of R1.36 billion for the financial year end 30 June 2025.

There were no other events after reporting date.



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

5.6 RESTATEMENT

Change in presentation of Statement of Financial Position

Discovery Health has restated certain prior period line items, namely Loans and receivables, Contract receivables, Trade and other payables, and Employee benefits, in order to enhance user understanding and align with group accounting policies.

In the prior period, Loans and receivables included intercompany receivables and other receivables. These items have now been disaggregated and are separately presented as Loans to fellow group companies and Contract receivables and Other receivables.

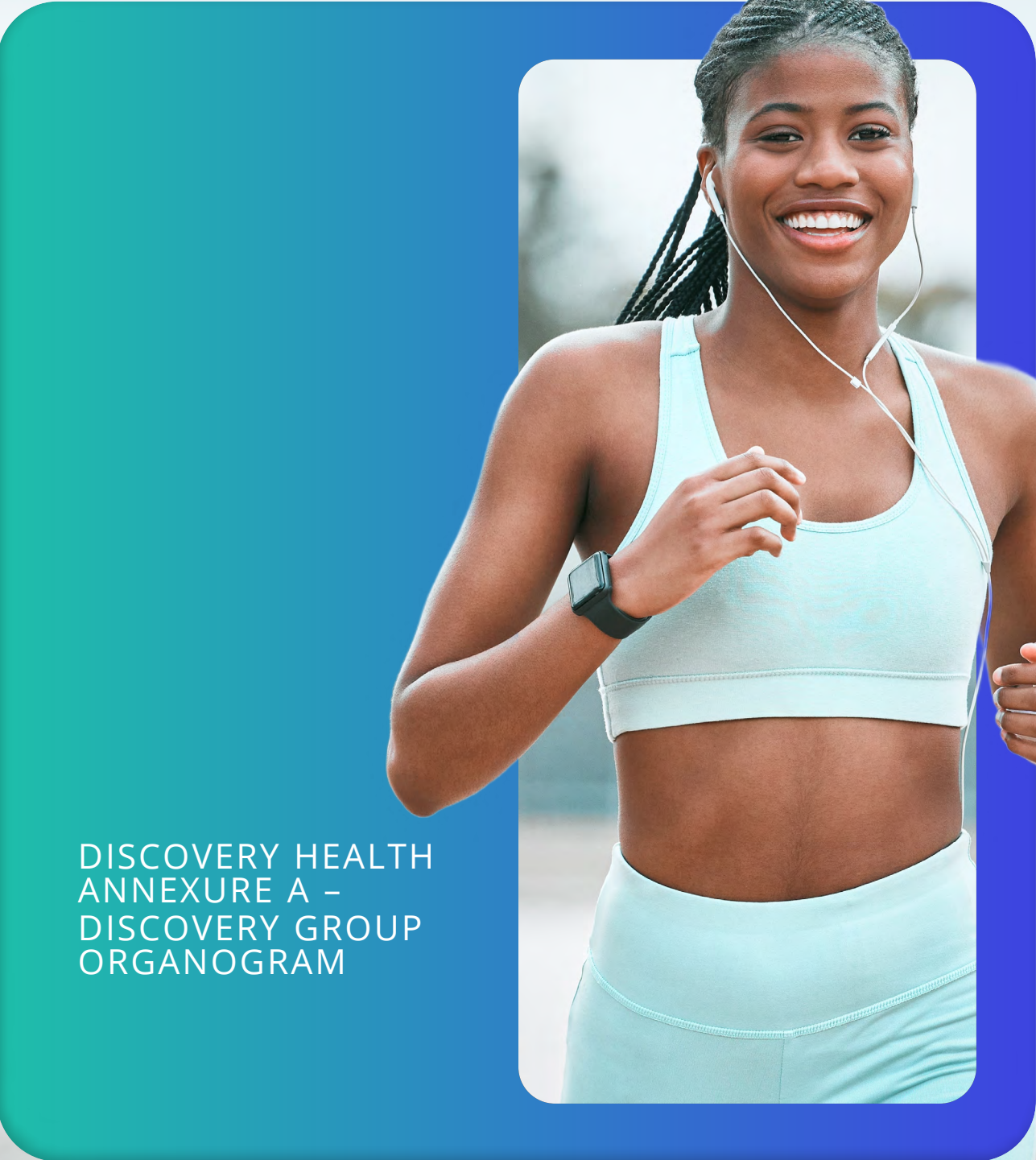
Similarly, Trade and other payables previously included other financial payables, intercompany payables, and non-financial payables such as VAT. These items have been reclassified and renamed as Other financial payables at amortised cost and Loans from fellow group companies at amortised cost. In addition, VAT has been aggregated with Employee benefits and the combined amount is now presented under Other payables.

