



Discovery

INTEGRATED ANNUAL REPORT

for the year ended 30 June 2024





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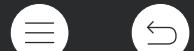
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NAVIGATING OUR REPORTING SUITE

This is an interactive report. Navigation tools at the top right of each page and within the report are indicated alongside.

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Clickable points of interest



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

Our Integrated Annual Report is supported by a comprehensive suite of reports that provide our stakeholders with a holistic overview of the Group, its prospects and performance during the 2024 financial year. These reports can be accessed on our website.

OUR REPORTING SUITE

THIS REPORT

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

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

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

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

Outlines the Group's governance philosophy, leadership and compliance with the King Report on Corporate Governance for South Africa, 2016 (King IV™)*.

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

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

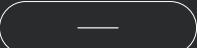
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01 ABOUT THIS REPORT

IFRS 17 *Insurance Contracts* became mandatory for Discovery from 1 July 2023. As such, FY2024 financial results have been prepared on the IFRS 17 basis and comparatives have been restated in this report where required.

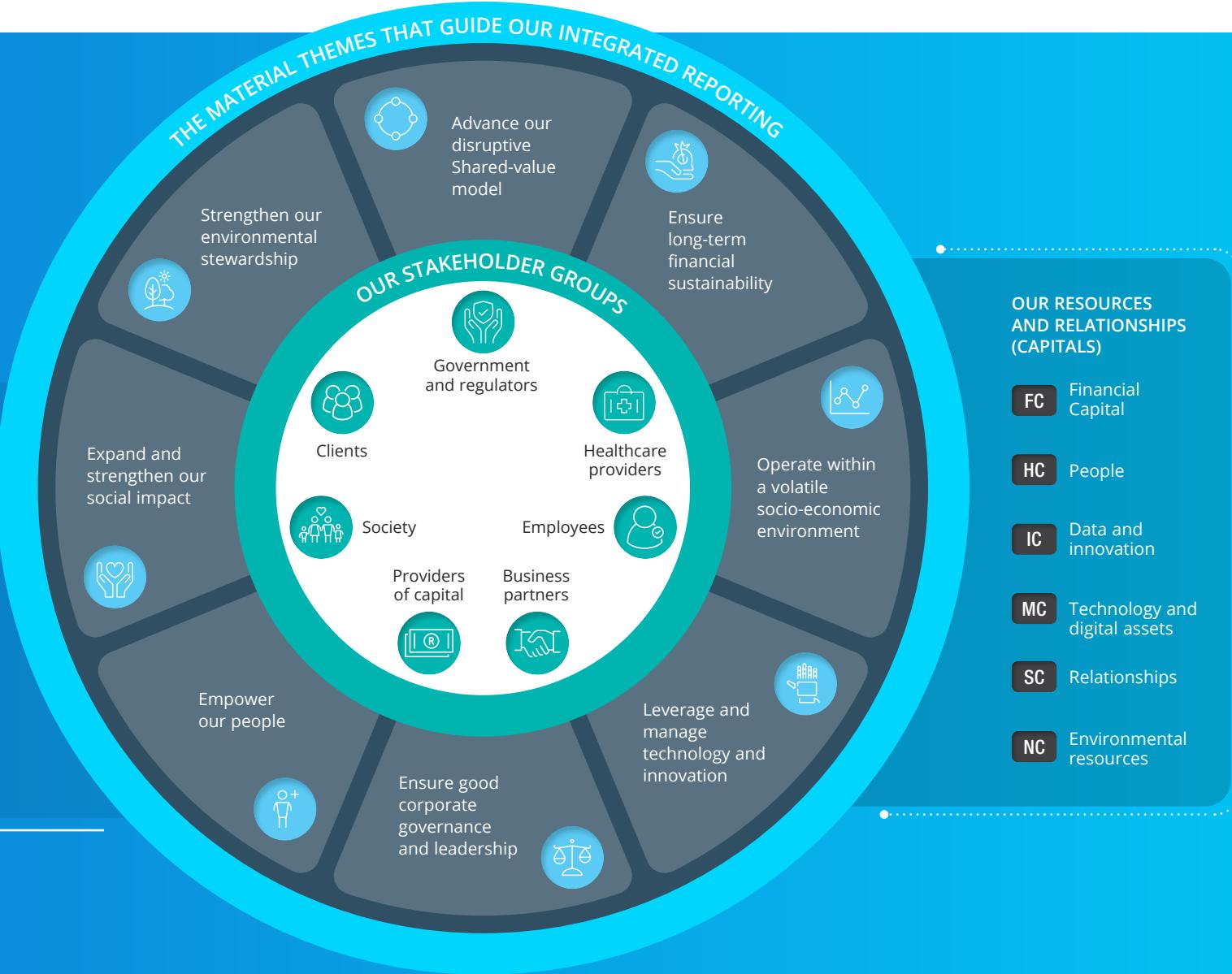
Our 2024 Integrated Annual Report describes how we created, preserved or eroded value for our providers of financial capital, shareholders and other stakeholder groups during the year. We also share our progress against our strategic objectives and report on material matters, which are informed by our external environment, risks and opportunities and our stakeholder concerns.



Discovery is a global, integrated financial services organisation that uses a pioneering Shared-value model across businesses to achieve our core purpose of making people healthier and enhancing and protecting their lives.

NAVIGATING AND CONNECTING OUR VALUE CREATION STORY

Driven by integrated thinking, this report describes how Discovery uses its unique business model to create value for our stakeholders. As we identify, measure and execute our strategic decisions, we consider how these decisions affect the resources and relationships we rely on and, in turn, how these impact our business. We use icons throughout this report to highlight our integrated thinking and demonstrate the connectivity of the resources and relationships essential to creating and preserving value.

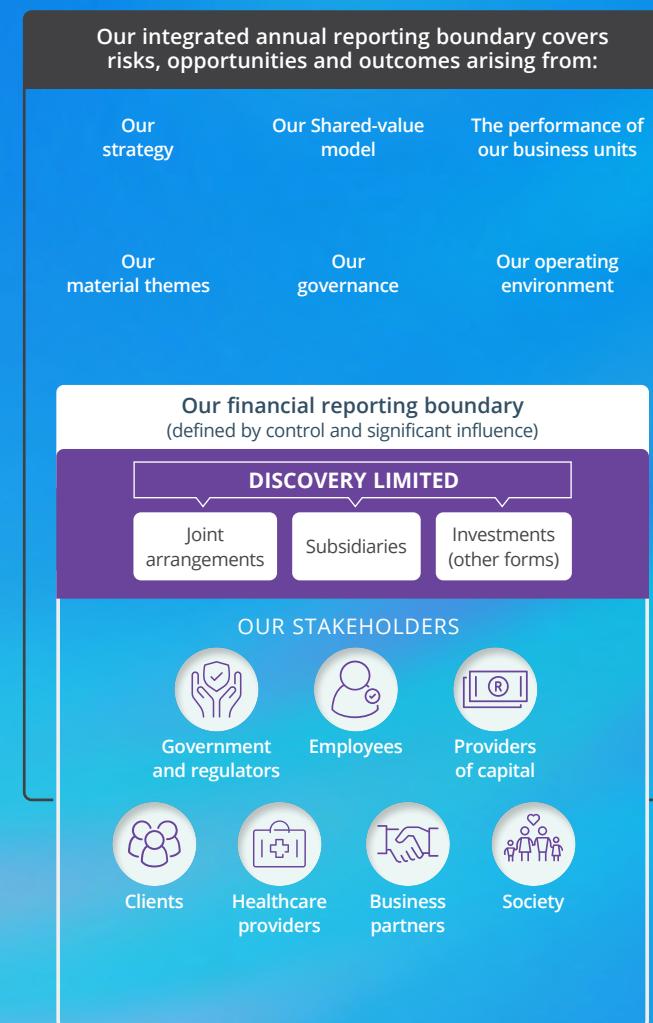




REPORTING SCOPE AND BOUNDARY

This Integrated Annual Report provides a holistic view of Discovery Limited (Discovery or the Group) from 1 July 2023 to 30 June 2024 (FY2024). We also include all material events up to the date of Board approval. Furthermore, this report includes both financial and non-financial information relating to the performance of our composites: Discovery South Africa (SA), Vitality United Kingdom (UK) and Vitality Global.

Our integrated annual reporting boundary covers risks, opportunities and outcomes arising from:



FRAMEWORKS APPLIED

In preparing this report, we were guided by the:

- Integrated Reporting Framework
- Companies Act, No. 71 of 2008, as amended (Companies Act)
- JSE Limited (JSE) Listings Requirements and JSE Debt Listings Requirements
- King IV™ report
- International Financial Reporting Standards (IFRS)

FORWARD-LOOKING STATEMENTS

Certain forward-looking statements regarding the Group's future performance and prospects may be included in this report. These statements cannot be considered guarantees of future performance or outcomes as they may be influenced by emerging risks, future events, changing circumstances and other important factors that cannot be predicted and are out of Discovery's control. These events may cause actual results to differ materially from our current expectations as disclosed in this report.

MATERIALITY

Our material themes and matters guide the content of this report, as they could substantively impact our ability to create or preserve value for our stakeholders in the short (less than one year), medium (between one and three years) and long term (three years and beyond). Materiality further guides us in identifying matters that could erode value if not managed effectively. Our materiality determination process has identified eight material themes that were validated by the Group's Executive Committee and Board.

COMBINED ASSURANCE

Discovery is committed to disclosing accurate information that supports a variety of stakeholders in their decision-making. Our Combined Assurance Model integrates the efforts of our management and internal and external assurance providers to assure the integrity of this report.

In FY2024, our reporting suite was assured as follows:

- Joint external assurance of Annual Financial Statements by KPMG and Deloitte
- Limited external assurance of selected sustainability information by Nexia SAB&T
- Limited assurance of selected factual and quantitative financial and non-financial information by Group Internal Audit
- Limited assurance of selected greenhouse gas (GHG) emissions inventory by Verify CO₂
- Verification of B-BBEE rating by Honeycomb BEE Ratings

Based on these engagements, Group Internal Audit believes the quantitative and qualitative information in this report accurately reflects the Group's performance for FY2024.

This report is the culmination of a Group-wide process led by the Group Finance function, with oversight from the Group Executive. Our Group Audit Committee reviews the process in detail and recommends the report to our Board for approval.

BOARD APPROVAL

Discovery's Board of Directors is responsible for the integrity of this report, and confirms it materially complies with the requirements of the frameworks outlined above. After reviewing this report, the Board believes it accurately and comprehensively explains how Discovery creates, preserves or erodes value for our stakeholders in the short, medium and long term. In doing so, our Board considered the Group's risks and opportunities, material matters and operating environment, and the impact thereof on Discovery's strategy, ambition and Shared-value model.

The Board unanimously approved this report on 14 October 2024.

Sir Mark E Tucker
Independent Non-executive Chairperson

Adrian Gore
Group Chief Executive

We welcome your feedback on our reporting suite.

For copies of this report or to submit any comments, email askthecfo@discovery.co.za.



02

GROUP OVERVIEW



Who we are

Snapshot of FY2024

Our business model

Our material themes
and material matters



Who *we are*

Discovery is a global, integrated financial services organisation that uses a pioneering Shared-value model across businesses in our markets. For over two decades, we have leveraged fintech, actuarial and behavioural science to deliver on our core purpose –

to make people healthier and enhance and protect their lives.

Our purpose and values guide every decision we make, ensuring that value creation, preservation and erosion is managed in a balanced way.

We build businesses at the intersection of four key global trends – demographics, the nature of risk, technology and social responsibility – that emphasise the increasing relevance of our Vitality Shared-value model.

WHY WE ARE IN BUSINESS

Changing behaviour that contributes to risk

To achieve our core purpose, we must examine the factors that compromise the health, wealth and safety of people, along with the broader context in which we operate. Our Shared-value model not only improves health outcomes and provides better value for clients, it also enhances actuarial dynamics for the insurer and supports a healthier society. Our model's success is built on our deep understanding of the causes of the changing nature of risk.

Credit defaults



Four financial behaviours are responsible for

80% of credit defaults and retirement shortfalls in South Africa

Journal of Economics and Finance and other sources.

Health and mortality



Four lifestyle behaviours and four chronic conditions are responsible for

60% of all deaths worldwide

World Health Organization and Global Burden of Disease.

Motor accidents



Five driving behaviours and three driving conditions are responsible for

60% of all deaths worldwide

Road Traffic Management Corporation and US Department of Transportation.

Retirement



Three investment behaviours and three financial conditions are responsible for

90% of South Africans having inadequate retirement funding

South African National Treasury.

Climate change



Four lifestyle behaviours are responsible for

85% of personal emissions.

Our Shared-value model is also conceptually applicable for environmental behaviour change.

Who we are

Snapshot of FY2024

Our business model

Our material themes and material matters



WHAT WE DO

Our disruptive Vitality Shared-value model enables us to build market-leading businesses from the ground up with the potential to transform industries. Our focus on organic growth and maintaining a founder's mindset helps us achieve this as we create a compelling value proposition by developing innovative products that address complex issues.

Our shared-value approach is integral to each business and is scalable, repeatable and globally relevant. Our Vitality behavioural platform can be applied to a variety of businesses, including banking, savings, health, life or other insurance, whether within a Discovery-owned business or through our strategic partnerships.

We create value and differentiate ourselves by integrating our medium-term ambitions with short-term goals and driving our operating model through new business ventures or partnerships across market-specific composites.

SOUTH AFRICA
Discovery SA focuses on being the perfect composite model, number one in our chosen segments in every industry, with Discovery Bank pivoting to growth as the composite maker in SA.

Discovery

- Health
- Life
- Invest
- Insure
- Bank

UNITED KINGDOM
Vitality UK aims to be a new generation life and health insurance composite with integration at both a product and operational level and a seamless One Vitality client journey.

Vitality UK

- VitalityHealth
- VitalityLife

VITALITY GLOBAL
Vitality Global strives to be a leading wellness and healthcare platform that provides our Vitality shared-value and health management capabilities to prominent life and health insurers globally.

Vitality Global

- Vitality Network
- Vitality Health International (VHI)

OUR PRIMARY MARKETS
Our primary markets include South Africa – our home market – and the United Kingdom. In both these markets, we own and operate the financial services provider or insurer. This excludes Discovery Health Medical Scheme and closed medical schemes, of which we are the administrator.

OUR PARTNER MARKETS
Vitality Global manages our expansion beyond our primary markets through Vitality Network and Vitality Health International. In these markets, our Vitality Shared-value model and behaviour-change platform are implemented through partnerships and joint ventures with global insurers to support their business objectives.

The Group's products are distributed through various channels, including independent financial advisers, tied agents and advisers as well as direct distribution channels operating through call centres. Through diversification, the Group ensures that it is not dependent on any single type of distribution channel.

Subsequent to year-end, Vitality UK and Vitality Global were unified into a single global composite – Vitality – to deliver with uniformity in strategy, product and technology.

OUR PRODUCTS AND SERVICES:

- Administration and managed care of medical schemes
- Health insurance
- Life insurance
- Short-term personal insurance
- Long-term savings and investments
- Banking
- Behaviour-change programmes

Who we are

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Snapshot of FY2024

NORMALISED PROFIT FROM OPERATIONS INCREASED BY 17%
TO R11 604 MILLION
(FY2023: R9 917 million)

CORE NEW BUSINESS API
(excluding discontinued products like VitalityInvest and DBI, as well as PAHI reinsurance business)
INCREASED BY 18%
TO R26 667 MILLION
(FY2023: R22 622 million)

INCOME FROM NON-INSURANCE BUSINESS LINES INCREASED BY 16%
TO R6 191 MILLION
(FY2023: R5 349 million)

NORMALISED HEADLINE EARNINGS PER SHARE (DILUTED) INCREASED BY 14%
TO 1 102.1 CENTS
(FY2023: 967.9 cents)

NORMALISED HEADLINE EARNINGS INCREASED BY 15%
TO R7 329 MILLION
(FY2023: R6 400 million)

SHAREHOLDER FREE CASH INCREASE, BEFORE ORDINARY DIVIDEND
R2 643 MILLION
(FY2023: R397 million)

EMPLOYED OVER 13 800 PEOPLE
(FY2023: 13 700)

WE IMPACT
41.6 MILLION LIVES GLOBALLY
(FY2023: 34.9 million)

OPERATIONAL IN
41 MARKETS GLOBALLY
(FY2023: 39)

DISCOVERY RECEIVED THE GLOBAL INNOVATOR AWARD
at the 2024 Qorus Innovation in Insurance Awards

MAINTAINED LEVEL 1 B-BBEE

21.4%

Reduction in scope 1 and 2 carbon emissions
Against our 2019 baseline of 35 897 tonnes CO₂e (FY2023: 18.5%)



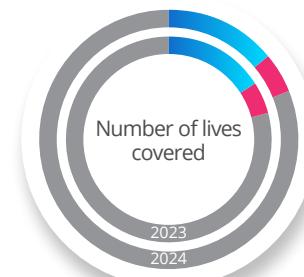
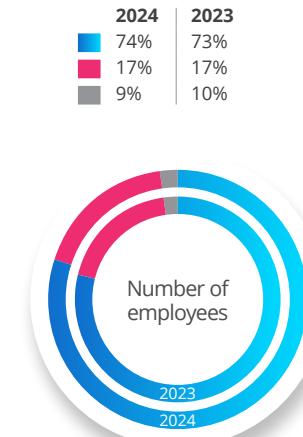
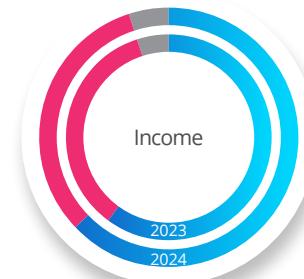
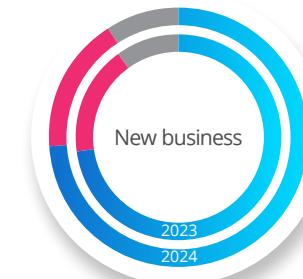
Embarked on a project to assess and understand our Scope 3 emissions as we **develop a transition plan to net zero by 2050** or earlier with science-based targets

Received net zero waste to landfill accreditation
from the Green Building Council of South Africa for 1 Discovery Place



The National Health Insurance Act (NHI Act) was signed into law on 15 May 2024. While we continue to support universal health coverage, we remain firm in our stance that, in its current form, the NHI Act is not workable without private sector collaboration.

Successful IFRS 17 implementation,
focusing on embedding the standard in our business-as-usual processes and managing market expectations.



● South Africa ● United Kingdom ● Global markets

For more information on our outlook for FY2025, refer to our strategy from page 31 and 'Where we are headed' in our business reviews from page 75.

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Our *business model*

We manage the creation, preservation and erosion of value through resources and relationships available or established to provide products and services through our composites. To understand our business is to understand our WHY, HOW and WHAT.

WHY WE ARE IN BUSINESS

Our core purpose

To make people healthier and enhance and protect their lives

HOW WE OPERATE

What sets us apart

Our core purpose manifests through our pioneering and bespoke Shared-value model across our composites of Discovery SA and Vitality (Vitality UK and Vitality Global) – underpinned by our leading Vitality behaviour-change platform, and supported by our unique foundation and operating model.

Our values

Our core purpose and values underpin every decision we make, ensuring we manage value creation, preservation and erosion in a way that is balanced.

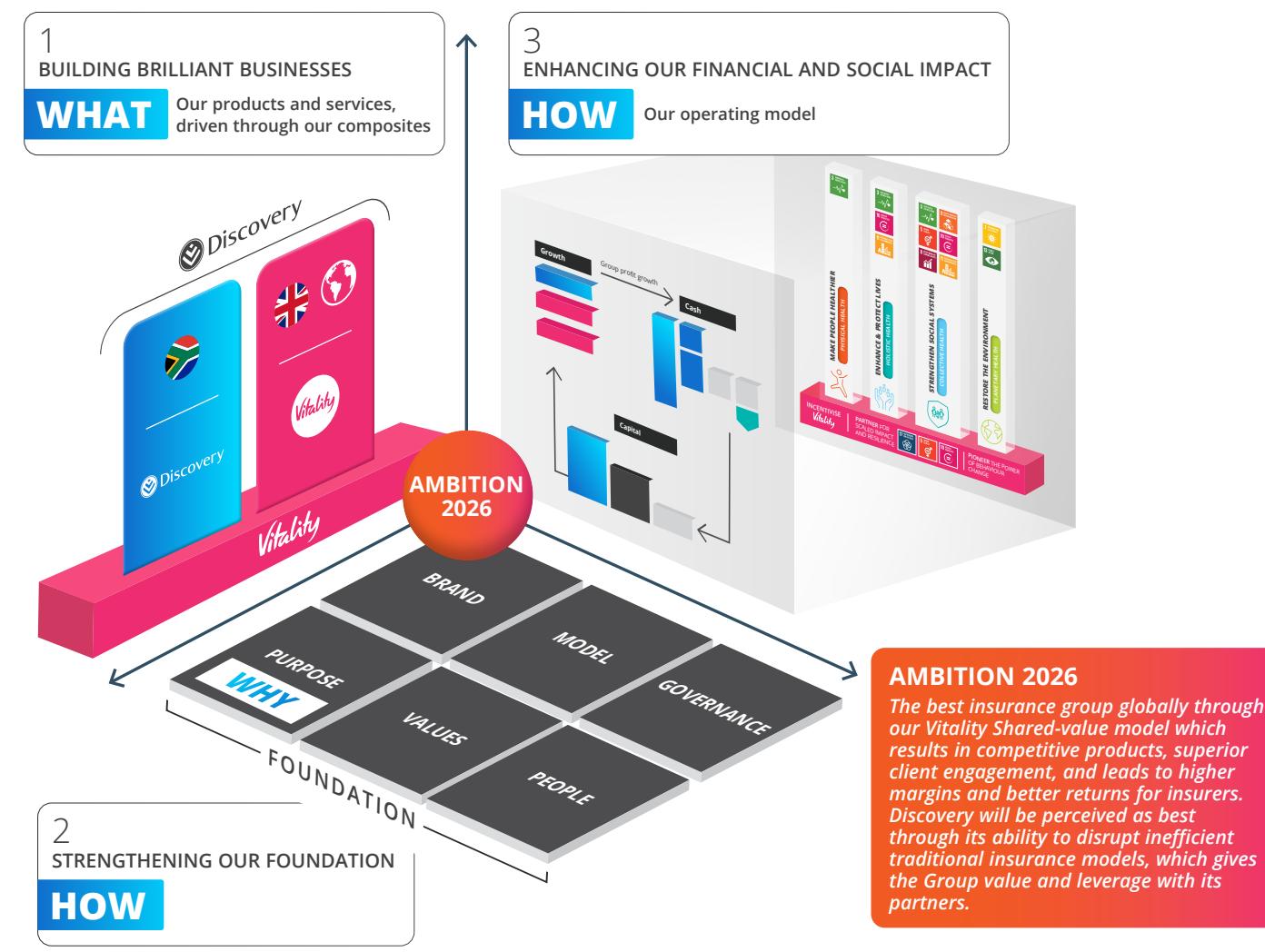
- Great people
 - Liberate the best in people
 - Intellectual leadership
 - Drive, tenacity and urgency
 - Innovation and optimism
 - Business astuteness and prudence
 - Customer, customer, customer
 - Integrity, honesty and fairness
 - Force for good