These adjustments do not impact the previously reported profit or equity and they improve the presentation of the financial statements.

Changes have been made to the following line items on the statement of financial position:

R million	Previously reported 30 June 2024	Adjustment	Restated 30 June 2024
Assets			
Loans and receivables	6 424	(6 424)	-
Contract receivables	907	(907)	-
Loans to fellow group companies at amortised cost	-	6 228	6 228
Contract receivables and Other receivables	-	1 103	1 103
Total assets	7 331	-	7 331
Liabilities			
Trade and Other payables	1 001	(1 001)	-
Employee Benefits	135	(135)	-
Loans from fellow group companies at amortised cost	-	266	266
Other financial payables	-	651	651
Other payables	-	219	219
Total liabilities	1 136	-	1 136

R million	Previously reported 1 July 2023	Adjustment	Restated 1 July 2023
Assets			
Loans and receivables	5 267	(5 267)	-
Contract receivables	856	(856)	-
Loans to fellow group companies at amortised cost	-	5 016	5 016
Contract receivables and Other receivables	-	1 107	1 107
Total assets	6 123	-	6 123
Liabilities			
Trade and Other payables	938	(938)	-
Employee Benefits	126	(126)	-
Loans from fellow group companies at amortised cost	-	79	79
Other financial payables	-	784	784
Other payables	-	201	201
Total liabilities	1 064	-	1 064



DISCOVERY HEALTH
ANNEXURE A –
DISCOVERY GROUP
ORGANOGRAM

Directors' responsibility statement

Report of the Discovery Health Audit Committee

Company Secretary certificate

Independent auditor's report

Directors' report

Statement of financial position

Statement of profit or loss

Statement of Comprehensive Income

Statement of cash flows

Statement of changes in equity

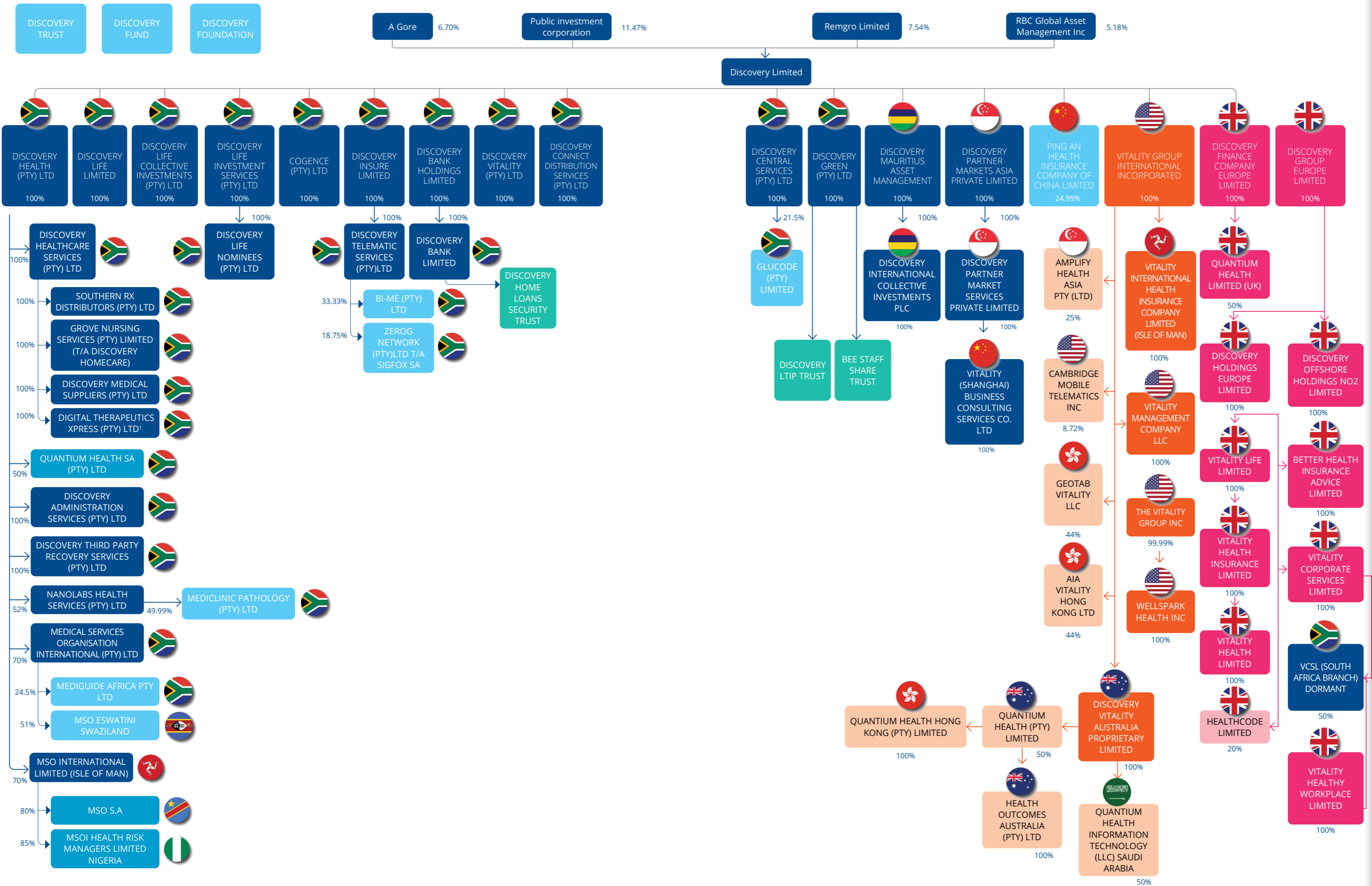
Notes to the Annual Financial Statements