Our strategic objectives

To deliver on our core purpose and strategy we focus on three strategic objectives

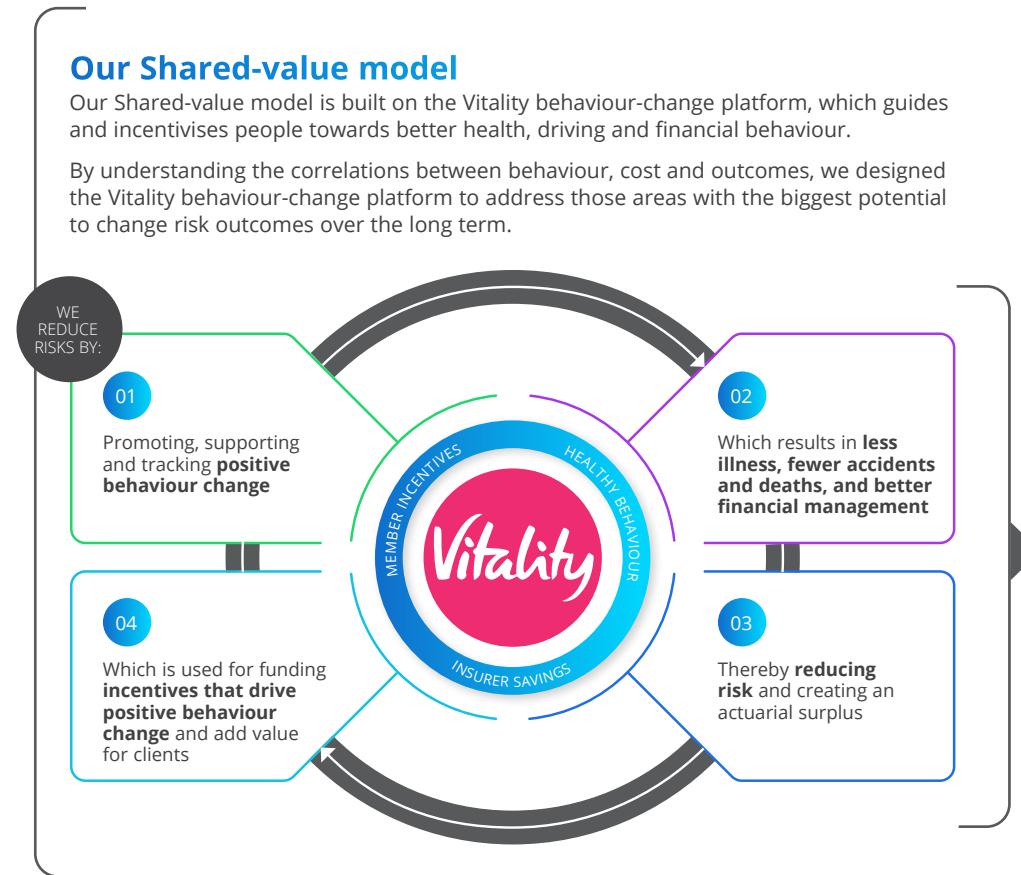


Our WHY, HOW and WHAT are fundamentally linked to our integrated thinking and the resources and relationships we rely on to create and preserve value for our stakeholders.



ENABLING OUR **HOW**

Our operating model, Shared-value model and foundation form the basis of the resources and relationships we rely on to create and preserve value in the short, medium and long term. Key INPUTS include:



Our Shared-value model

Our Shared-value model is built on the Vitality behaviour-change platform, which guides and incentivises people towards better health, driving and financial behaviour.

By understanding the correlations between behaviour, cost and outcomes, we designed the Vitality behaviour-change platform to address those areas with the biggest potential to change risk outcomes over the long term.

The Vitality behaviour-change platform underpins all our businesses and supports them by enabling product integration and cross-selling opportunities across the Group.

The model provides clients with access to a range of pathways and incentives to lessen their personal risk and improve their behaviour through three programmes – Vitality Health, Vitality Drive and Vitality Money.

Independent research validated our model for its positive impact on reducing healthcare costs, resulting in improved profitability – a portion of which is channelled back into funding the incentives that drive positive behaviour change.

The model creates ongoing shared value between our clients, the business and society. Insurance and financial risks are no longer a function of a client's circumstances when taking up the product, but rather a result of how they manage their behaviour across health, driving and financial management.

Our operating model

Our operating model and Integrated Sustainability Framework position us well for financial, social and environmental impact and support how we execute our strategy and deliver on our core purpose. Our operating model further forms the basis for financial discipline and long-term financial stability through effective management of liquidity, solvency and financial leverage. Restoring the environment is a key element of our integrated sustainability framework. Maintaining an environment that enables and sustains good health is linked to our core purpose and we continue to work to reduce our own environmental footprint.

**EQUITY/CAPITAL OF
R57 719 MILLION**
(FY2023: R49 724 million)

**DEBT OF
R17 511 MILLION**
(FY2023: R16 328 million)

**INVESTMENT IN NEW
INITIATIVES AT
8%**
(FY2023: 10.6%)

**36 244 MWh
TOTAL
ENERGY
CONSUMED**
(FY2023: 37 107 MWh)

**88 603 kl
TOTAL WATER
WITHDRAWN IN
SOUTH AFRICA**
(FY2023: 92 240 kl)

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OUR FOUNDATION

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ENABLING OUR **HOW**

Key INPUTS continued

OUR FOUNDATION

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OUR BRAND



The Discovery brand continues to be recognised for its intellectual leadership, innovation and purpose-led Shared-value model.

Our brand is a key enabler of our long-term strategic objectives. We aim to build the Discovery brand in South Africa and the Vitality brand globally, while leveraging Vitality as a leading global behaviour-change platform in all markets.

Discovery's brand strength enables us to take decisive action in a socially and environmentally responsible way across all markets. We leverage our brand equity through innovative marketing strategies that support our global growth across our composites. Elevating the Discovery and Vitality brands increases equity, visibility and trust, enhancing our social and financial impact worldwide.

88%

average score in the Ask Africa brand health tracker for Discovery businesses in South Africa
(FY2023: 86%)

HC

OUR PEOPLE



Our people bring our Shared-value model to life and, to deliver on our long-term strategic objectives, we seek to employ the best person for every role and create a diverse and inclusive work environment. We foster a culture of collaboration, where we work together to meet the challenges of an increasingly complex world. To do this, we create an unrivalled employee experience that motivates and inspires our people to harness their passion for excellence, contributing to our competitive advantage.

We actively seek out thought leaders and action-oriented individuals who are passionate about driving product development, engaging in policy debate and innovative practices based on science. Our industry continues to rely on scarce critical skills, especially in the actuarial, digital and technology sectors. We prioritise hiring and retaining people with humility and empathy (IQ > Ego) and the potential to collaborate and lead thoughtfully (EQ > IQ).

OVER

13 800 EMPLOYEES
(FY2023: 13 700)

including our experienced leadership teams

IC MC

OUR MODEL AND CAPABILITIES



Our capabilities are a strategic imperative for Discovery and a critical pillar in our strategy and Shared-value model. We leverage our data and technological capabilities to create an integrated experience for our clients across all businesses and to drive our expansion globally.

Our data science expertise drives our efforts to transform the financial services industry. Our innovations are inspired by the societal challenges we face or opportunities we identify while our team employs data-driven strategies and technology to unlock value for our clients. We prioritise responsible data stewardship and have measures in place to support data integrity, protect client data and maintain trust with stakeholders.

VITALITY1 PLATFORM
supporting single integration for wearable devices and health apps

OVER 576 MILLION
healthy activities recorded
(FY2023: 503 million)

OUR BUSINESS ACTIVITIES AND OUTPUTS

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Good corporate governance is key to creating value as it promotes strategic decision-making that balances short-, medium- and long-term outcomes aligned to the interests of the Group, stakeholders and society. Our approach to governance extends beyond compliance as we are committed to a values-based and ethical culture built on the principles of non-discrimination, fairness, integrity and transparency. Entrenching the principles of good corporate governance (including risk management and compliance) and leadership throughout the organisation enables us to deliver on our core purpose.

Our stakeholders are engaged at various points throughout our operating model and foundation. Discovery's continued growth and success depends on how we engage with, understand and respond to our stakeholders' needs, concerns and insights.



SUPPORTING OUR **WHAT**

We conduct business activities across our composites:



Our main operational activities across our businesses include:

Product development	Predictive analytics	Distribution support	Client servicing and support
Managed care services	Credit extension	Transactional services	Payment of claims
Funding and deposits	Business support	Capital and risk management	

Our products and services (our **OUTPUTS**) include:

Health insurance, administration and managed care of medical schemes	Short-term personal insurance
Banking	Life insurance
Long-term savings and investments	Behaviour-change programmes

Emissions and waste (our **OUTPUTS**):

**28 215 TONNES CO₂e
(SCOPE 1 AND 2)**
(FY2023: 29 286 tonnes CO₂e)

**21 TONNES WASTE
TO LANDFILL (SOUTH AFRICA)**
(FY2023: 22 tonnes)

DELIVERING ON OUR **WHY**

We manage the material effects of our business activities, products and services on our resources and relationships. Our core purpose and values underpin every decision we make, ensuring a balanced approach to value creation, preservation and erosion.

Our operating model

- Continued focus on organic growth strategies through our composites
- Targeted growth in Group normalised operating profit of CPI+10%
- Strong Group liquidity and solvency with financial leverage ratio less than our internally set guidance threshold of 28%
- Continued implementation of our climate change strategy, reducing our own impact on the environment and leveraging our influence through products and services

NORMALISED RETURN ON EQUITY

13.3%

(FY2023: 13.7%)

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WASTE TO LANDFILL

4.5%

of the waste generated on South African campuses
(FY2023: 5%)

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OUR FOUNDATION

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OUR BRAND

Our Discovery and Vitality brands strengthen the relevance of our products and services by reflecting our core purpose and contribute to developing businesses expected to generate significant value for the Group. Consumer trust supports client acquisition and retention, driving increased market share in our markets of operation. Our brand equity, marketing capabilities, client experiences and distribution support for financial advisers have driven growth in new business and sustained client retention.