Annexure



Annexure A – Discovery Group organogram

for the year ended 30 June 2025



Directors' responsibility statement
 Audit committee report
 Independent auditor's report
 Directors' report
 Statement of financial position
 Statement of profit or loss
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DISCOVERY HEALTH
ANNEXURE B –
ACCOUNTING
POLICIES

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Report of the Discovery Health Audit Committee

Company Secretary certificate

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Directors' report

Statement of financial position

Statement of profit or loss

Statement of Comprehensive Income

Statement of cash flows

Statement of changes in equity

Notes to the Annual Financial Statements



Annexure B – Discovery Health Accounting Policies

for the year ended 30 June 2025

SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. Other interpretations, amendments, and annual improvements effective for the first time in the current year have been considered and have no impact on the current reporting period.

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with JSE Limited Debt and Specialist Securities Listing Requirements, IFRS @ Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the South African Institute of Chartered Accountants (SAICA).

Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the South African Companies Act. The Company Annual Financial Statements have been prepared in accordance with the going concern principle using the historical cost basis, except where otherwise stated in the accounting policies below.

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

- Deferred Tax asset and liabilities. Refer to accounting policy 13.2.

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

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

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

1.1 New standards and amendments which became effective during the financial year

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

1.2 New standards and amendments to published standards not yet effective

- The Company does not expect the IFRS Accounting Standards, amendments, or annual improvements it has not listed below to have a material impact on recognised or disclosed amounts.
- The Company 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.

<i>IFRS 18 Presentation and Disclosure in Financial Statement</i>	<p>IFRS 18 supersedes IAS 1 Presentation of Financial Statements and 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.</p> <p>IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027.</p> <p>IFRS 18 will impact on the Company's Income statement and related note disclosures. The Company will assess additional disclosure requirements.</p>
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	<p>IFRS 19 permits disclosure elections for subsidiaries, as defined in <i>IFRS 10 Consolidated Financial Statements</i>, which do not trade debt or equity instruments in a public market or hold assets in a fiduciary capacity.</p> <p>Subsidiaries may elect to apply IFRS 19 for reporting periods beginning on or after 1 January 2027.</p> <p>The Company is assessing the operational impacts of this IFRS Accounting Standard and the implementation requirements.</p>

Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

2. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

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

2.1 Associates and joint ventures

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

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

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

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 in the disposal. The gain or loss on the dilution of an equity-accounted investee is calculated as the difference between:

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

The Company's investment in an associate or a joint venture includes goodwill identified on acquisition. The Company assesses whether there is objective evidence that an associate or a joint venture is impaired at each reporting date. If such evidence of impairment exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value. For impairment, please refer to accounting policy note 7.