**CLIENT PERCEPTION SCORE
9.04**

(FY2023: 9.04)

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OUR PEOPLE

Discovery's entrepreneurial spirit is part of our culture and nurtured by employees at all levels, including leadership. Our employees' diverse perspectives drive innovation and we strive for exceptional performance each day. We encourage employees to participate in and share new ideas for product development and technological enhancements, leveraging their diverse backgrounds, thinking, and experience to build market-leading products and businesses. Our graduate programmes, including the Adrian Gore Fellowship Award and GradHack, assist in building a talent pool of critical skills.

**R13.7 BILLION
IN STAFF COSTS, INCLUDING
EXECUTIVE DIRECTORS**

(FY2023: R12.5 billion)

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OUR MODEL AND CAPABILITIES

The data we collect provides insight into client behaviour across our businesses, supporting our shared-value approach. We offer personalised rewards to encourage positive change. Emerging and new businesses within the Discovery ecosystem have access to our expertise in data science and intellectual leadership, allowing them to gain immediate sophisticated insights and rapidly enter new markets globally. Vitality1, our cloud-based, feature-rich platform, is built to support and enable our diverse and growing set of global partnerships and programmes.

**DATA, PRIVACY AND CYBERSECURITY
AWARENESS TRAINING
for all employees**

**WOMEN
REPRESENT
59%
of our workforce**

**79%
BLACK SOUTH
AFRICAN
EMPLOYEES**

(FY2023: 58%)

Developed a hyper-personalised programme, presented in a simple user experience, that uses varied categories and intensity of behaviour change to create
PERSONAL HEALTH PATHWAYS

Who we are

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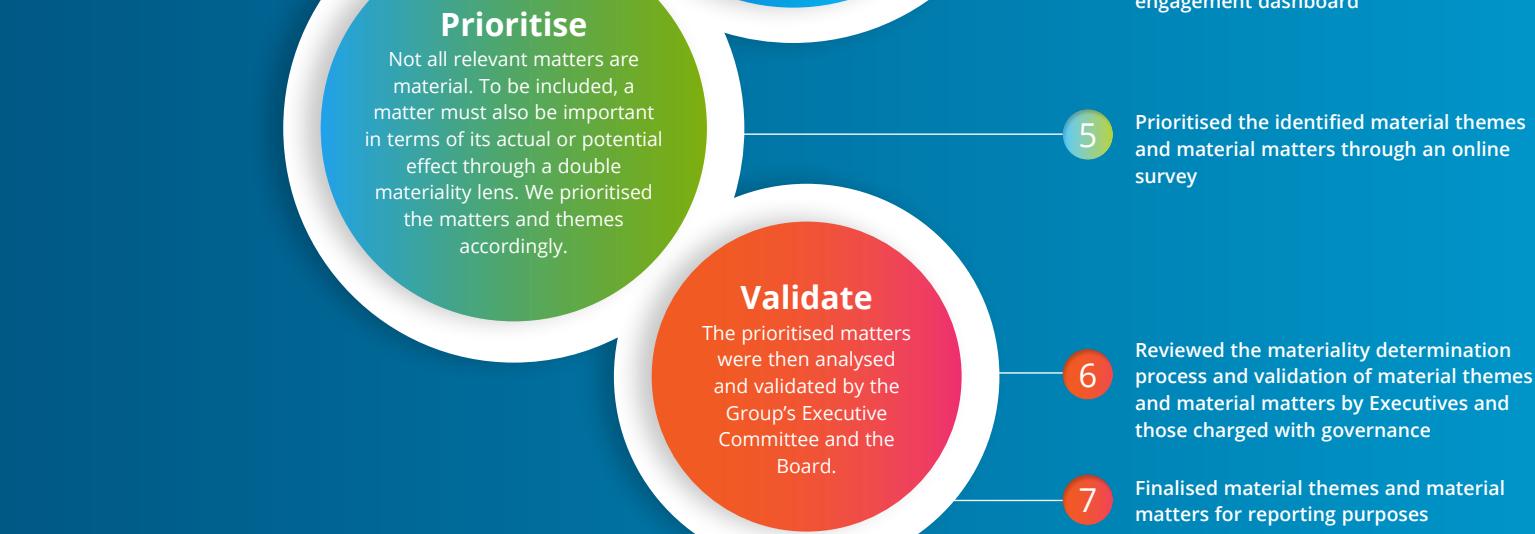
Our material themes and *material matters*

Discovery strives to positively impact the lives of our clients and society while remaining responsive to the influence of external impacts on our business. Our approach to value creation is guided by our core purpose, which also influences our business decisions.

The content in this report is informed by matters that could substantively impact our ability to create or preserve value for our stakeholders in the short, medium and long term, as well as those matters that could erode value if not managed effectively.

HOW WE DETERMINE OUR MATERIAL THEMES AND MATERIAL MATTERS

In FY2024, we conducted a double materiality review and assessment to identify, prioritise and validate the Group's material themes and material matters. To this end, we evaluated the magnitude of a matter's effect on Discovery's ability to create value, as well as Discovery's impact on society and the environment.



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Following this materiality determination process, we identified eight material themes critical to the sustainability of our business, society and the environment in which we operate. These themes, along with the associated material matters, address our stakeholders' concerns and legitimate needs while supporting the delivery of our core purpose of making people healthier and enhancing and protecting their lives.

+ For more information on the link between materiality and our risks and opportunities, operating environment and stakeholders, refer to pages 41, 49 and 54. ➤

+ For more information on operational effectiveness, refer to our Group Chief Financial Officer's review on page 65 and our strategy on page 31. ➤

Our material themes

Ranked by their impact on Discovery, as well as on society and the environment

OUR
MATERIAL
MATTERS



Advance our disruptive Shared-value model

- Develop innovative and competitive products and services
- Incentivise positive behaviour change
- Sustainable and organic growth through our own business and global partnerships



Ensure long-term financial sustainability

- Prudent capital allocation
- Sustainable performance
- Climate change vulnerability management
- Responsible investment



Operate within a volatile socio-economic environment

- Economic, socio-political and critical infrastructure uncertainty
- Persistent economic pressure
- Societal shifts
- Healthcare system strain

OUR
MATERIAL
MATTERS



Leverage and manage technology and innovation

- Technology and innovation
- Digital stewardship in data security and privacy
- Digital inclusion and equality



Ensure good corporate governance and leadership

- Regulatory change, compliance and participation
- Good corporate governance
- Consumer protection
- Supply chain impact management
- Fair and responsible remuneration



Empower our people

- Attraction, retention and culture
- Transformation, diversity and inclusion
- Capability development
- Employee rights, benefits, health and wellbeing

OUR
MATERIAL
MATTERS



Expand and strengthen our social impact

- Collaboration to increase impact
- Amplify our collective impact through behavioural change
- Financial inclusion and education in healthcare and finance



Strengthen our environmental stewardship

- Climate change mitigation
- Environmental impact management

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ENSURING GOOD GOVERNANCE

Chairperson's reflections

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Chairperson's reflections

Discovery's core purpose of making people healthier and enhancing and protecting their lives continued to underpin the Group's strategy during the period under review. The Vitality Shared-value model disrupts traditional insurance models and drives alignment between our business, clients and society. The model allowed Discovery to continue to grow sustainably and achieve a strong operating performance against a challenging economic and political backdrop.



Discovery SA's performance was strong across all businesses, most notably Discovery Bank, which showed progress across key metrics. Impressively, the Bank achieved its ambition of one million clients in August 2024.

Sir Mark E Tucker

EXTERNAL ENVIRONMENT

There was considerable complexity across the markets in which Discovery operates. Global GDP growth was moderate, with uneven growth across regions. Despite inflation rates declining from prior year highs, cumulative interest rate increases heightened consumer pressures in many regions. Political risks increased as a significant number of countries held elections over the period.

In South Africa (SA), initial volatility driven by uncertainty around election outcomes, subsided with the emergence of the Government of National Unity (GNU). The GNU, represents a significant point of inflection and brings much-needed stability. While risks remain in the SA market, we are encouraged by green shoots of recovery that are emerging such as the reduced intensity of loadshedding over the period. The United Kingdom (UK) also faced its own election uncertainty, and fiscal challenges accelerated the utilisation of private medical insurance (PMI) as backlogs in the National Health Service (NHS) persisted. In China, there were macroeconomic and growth constraints.

PERFORMANCE

The Group navigated this complexity while focusing on delivering strong growth in earnings, cash generation and capital resilience; creating two composites with competitive advantage within each; and entering a new phase of growth in the lifecycle of the Group. This served us well, evidenced by Discovery's performance. Normalised operating profit increased by 17% to R11 604 million and normalised headline earnings increased by 15% to R7 329 million.

Discovery SA's performance was strong across all businesses, most notably Discovery Bank, which showed progress across key metrics. Impressively, the Bank achieved its ambition of one million clients in August 2024. Vitality UK's operating profit was impacted by increased demand for PMI given NHS backlogs and a strengthened life basis on the Prudential Assurance Company (PAC) back book. The business is expected to recover in the 2025 financial year. Lastly, Vitality Global's profit growth was excellent. In particular, Ping An Health Insurance's performance was pleasing, and the business paid a dividend over the period, with a payout ratio of 30% of 2023 calendar year distributable profits.

In line with Discovery's dividend policy under IFRS 17, the Board approved the declaration of a final ordinary dividend of 152 cents per share.

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BOARD FOCUS AREAS AND OPERATIONS

The Board oversaw the strategic execution of the Vitality Shared-value model and growth strategy. Progress was made towards the delivery of this strategy over the period. There was a focus on ensuring the Group is well positioned to achieve growth in SA and globally. To this end, the Board oversaw the creation of a single global composite – Vitality, comprising Vitality UK and Vitality Global – alongside Discovery SA. Through the global composite, Discovery will streamline its offshore operations, allowing for more disciplined and structured global scaling.

Alongside this, the Board oversaw and deliberated various key issues. Amongst others, these were the implementation of IFRS 17, which became mandatory for Discovery from 1 July 2023; succession planning and internal talent management; Discovery's remuneration policies and practices; management of key risks; and strengthening the Group's organisational resilience. The Board monitored the implementation of the Group Governance Framework during the year, which has added rigour to the Governance function. The Board also monitored numerous regulatory developments during the year. This included the Employment Equity Amendment Bill, the Companies Amendment Act and developments regarding National Health Insurance (NHI).

Notably, the President of SA signed the NHI Act into law over the period. Discovery is of the view that quality, accessible, and equitable health care for all is essential for a thriving society. We strongly support the goal of universal health coverage and believe the NHI can achieve this. However, the funding required for the NHI is unachievable against the backdrop of SA's narrow tax base. Without private sector

collaboration and broader funding sources, the NHI is not feasible. The current Act can be amended to facilitate a workable model, harnessing the resources of both public and private sectors. Discovery is committed to constructive engagement and collaboration with policymakers on implementable health reforms that will benefit all South Africans.