Unrealised gains or losses on transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company'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 Company.

2.2 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 Company recognises its share of those assets, liabilities, revenue and expenses that the operators incur jointly.

3. FINANCIAL GUARANTEE CONTRACTS (FGCS) 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.

Annexure B – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2025

3. FINANCIAL GUARANTEE CONTRACTS (FGCS) ISSUED OVER THE DEBT OF SUBSIDIARIES *continued*

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
- 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.

4. FOREIGN CURRENCY TRANSLATION

4.1 Functional and presentation currency

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

4.2 Transactions and balances

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

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

5. PROPERTY AND EQUIPMENT

The Company measures property and equipment at cost, which includes capitalised borrowing costs, less accumulated depreciation, and any accumulated impairment losses.

The Company 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 Company and the cost of the item can be measured reliably. The Company 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 Company accounts for the components as separate items (major components) of property and equipment.

Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

5. PROPERTY AND EQUIPMENT *continued*

The Company depreciates property and equipment when the assets are available for use, applying the straight-line method over their estimated useful lives, as follows:

Leasehold improvements	Shorter of estimated life or period of lease
Computer equipment	3 – 7 years
Furniture, fittings and building fit-out	5 – 15 years
Motor vehicles	4 years

The Company 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 its use or disposal

The Company determines gains/losses on derecognition by comparing the proceeds with the carrying amount. The Company records these gains/losses in profit or loss.

6. INTANGIBLE ASSETS

6.1 Computer software equipment costs

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

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

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

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

The Company expenses the following items as incurred:

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

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

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

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

Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

6. INTANGIBLE ASSETS *continued*

6.2 Other intangible assets

The Company does not recognise costs incurred for internally developed trademarks, patents and similar rights and assets, including franchises and management contracts. The Company recognises these costs in profit or loss in the period they are incurred.

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

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

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

The Company derecognises intangible assets

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

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

7. IMPAIRMENT OF NON-FINANCIAL ASSET

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

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

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

8. FINANCIAL INSTRUMENTS

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

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

8.1 Financial assets

8.1.1 RECOGNITION, CLASSIFICATION, MEASUREMENT AND DERECOGNITION

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

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

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

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



Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

8. FINANCIAL INSTRUMENTS *continued*

8.1 Financial assets *continued*

8.1.1 RECOGNITION, CLASSIFICATION, MEASUREMENT AND DERECOGNITION *continued*

For equity instruments, the Company is permitted to make the irrevocable election to present changes in fair value in other comprehensive income. However cumulative gains or losses recognised cannot be reclassified to profit or loss on disposal. This election is available on an instrument-by-instrument basis. The Company 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 Company measures these instruments at amortised cost using the effective interest method. Movements in the balance of the instrument relate to expected credit losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
Fair value through profit or loss (FVTPL)	<p>The Company measures these instruments at fair value with gains and losses recognised in profit or loss. Movements in this balance are due to fair value gains or losses, interest or dividends, and foreign exchange gains or losses.</p> <p>The Company has elected to present the entire fair value gains and losses on a net basis as a single amount.</p>
Fair value through other comprehensive income (FVOCI) - equity	The Company measures these instruments at fair value with gains and losses recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss. Dividends are recognised in profit or loss.
Fair value through other comprehensive income (FVOCI) - debt	<p>The Company measures these instruments at fair value with changes in fair value recognised in other comprehensive income. Movements in the balance related to expected credit losses, interest income and translation differences are recognised in profit or loss.</p> <p>On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.</p>

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

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

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

8.1.2 EXPECTED CREDIT LOSS

The Company measures expected credit losses on the following items:

- Debt instruments at amortised cost or fair value with changes in other comprehensive income, which include treasury bills, 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; and
- Contract receivables and contracts assets with non-insurance customers and cash and cash equivalents.

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

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

Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

8. FINANCIAL INSTRUMENTS *continued*

8.1 Financial assets *continued*

8.1.2 EXPECTED CREDIT LOSS *continued*

The Company measures the loss allowance using the following approach:

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

The Company measures expected credit losses on:

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

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

The Company does not recognise expected credit losses on Treasury Bills, Government Bonds issued by the South African Reserve Bank, or cash and cash equivalents receivable on demand, following an assessment that these items are immaterial.

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

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

CREDIT IMPAIRED AND DEFAULT

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

WRITE-OFF

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

8.2 Financial liabilities

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

Financial liabilities are measured at FVTPL if:

- They are held for trading
- The financial liabilities are part of a group of financial assets and financial liabilities which are managed and performance evaluated on a fair value basis.

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

Subsequent measurement

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

The Company derecognises financial liabilities when the obligation is extinguished.



Annexure B – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2025

8. FINANCIAL INSTRUMENTS *continued*

8.3 Offset

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

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

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

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

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

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 Company has exposures to IBORs on its financial instruments, such as Libor and Jibar, that have been or will be replaced or reformed as part of these market-wide initiatives.

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

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

- For financial assets and liabilities measured at amortised cost, the Company will update the effective interest rate only if:
 - The change is necessary as a direct consequence of reform, and
 - The new basis for determining the contractual cash flows is economically equivalent to the previous basis.

9. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

The Company recognises changes in the fair value of all such derivative instruments immediately in profit or loss, within net fair value gains on financial assets at fair value through profit or loss.

Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

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 cash management process; and
- 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, eg 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.

Due to the Company's sweeping arrangements with various financial institutions, positive and negative cash balances are presented on a net basis to represent cash and cash equivalents in the Statement of cash flows.

11. SHARE CAPITAL

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

12. BORROWINGS

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

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

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

13. INCOME TAXES, DIRECT AND INDIRECT TAXES

13.1 Current tax

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

13.2 Deferred tax

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

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

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

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

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

The Company offsets deferred tax assets and liabilities when:

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

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



Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

13. INCOME TAXES, DIRECT AND INDIRECT TAXES *continued*

13.2 Deferred tax *continued*

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

13.3 Direct and indirect taxes

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

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

13.4 Interest arising from taxes

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

14 EMPLOYEE BENEFITS

14.1 Short-term employee benefits

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

14.2 Post-employment benefits

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

14.3 Share-based compensation

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

14.3.1 EQUITY-SETTLED SHARE-BASED COMPENSATION PLANS

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

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

14.3.2 CASH-SETTLED SHARE-BASED COMPENSATION PLANS

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

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

Two of the schemes that the Group operates, namely the BEE staff share trust and Discovery long-term incentive plan (LTIP) (equity-settled), are both equity-settled share-based payment arrangements in accordance with the requirements of *IFRS 2 Share-based Payment*. 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.

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.



Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

14 EMPLOYEE BENEFITS *continued*

14.3 Share-based compensation *continued*

14.3.2 CASH-SETTLED SHARE-BASED COMPENSATION PLANS *continued*

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

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

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

14.4 Profit share and bonus plan

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

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

15 OTHER PAYABLES AND PROVISIONS

15.1 Other payables

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

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

15.2 Provisions

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

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

16 CONTINGENT LIABILITIES

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

The Company does not recognise contingent liabilities, but it discloses a contingent liability when:

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

Annexure B – Discovery Health Accounting Policies *continued*

for the year ended 30 June 2025

17 REVENUE RECOGNITION

A primary source of revenue for the Company arises from the administration business, which is accounted for under *IFRS 15 Revenue from Contracts with Customers*.

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

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

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

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

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

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

Fee income from administration business

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

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

Costs of obtaining contracts

The Company defers and recognises 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 and recognised as an asset arising from its contracts with customers in the Statement of financial position.



Annexure B – Discovery Health Accounting Policies *continued* for the year ended 30 June 2025

18 OTHER NON-REVENUE INCOME

18.1 Investment income

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

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

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

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

18.2 Net fair value gains/(losses) on financial assets at fair value through profit or loss

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

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

18.3 Other income

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

19 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. These costs are expensed in profit or loss as incurred.

20 INTEREST EXPENSE ON BORROWINGS

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

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

21 DIVIDEND DISTRIBUTION

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

22 GOVERNMENT GRANTS

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

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

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