SUSTAINABILITY

Discovery is deeply committed to being a force for social good through nation building and by protecting our planet. The Group continued to strengthen social healthcare systems by supporting the development, training and retention of the healthcare workforce through the Discovery Foundation and Fund. Since inception the Foundation has committed over R319 million in grants to support academic medicine. Discovery progressed its sustainability goals, incentivising 576 million healthy activities in FY2024, with more than 3.7 million life years saved and R14.9 billion in value returned to clients.

Globally, the impacts of climate change are becoming increasingly acute. The Group continued to address climate-related risks and opportunities. In this regard, Discovery reduced its short-term emissions, ending FY2024 21.4% below 2019 baseline emissions, exceeding its short-term emissions reduction goal. Over the period, the Board oversaw the revision of Discovery's medium-term carbon neutral goal to 2027 from 2025, to better align with renewable energy provision from Discovery Green and to prioritise real-world emissions reductions over carbon credits in the achievement of this goal.

BOARD COMPOSITION CHANGES

At the 2023 Discovery Limited Annual General Meeting, Sindi Zilwa and Vincent Maphai retired from our Board. I would like to thank them warmly for their important contribution to the Discovery Board and its Committees over many years. I am also pleased to welcome Lisa Chiume and Christine Ramon. They both bring experience and expertise that have added value to the Board.

We are all deeply saddened by the recent passing of Tito Mboweni, a director of the Discovery Board. Tito had a long-standing history with the Discovery Group. He made important contributions to the Board and its Committees, and to the subsidiary boards in his capacity as the Chairperson of both the Discovery Life and Invest, and Discovery Insure boards. It was a privilege and a pleasure working with him. He will be greatly missed across the Group for his intellect, integrity, conviction and unwavering support for Discovery. In addition to his contribution to the Group, he had an immense impact on South Africa as the former Minister of Finance and Reserve Bank Governor, and played an instrumental role in shaping the country's economic development and labour policies. He leaves behind an incredible legacy. My sincere and heartfelt condolences go out to his family.

FORWARD-LOOKING

Looking ahead, the macroenvironment will continue to be characterised by uncertainty and complexity. Global economic recovery is set to be slow and steady with easing inflation in 2024. Discovery continues to focus on its Ambition of being the best insurance group globally through the Vitality Shared-value model. The Model's demonstrable efficacy, and its growing relevance and value in competitive global health and life insurance markets gives us confidence in this Ambition. Following a period of significant investment in growth initiatives, the Group is now well positioned for sustained growth through two powerful and focused structures; Discovery SA and Vitality, with strong growth platforms in each.

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THANK YOU

On behalf of the Board, I express my gratitude to Adrian and his executive team for their excellent leadership and professionalism. I want to thank Discovery people for their energy, effort and care. This performance reflects their dedication and commitment to serving our clients, and I am extremely grateful to each of them. Finally, thank you to Discovery's clients and stakeholders for their continued support as we deliver on our core purpose.

SIR MARK E TUCKER





Our *leadership*

OUR BOARD OF DIRECTORS

Discovery's experienced Board of Directors is purpose driven and committed to our values. Our Board leads our business with integrity as we pursue sustainable value creation while preserving our unique entrepreneurial spirit.

How our governance structures support value creation

Discovery recognises that good governance is a critical component of value creation. Our Board, as the highest governing body, aims to embed good governance principles and ethical leadership throughout the business to ensure we deliver on our core purpose. As a founder-led organisation, our Board supports the preservation of our unique entrepreneurial spirit, while encouraging innovation and balancing value creation, preservation and erosion.

By promoting strategic, ethical decision-making that balances short-, medium- and long-term outcomes, the Board ensures the interests of the Group and stakeholders are protected, thereby maintaining trust and confidence in the Discovery brand.

Chairperson of the Board



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

Executive Directors



ADRIAN GORE
Founder and Group
Chief Executive

Appointed: Founder
Qualifications: BSc (Hons), FFA, ASA,
MAAA, FASSA, Honorary DCom (Wits)



BARRY SWARTZBERG
Co-founder and Executive
Director: Discovery

Appointed: Co-founder
Qualifications: BSc, FFA, ASA,
FASSA, CFP



DEON VILJOEN
Group Chief Financial Officer
Appointed: 1 May 2017
Qualifications: BCom Accountancy
(cum laude), BCom (Hons), CTA, CA(SA)

Non-executive Directors



LISA CHIUME
Independent Non-executive Director

Appointed: 18 September 2023
Qualifications: BCom Business Finance
and Economics



RICHARD FARBER
Non-executive Director

Appointed: 1 April 2018
Qualifications: BCom (Hons), CA(SA),
FCMA, CA ANZ, MAICD



MONHLA HLALHA
Independent Non-executive Director
Appointed: 15 August 2021
Qualifications: BA Economics (Hons), MA
Urban Planning, Advanced Management
Programme (INSEAD)



FAITH KHANYILE
Independent Non-executive Director

Appointed: 1 October 2015
Qualifications: BA Economics, MBA
Finance, HDip Tax, Executive Leadership
Programme (Columbia University)



DAVID MACREADY
Independent Non-executive Director

Appointed: 3 February 2020
Qualifications: BCom (Hons),
CTA, CA(SA), SEP (Harvard), IDP (INSEAD)



TITO MBOWENI
Independent Non-executive Director
Appointed: 5 May 2022
Qualifications: BA Economics and Politics
(Lesotho), MA Development Economics
(East Anglia), Diploma in International
Business Diplomacy



CHRISTINE RAMON
Independent Non-executive Director

Appointed: 18 September 2023
Qualifications: BCompt (Hons), CA(SA),
SEP (Harvard)



MARQUERITE SCHREUDER
Independent Non-executive Director

Appointed: 19 February 2021
Qualifications: BCom (Hons), FIA, FASSA



BRIDGET VAN KRALINGEN
Independent Non-executive Director
Appointed: 7 April 2022
Qualifications: BCom (Hons), MCom

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Dr Vincent Maphai and Sindi Zilwa retired as Board members and as members of the committees they served on with effect from 16 November 2023. Lisa Chiume and Christine Ramon were appointed as Board members with effect from 18 September 2023. Barry Swartzberg is transitioning into a role supporting the Group Chief Executive following the unification of Vitality Global and Vitality UK into one composite, Vitality, with Neville Koopowitz appointed as the Chief Executive Officer: Vitality with effect from 7 August 2024.

BOARD INDEPENDENCE, COMPOSITION AND DIVERSITY

As at 30 June 2024 our Board, led by our Chairperson in his capacity as an Independent Non-executive Director, comprised 13 Directors – 10 Non-executive and three Executive. During the year, two new Non-executives were appointed with effect from 18 September 2023, while two Non-executives retired with effect from 16 November 2023. Non-executive Directors are appointed for a period not exceeding three years and are subject to re-election on a rotational basis. The reappointment of Non-executive Directors is not automatic and depends on the knowledge and skills required by the Board, the Director's suitability and the diversity targets determined by the Board.

The Board is satisfied with the independence of the Directors and that there are no relationships or conflicts of interest that could prevent them from acting in the best interests of the Group and with due care in discharging their duties. The composition and succession planning of the Board is reviewed regularly, and remedial actions are undertaken where necessary.

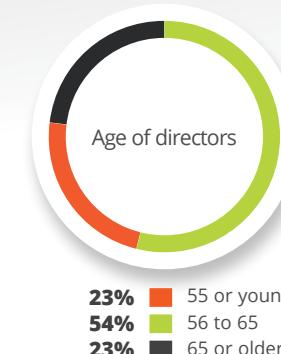
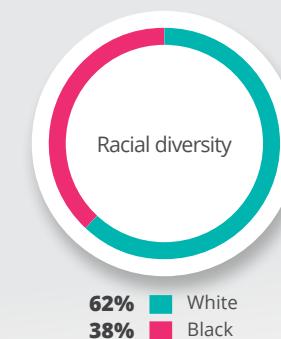
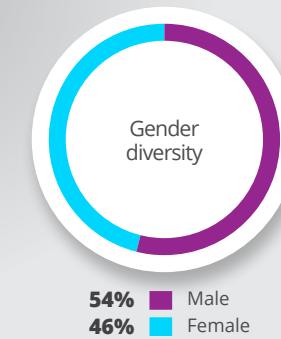
The Nominations Committee assists the Board to ensure it has the appropriate balance of skills, qualifications and experience for it to execute its duties effectively. The committee is also responsible for establishing a Board succession plan, which includes identifying, mentoring and developing future candidates.



Discovery Board areas of expertise, primary skills and experience



Board diversity statistics



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OUR GROUP EXECUTIVE COMMITTEE

Discovery's Group Executive Committee consists of 28 members who represent all areas of our business and contribute diverse skills, thought and experience. The Group Executive Committee implements strategies approved by our Board and manages the day-to-day affairs of the business. Each business unit that operates across our markets has an Executive Committee that meets regularly and reports to the South African, UK and Vitality Global executive committees, as relevant. Feedback from the composite executive committees, as well as the Financial and Capital, ESG and Internal Remuneration committees, is provided to the Group Executive Committee during its weekly meetings.

In addition to our Executive Directors, the Group Executive Committee included:



ROBERT ATTWELL
Chief Executive Officer: Discovery Insure



HYLTON KALLNER
Chief Executive Officer: SA composite and Discovery Bank



ALAN POLLARD
President of Product and Innovation: Vitality Global



RIAAN VAN REENEN
Chief Executive Officer: Discovery Life



FIROZE BHORAT
Chief Marketing Officer



NEVILLE KOOPOWITZ¹
Chief Executive Officer: Vitality



KENNY RABSON
Chief Executive Officer: Discovery Invest



ANDRE VAN ROOYEN³
Acting Group Chief Compliance Officer



DR JONATHAN BROOMBURG
Chief Executive Officer: Vitality Health International



SHAWN MATISONN
Head of Insurance Markets: Vitality Global



ANDREW RAYNER
Group Chief Actuary



DR RONALD WHELAN⁴
Chief Executive Officer: Discovery Health



DAVID FERREIRA
Chief Executive Officer: Vitality China



SENELE MBATHA
Group Chief Risk Officer



KAREN SANDERSON
Chief Operating Officer: Discovery Health



DEREK WILCOCKS
Group Chief Information Officer



DINESH GOVENDER
Chief Executive Officer: Discovery Vitality (SA)



LISA MONDSHEIN
Chief of Staff; Chief Executive's Office



ZIMKHITHA SAUNGWEME
Chief People Officer



PRAV GOVINDER
Chief Executive Officer: Discovery Connect



DR AYANDA NTSALUBA
Group Executive



EMILE STIPP
Chief Actuary and Head of Data Science Lab: Discovery Health



FRANCOIS GROEPE
Deputy Chief Executive Officer: Discovery Bank



NONKULULEKO PITJE²
Chief Executive Officer: Discovery Corporate & Employee Benefits



MAIA SURMAVA
Chief Executive Officer: Vitality USA

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¹ Neville Koopowitz transitioned to the role of Chief Executive Officer: Vitality following the unification of Vitality Global and Vitality UK with effect from 7 August 2024.

² Appointed with effect from 1 January 2024.

³ Appointed as acting Group Chief Compliance Officer upon Jo-Ann Ferreira's resignation with effect from 1 January 2024.

⁴ Appointed with effect from 1 January 2024 upon Dr Ryan Noach's resignation.

Governance overview

We believe that good governance extends beyond compliance. It creates and preserves value by ensuring responsible and ethical behaviour, and enhances accountability, leadership, risk and performance management, and transparency. Our Board is the highest governing body of the Discovery Group and is committed to the principles of good corporate governance as set out in King IV™.

King IV™ also forms the cornerstone of our governance approach and, as such, we support its overarching goals:



Maintaining an ethical culture

We entrench the principles and recommendations of King IV™ in our governance and risk management structures, policies and procedures. This informs the way we do business and creates the foundation from which we build an ethical culture throughout the Group. The Group has a dedicated Ethics Office that manages and implements the ethics management framework and plan throughout the Group. Assisted by the Social and Ethics Committee, the Board mandates and oversees the Ethics Office. We maintain, review, monitor and report on our Group Conflict of Interest, Group Whistleblowing and other ethics-related policies. Our Ethics Ambassadors Programme further strengthens and cultivates an ethical culture within the organisation.



Delivering good performance

Discovery embodies the philosophy of integrated thinking, driven by our core purpose. The Board reviews and approves the Group's strategy, key performance measures and targets of all Executives, and oversees the implementation of the strategy on an annual basis. We balance our medium- and long-term strategic objectives against considerations of how our decisions affect our resources and relationships and how these in turn impact our business. Alongside an induction programme when Directors are appointed to the Board, Directors are also required to attend professional development training and briefings to keep abreast of legal and regulatory risks, developments and changes that could impact the environment in which the Group and its subsidiaries operate. Director training on legislative requirements, risks, IFRS 17 *Insurance Contracts*, international market overviews and prospects, and Vitality 3.0 was conducted during the year to refresh Directors' skills and knowledge. In FY2024, we conducted an independent assessment of the Board and its committees, the recommendations of which are being implemented and incorporated in the Board's annual workplan in FY2025.



Ensuring effective control

The Board Charter sets out the roles and responsibilities of the Board and is reviewed annually to ensure it continues to align with the principles and practices recommended by King IV™, in addition to other regulatory and legislative requirements.

EFFECTIVE CONTROL IS FURTHER SUPPORTED BY:

- The separation of roles and responsibilities and delegation of authority to ensure that no individual has unrestricted decision-making power
- Succession planning, which is reviewed regularly and remediated where necessary
- Director appointment and rotation in a formal and transparent manner, overseen by the Nominations Committee
- The Group Company Secretary's objectivity, ensuring sound governance procedures are followed and maintained
- Our Conflicts of Interest policy, which guides our approach, response and mitigation in an ethical and responsible manner
- The Remuneration Committee's oversight of the Group's remuneration philosophy and remuneration
- Our focused governance oversight of technology and information, related legislative compliance and risks
- Our Combined Assurance model, which addresses significant strategic, sustainability, financial, operational and compliance risks



Maintaining legitimacy

Discovery is an active corporate citizen in communities where it operates and positively contributes to the economy, society and environment. Our Social and Ethics Committee ensures an inclusive approach to stakeholder engagement and assists the Board with monitoring our relationships with our stakeholders. We subscribe to the United Nations Sustainable Development Goals (SDGs) and have adopted the recommendations of the TCFD. We also support sustainable procurement practices and aim to source high-quality, affordable and environmentally and socially friendly products and services. The Group is a signatory to the Principles for Responsible Investment (PRI) and our Responsible Investment Policy aims to align our investment philosophy with relevant principles and industry codes of best practice. Discovery is also committed to responsible and transparent tax practices, complying with all statutory tax obligations of the regions in which we operate.

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Our leadership's role in *corporate governance*

FY2024 BOARD FOCUS AREAS

The Board provides oversight to ensure that our medium- and long-term strategic objectives are identified, measured and executed to create sustainable value for our stakeholders – while considering how our decisions affect our resources and relationships and, in turn, how these impact our business. This year, specific focus and deliberation was given to the following areas:

- Monitored risks related to the continued challenging macroeconomic environment and the Group's response to these risks through appropriate mitigating actions that ensured financial prudence while meeting our stakeholders' needs
- Ensured the Group's financial resilience by managing cash, debt and solvency whilst driving growth and return on capital
- Oversight of the strategic execution of the Group's Shared-value model and organic growth ambition. This included a focus on scaling Discovery Bank and Vitality Global as platforms for future growth, as well as the unification of Vitality UK and Vitality Global into a single global composite. The Group also continued to terminate initiatives with marginal benefits, resulting in the decision to exit the commercial insurance market in South Africa and the successful closure of VitalityCar and VitalityInvest
- Monitored the quality of the Group's internal succession and talent pipeline to ensure these remain healthy and robust, and that good succession coverage exists for critical roles in our executive management team
- Monitored significant regulatory developments, including the Employment Equity Amendment Bill, the Council for Medical Schemes' Section 59 investigation interim report, the two-pot retirement system, the Consumer Duty requirements in the UK, and the NHI Bill, which was promulgated into law on 15 May 2024

As the focal point and custodian of corporate governance within Discovery, the Board is committed to leading the Group responsibly, ethically and with integrity.

FY2025 BOARD FOCUS AREAS

During FY2025, our Board will oversee, among others, the following matters in its capacity as the Group's highest governing body:

The Group's continued financial strength and resilience considering the volatile geopolitical and socioeconomic environment

The execution of the Group's climate change strategy, including performance against climate-related goals and publication of the Net-Zero Transition Plan

The scaling of Discovery Bank as the composite-maker in South Africa

Collaboration with government, business and civil society to address concerns with the NHI Act in South Africa

The revised Discovery employment equity plan and implementation of the Group's transformation and talent management initiatives

The successful integration and execution of Vitality following the recent unification of Vitality UK and Vitality Global

Discovery's approach to Group governance is articulated in our Group Governance Framework and is supported by Group-wide documents, processes and procedures. The Board is accountable for giving effect to this framework and oversees adherence to it.

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BOARD COMMITTEES

The Board delegates some of its responsibilities to appropriately constituted Board committees. Seven Board committees are fully established in line with the requirements of the business, the Companies Act, Insurance Act and King IV™ to assist the Board in fulfilling its responsibilities. Board committees act within the bounds of approved Terms of Reference, which clearly define the responsibilities and duties delegated by the Board. The committees are satisfied that they have fulfilled their responsibilities as per their Terms of Reference for FY2024.

The Chairperson of each committee is appointed by the Board and reports directly to the Board at each Board meeting on the activities, written resolutions and decisions made by the committee, enabling the Board to monitor performance. The Board encourages the sharing of information across committees to drive collaboration and integration while maintaining accountability and empowering independent judgement. To this end, our Non-executive Directors serve on multiple Board committees. Furthermore, Board members may attend any committee meeting as an invitee or observer to provide insight into particular matters of interest, but may not take part in any decisions made by the appointed members of the committee.

When Board committees require additional expertise and consideration, subcommittees are set up under Board committees to address specific issues. For example, The Treating Customers Fairly and the IT subcommittees report to and assist the Risk and Compliance Committee. The Treating Customers Fairly Subcommittee focuses on ensuring the fair treatment of clients by the Group and is chaired by an Independent Non-executive Director of Discovery Insure. The IT Subcommittee, which is chaired by an independent expert, provides oversight of data and technology matters that are fundamental to the business and helps fulfil regulatory requirements.

AC Audit Committee

The Audit Committee assists the Board in fulfilling its Group governance and oversight responsibilities pertaining to financial reporting processes, internal control frameworks, internal and external audit processes, applicable standards and legislation as well as the impact of IT-related matters on the financial results of the Group. This includes overall tax compliance as well as governance and ethics matters related to the financial results of the Group.

RC Remuneration Committee

The Remuneration Committee assists the Board in ensuring the Group remunerates fairly, responsibly and transparently. It oversees the implementation of the Remuneration Policy and remuneration philosophy and makes recommendations to the Board regarding the remuneration structure and base fees for Non-executive Directors for approval by shareholders.

RCC Risk and Compliance Committee

The Risk and Compliance Committee is responsible for ensuring material risks that could affect the Group are identified, evaluated and effectively managed and reported, and that the Group's policies and processes are adequate to maintain compliance with the required legislative and regulatory requirements. The committee also ensures adequate systems of financial crime management are in place, as well as processes and controls that manage business continuity, disaster recovery, operational resilience, cyber risk, information assets and the IT Governance Framework within the Group.

ACT Actuarial Committee

The Actuarial Committee provides assurance to the Board on all actuarial matters, including the identification, review and management of actuarial risks and the appropriateness of the assumptions underlying the product terms, liabilities and capital of the Group.

SEC Social and Ethics Committee

The Social and Ethics Committee is an independent statutory committee that assists the Board in implementing and monitoring strategies related to social, economic and sustainable development; stakeholder relations; labour and employment practices; transformation and the Ethics Framework across Discovery. The committee also makes recommendations to the Board on good corporate citizenship, the climate change strategy, environmental health and safety, and an inclusive economy.

NC Nominations Committee

The Nominations Committee oversees the appropriate composition of the Board and its committees. It assists in identifying, electing and appointing potential Board candidates and makes recommendations on the appointment of Executive or Non-executive Directors to the Board. Non-executive Directors are presented to shareholders for consideration at the AGM. The committee is also responsible for succession planning for the Group Chief Executive and Board members, ensuring ongoing training and development of Board members, and the evaluation of the Board's performance and progress against diversity targets.

TWG Technology Working Group

The Technology Working Group (TWG) is a strategic advisory body that assists the Board in fulfilling its information and technology growth aims and strategy. The TWG extends the Board's oversight role of technology more broadly than governance and risk, currently provided by the IT Subcommittee.

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BOARD AND COMMITTEE MEETING ATTENDANCE DURING FY2024

Our Board members attended the following formalised Board and committee meetings during the year.

	AC	RC	RCC	ACT	SEC	NC	TWG	
	Board	Audit Committee	Remuneration Committee	Risk and Compliance Committee	Actuarial Committee	Social and Ethics Committee	Nominations Committee	Technology Working Group
Non-executive Directors								
Sir Mark E Tucker ¹ (Chairperson)	4/4						2/2	
Lisa Chiume ^{1,2}	3/3	4/4		4/4				
Richard Farber	4/4			5/5	7/8			
Monhla Hlahla ¹	4/4	6/6	2/3			5/5		
Faith Khanyile ¹	4/4		3/3			5/5	2/2	
David Macready ¹	4/4	6/6		5/5	8/8			
Dr Vincent Maphai ^{1,3}	1/1						1/1	
Tito Mbweni ^{1,5}	4/4		3/3	5/5			0/1	
Christine Ramon ^{1,2}	3/3	4/4	2/2			3/3		
Marquerithe Schreuder ¹	4/4	6/6		5/5	8/8			3/3
Bridget van Kralingen ¹	4/4							3/3
Sindi Zilwa ^{1,3}	1/1			0/1		3/3		
Executive Directors								
Adrian Gore	4/4					2/2		
Barry Swartzberg	4/4						3/3	
Deon Viljoen ⁴	4/4			5/5	8/8	2/2		

¹ Independent.

² Appointed as new Directors with effect from 18 September 2023.

³ Retired as Board members and members of the committees on which they served with effect from 16 November 2023.

⁴ Resigned as a member of the Social and Ethics Committee with effect from 14 September 2023.

⁵ Appointed as a member of the Nominations Committee with effect from 16 November 2023.

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04

VALUE CREATION



Group Chief Executive's report

Our strategy

Risks and opportunities

Our operating environment

Our trade-offs

Engaging with our stakeholders

Remuneration overview



Group Chief Executive's report

In an environment of change and increasing complexity, our focus has been disciplined and narrow: a simple core purpose and values; and people who can embrace and manage external ambiguity. The year under review marks an exciting period in Discovery's evolution as the Group moves into a new distinct phase, which marks the realisation of our growth strategy. Underpinning this strategy is the Vitality Shared-value model which has become more relevant and applicable over the period.



Adrian Gore

EXTERNAL ENVIRONMENT

Discovery achieved a strong performance for the period, notwithstanding the challenging operating environment which was characterised by macroeconomic and political uncertainty. High interest rates resulted in consumer pressure and constrained economic growth. Regional factors, such as historic election outcomes in South Africa (SA), and the impact of backlogs experienced by the National Health Service (NHS) in the UK, further created a complex context for the Group.

FY2024 PERFORMANCE

Within this context, we focused on the following which allowed us to grow and achieve a resilient operating performance:

01

Delivering strong growth in earnings, value, cash generation and capital resilience

02

Entering a new phase of growth in the lifecycle of the Group

03

Arranging the Group into two distinct composites, to drive this new phase of growth.

01 Delivering strong growth in earnings, value, cash generation and capital resilience

For the year ended 30 June 2024, the Group's normalised operating profit grew by 17% to R11 604 million, headline earnings were up 7% to R7 202 million and normalised headline earnings were up 15% to R7 329 million. The difference between normalised headline earnings and headline earnings growth is largely due to a significant prior period fair value gain from the UK interest rate swaption. Core new business annual premium income (API) grew by 18% to R26 667 million and total non-insurance income grew by 16% to R6 191 million.

The Group's embedded value increased to R110 billion, which represents a 13.2% return on embedded value. This included a positive contribution from experience variances over the period, reflecting the positive dynamics of the Vitality Shared-value model. Discovery demonstrated continued resilience across all key liquidity, solvency and debt metrics. The financial leverage ratio (FLR) improved to 20%, while capital and liquidity ratios remained strong across every business, and central liquidity increased.

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- Our trade-offs
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Delivering on business-specific performance

The Group's strong results are attributable to the performance of our businesses:

Discovery SA

Discovery SA performed strongly, with a compelling contribution from each business in the composite. Normalised operating profit increased by 16% to R9 717 million and new business API by 19% to R19 737 million.

Discovery Health generated solid earnings growth, while continuing to invest in technology, innovation and artificial intelligence (AI). The successful take-on of the Sasolmed medical scheme significantly increased new business API and non-scheme products – whose revenue represents 15% of total revenue – continued to grow.

The business faced regulatory complexity over the period, most significantly related to the National Health Insurance (NHI) Bill which was signed into law in May 2024. While we strongly support the principle of universal health coverage for all South Africans, we are clear that NHI in its current form is not implementable. An analysis of the estimated funding required annually to fund the NHI shows that the additional tax revenue assumed by the National Department of Health is not feasible given SA's socioeconomic context. A workable NHI requires private sector collaboration and funding. We continue to engage with stakeholders at multiple levels to facilitate a viable journey to universal healthcare coverage in SA.

Discovery Life delivered robust earnings growth – despite the elevated prior year Group Life result. The value of new business (VNB) margin for Individual Life increased significantly, and the business maintained its leading position in the affluent retail protection market



with a market share of 27%. Discovery Invest's profit growth was excellent due to an increase in the value of assets under management. In addition, the earnings profile of guaranteed endowments was amended to provide a more even ongoing profit release profile over the duration of a policy, which was the main contributor to a one-off earnings rebase, amounting to R93 million during this period. Discovery Insure achieved a strong recovery in profitability in the second half of the year, following a first half that was significantly impacted by severe weather events. The dynamics of the business have improved as prior period management actions took effect. During the year, Discovery Insure exited the commercial insurance market to facilitate continued focus on further margin enhancement in the personal lines business.

Discovery Bank's performance was pleasing, exceeding expectations. The Bank sustained monthly break-even before new business acquisition costs in the second half of the financial year, with an overall operating loss of R454 million, 41% better than the prior year. Total clients grew by 36% to June 2024. Pleasingly, the Bank crossed the milestone of one million clients in August 2024 – an incredible achievement from its launch less than five years ago. The business remained focused on high-quality growth and customer primacy over the period. Deposits grew by 29%, advances by 27%, and net interest income by 36%. The business also expanded its lending suite by launching a Revolving Credit Facility, as well as home loans, both of which have seen strong initial take-up. The Bank continued to provide superior service over the period, winning the Ask Africa Orange Index for 2023/24 for the best client servicing in retail banking.



Vitality UK

Vitality UK achieved robust growth with earned premiums up 11% year-on-year to £1 101 million, core new business API growing by 7% to £189 million, and total lives insured growing to 1.84 million. Normalised operating profit, which decreased by 43% to £34.4 million, was impacted by two specific issues: claims experience in VitalityHealth and a basis strengthening for the back book under VitalityLife.

VitalityHealth's membership reached one million during the year, having grown strongly from the increased demand for private medical insurance because of the backlogs experienced by the NHS. There was an accompanying increase in claims during the period which negatively impacted earnings. The business increased prices in response to the higher claims, in line with the market, with little impact on lapse rates. Margins are expected to recover in the 2025 financial year.

VitalityLife's underlying performance was robust with positive lapse and claims experience reflecting engagement in the Vitality Shared-value model. Considering continued lower-than-expected lapses for a block of whole-of-life-business within the Prudential Assurance Company book, VitalityLife strengthened the lapse basis resulting in a non-recurring negative impact on earnings for the period. New business volumes grew modestly over the year, in a contracting market, with the business focusing on quality of the portfolio. Price optimisation actions taken resulted in a significant improvement in new business value generated in the second half of the year.



Vitality Global

Vitality Global performed exceptionally, achieving an operating profit of US\$67.9 million, up 48%. Vitality Network generated strong profit and membership growth. Vitality Health International's (VHI's) growth was due to Ping An Health Insurance (PAHI) which delivered an excellent operating result, with a reduction in the combined operating ratio, and strong cash generation. Importantly, PAHI commenced the payment of dividends over the period. VHI represents a key growth area for the Group, and investments were made over the period to capitalise on this opportunity. This included investment in Amplify Health which has made progress with five healthcare cost-saving products deployed in six Asia-Pacific markets.

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02 Entering a new phase of growth in the lifecycle of the Group

Discovery Group has been through a cycle of significant investment over the past few years, with a focus on globalising capabilities, footprint and scale in the UK and beyond, as well as building new growth ventures, most notably Discovery Bank. We have been rigorous around scaling the businesses and initiatives that can meaningfully impact the Group, while closing those with marginal benefits. Alongside this, we have focused on financial discipline by minimising interest rate, currency and refinancing risks, and applying rigour to capital allocation and the utilisation of emerging cash. The Group is now emerging from its phase of significant investment, in line with our growth strategy.

The SA businesses are excellent, and market leaders in their respective categories with a consistent application of the Vitality Shared-value model in each. The Bank continues to meet key milestones, significantly ahead of expectation, and is now well positioned to empower the whole of

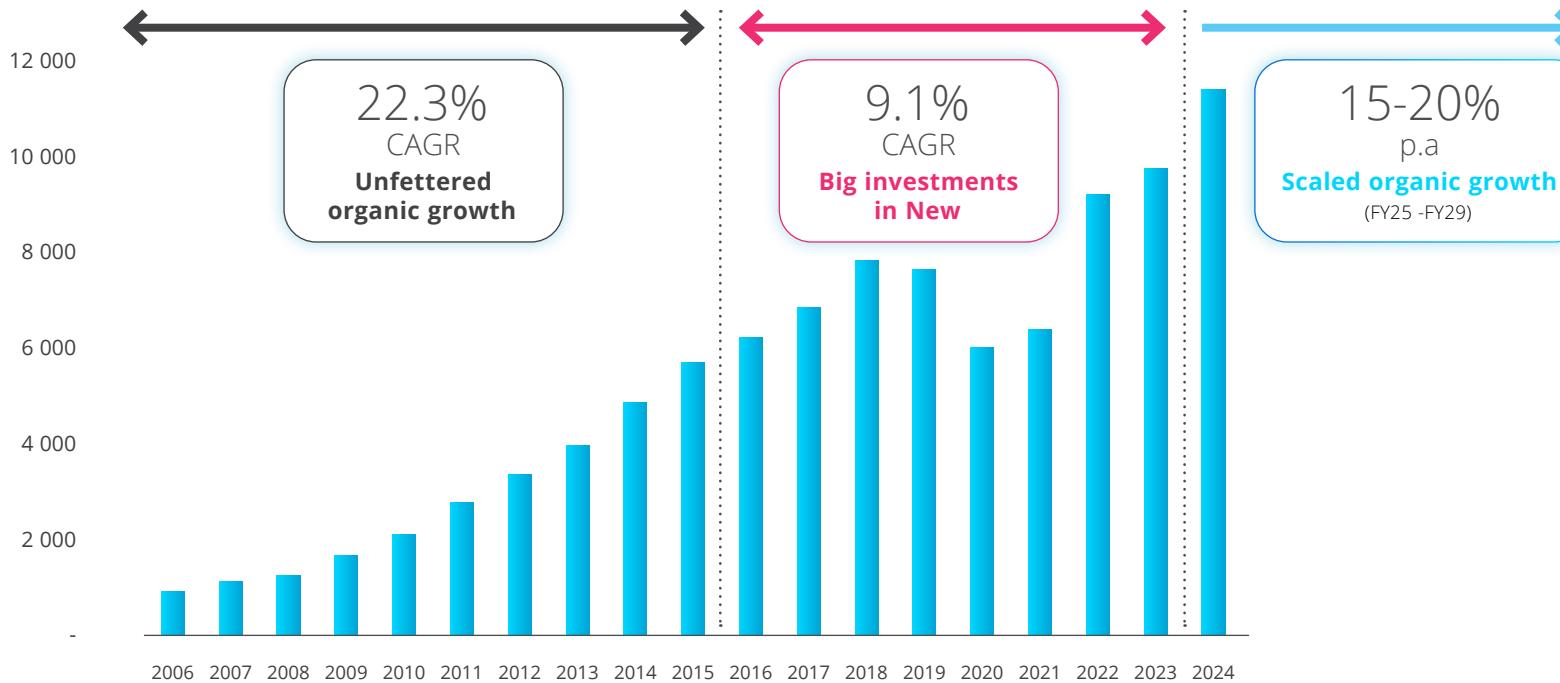
Discovery SA as a full-service digital bank. This, combined with a streamlined and robust financial framework in SA, is enabling our ambition to be the leading financial services group in SA.

In the UK, Vitality has built a prominent brand in a large and competitive market, with £1.1 billion premium revenue, nearly £200 million new business API, and 1.84 million lives. With the closure of VitalityInvest and VitalityCar, the business is now a focused life and health insurance business, well positioned for strong and sustainable growth.

Vitality Global has established itself as a leading wellness and healthcare platform, having expanded the Vitality Shared-value Insurance model to 39 of the world's largest markets. Vitality Global has built a powerful asset in the Vitality1 platform, and its investment cycle has now peaked. In China, Ping An Health Insurance has focused on operational delivery to evolve into one of China's leading specialist health insurers, with strong and sustainable margins.

THREE DISTINCT PHASES

Operating profit by phase of growth, Rm



03 Arranging the Group into two distinct composites, to drive this new phase of growth

The evolution in Discovery's growth strategy has culminated in the re-structuring of the Group into two distinct composites – Discovery SA and Vitality – to drive the new phase of growth. The Group has built two international composites of scale in Vitality UK and Vitality Global. Each composite has developed at a different pace, given the prevailing considerations for each. The scale of the underlying businesses, the evolving data and its applicability, the focus on a unified product strategy, and the need for consistent data, IP and technology, has created the opportunity for a single composite of scale, with significant organic growth potential. This will enable more rapid and effective global deployment of the Group's products and solutions.



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STRENGTHENING OUR FOUNDATION

Beyond this, we are investing in globalising Discovery's proven health and wellness assets and capabilities. Considerable work has been done to evolve the Vitality chassis and model, leveraging our rich and comprehensive data set, and using pioneering AI and machine learning techniques. Our business model evolution, in the form of Personal Health Pathways, will integrate our enhanced data and technology capabilities with new behavioural insights around habits to generate personalised nudges and rich incentives, all available in an intuitive platform on the face of the mobile. This approach creates significant benefits for both the client and insurer, driving better selection, higher engagement, higher VNB, lower lapses, reduced cost of cover, and reduced healthcare costs.

In addition to the significant investment in technology supporting Personalised Health Pathways, we continued to invest in technological innovation that supports the interests of our clients. This included the development of a new Discovery Health App which provides seamless access to a range of services and a unique digital health ecosystem for members and providers. Pleasingly, Discovery received the Global Innovator Award and a Gold Award in the Connected Ecosystems and Marketplaces category for the Discovery Health App at the 2024 Qorus Innovation in Insurance Awards. Alongside this, we worked towards maturing our data and technology management by developing and approving several new policies, including the Group Responsible AI Policy outlining Discovery's approach to the development, deployment and use of AI.

Our people bring the Vitality Shared-value model to life, and we seek to employ the best person for every role and create a diverse and inclusive work environment. Discovery's Employee Experience engagement levels are excellent, with average engagement levels exceeding 80% in FY2024. While maintaining our Level 1 B-BBEE status in SA, we continued to focus on improving diversity in critical skills areas and at management levels over the period. In this regard, we launched a mentorship programme to support and advance African actuarial professionals, in partnership with the South African Actuaries Development Programme and the Association of South African Black Actuarial Professionals. Diversity levels improved with 45% and 39% of our senior managers being female and Black respectively. We have a 0% gender pay gap for roles of the same size and over the period we increased our minimum pay to R200 000 p.a., more than three times the prescribed minimum pay in SA. Similarly in the UK, we made good progress in terms of gender transformation with female appointments into £50 000+ roles at 65% for H1, and into £60 000+ roles at 50% for H2. In SA, we received the Top Employer certification for the fifth consecutive year and maintained our ranking as Top Graduate Employer in the insurance sector. Lastly, we are proud that Vitality UK was named one of the top ten Best Large Companies to Work in The Sunday Times Awards 2024.

FORCE FOR SOCIAL GOOD

As required of our core purpose and values, we are determined to be an exceptional employer, excellent partner and a good corporate citizen. Through the Vitality Shared-value model, we aim to make people healthier and over the period we recorded 576 million healthy activities – with a future target of achieving one billion healthy activities in 2030.

We continued to work towards reducing our environmental footprint and exceeded our short-term emissions reduction goal. As guided by our climate change strategy, we planned to source renewable energy from external providers to meet our 2025 carbon neutral goal. However, with Discovery Green's launch in 2023, we opted to wait for our own platform to be established, which will not only meet our renewable energy needs but also accelerate SA's renewable energy sector. As a result of this, we have deferred the target date of our carbon neutral goal from 2025 to 2027. In addition to this, work on Discovery's Net Zero Transition Plan is underway and will be published next year.

We are committed to nation building and invest in various initiatives in this regard. The Discovery Foundation aims to invest R300 million to train and support 600 medical specialists and institutions by 2026. Since inception, the Foundation has trained and supported 416 medical specialists and institutions. We also supported various road safety initiatives through Discovery Insure, including Pothole Patrol which has fixed over 230 000 potholes since its launch in May 2021, exceeding the initial target by more than 25%. Further, the Pothole Patrol Training Academy – a pilot skills development programme – was launched with Avis and the Johannesburg Roads Agency in 2023.

In July 2023, I joined over 130 South African CEOs in signing a pledge aligning our belief in the potential of SA and committing to building it in partnership with the Government. Significant and encouraging progress has been made in the key areas of energy, transport and logistics, as well as crime and corruption through this partnership. This includes the turnaround of critical issues such as loadshedding. I look forward to building on this progress and maintaining momentum to liberate and accelerate SA's potential.

LOOKING AHEAD

Post year-end, the rand continued to strengthen, further benefitting from interest rate cuts in the US and SA during September 2024, while equity markets continued to strengthen. Global economic recovery is set to be slow and steady with easing inflation in 2024.

Going forward, we continue to work towards our 2026 Ambition to be the best insurance group globally through our Vitality Shared-value model which utilises the largest data set and the most accurate predictive analytics, to incentivise clients to be healthier. The emerging Vitality 3.0 with hyper-personalised pathways will significantly enhance the Group's competitive advantage, benefiting our global clients and partners. The two business composites: Discovery SA and Vitality, are well positioned for growth with clear competitive advantage in each. We expect to grow strongly going forward, with medium-term profit growth exceeding our long-term target of CPI+10%, without recourse to further external capital.

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THANKS AND APPRECIATION

I am grateful to our Board of directors for their support and guidance. I also want to pay tribute to the former Governor of the Reserve Bank and Discovery Board member, Tito Mboweni, who passed away after this reporting period. He had an immense impact on South Africa as a true patriot, and on our business. Tito was an incredible person of deep courage, integrity and clarity. He was always in pursuit of the truth and the good. He made the people he led feel his unconditional support and confidence — the hallmark of an exceptional leader. Tito leaves a big gap in the Discovery Board, and as an ardent supporter of Discovery. His passing is a loss for our country, our business and our people. Our thoughts are with his wife and family.

My deepest thanks and congratulations go to the Discovery people on these results, which reflect a period of discipline, and excellence in each area of the business. I am proud of what we have achieved. We are well positioned to grow and have a transformational impact – this is the time to push forward strongly and with optimism. Finally, I want to thank our partners, intermediaries, and stakeholders for once again helping us pursue good, profitably.

ADRIAN GORE



Our strategy

UNPACKING OUR PURPOSE-DRIVEN STRATEGY

Our core purpose drives our strategy and is the reason WHY we are in business. Our WHAT – the products and services we offer through composites – and our HOW – our operating model and foundation – further inform our long-term strategic objectives.

Our strategy is supported by integrated thinking and considers the resources and relationships we rely on to create and preserve value for our stakeholders.

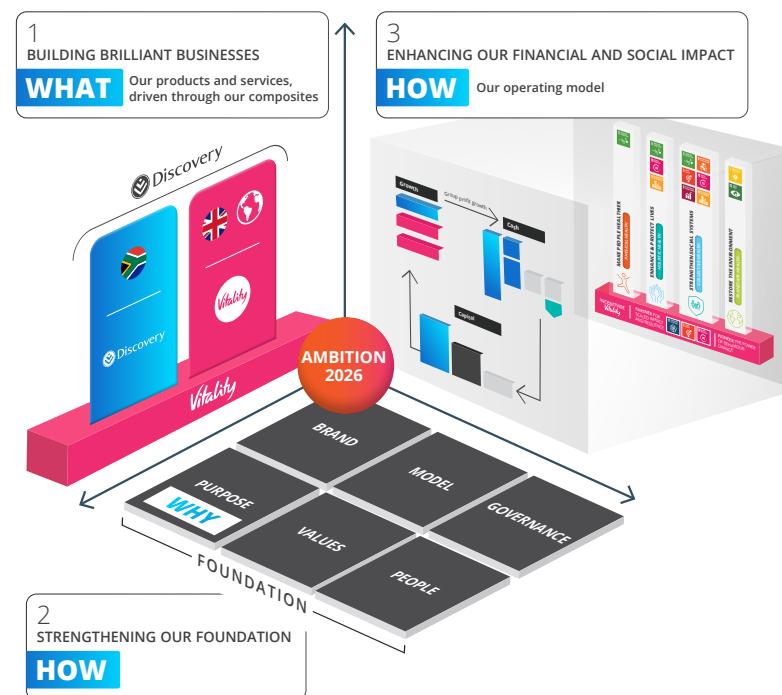
+ We detail our WHY on page 6, our HOW on page 10 and our WHAT on page 7. ➤

We focus on three strategic objectives to deliver on our core purpose and strategy:

1
BUILDING BRILLIANT BUSINESSES

2
STRENGTHENING OUR FOUNDATION

3
ENHANCING OUR FINANCIAL AND SOCIAL IMPACT



Global intersecting trends have amplified the importance of the Vitality model:

Demographic

RISING HEALTHCARE COSTS AND RESOURCES STRAIN

Ageing populations and increasing obesity rates contribute to rising healthcare costs – ageing populations also lead to a rising demand for long-term care services. Prevention, intervention and disease management programmes are integral to improve population health.

Nature of risk

A FOCUS ON HEALTH, WELLNESS AND RESILIENCE

Mortality, sickness and healthcare costs are significantly impacted by behaviour change, across age, gender and health status. This has led to ongoing opportunities to incentivise clients due to the behavioural nature of risk.

Technology

ACCELERATED USE OF TECHNOLOGY AND INCREASED DIGITISATION

The great acceleration in the use of technology, digitisation and new ways of working is set to continue. In this era, personalisation is the new standard for success.

Social responsibility

INCREASED IMPORTANCE OF PURPOSE AND TRUST

As business shifts to create value for all stakeholders, a focus on environmental, social and governance issues has become imperative. Stakeholders expect companies to protect the health and interest of society and the planet.

THE EVOLUTION OF OUR GROWTH STRATEGY

We focus on ensuring the resilience of our business through our strategy, which is informed by four key trends. Our unique and sophisticated Vitality Shared-value model is a powerful platform of integrated assets and capabilities which has positioned us well to respond to these trends.

The Group follows an organic growth strategy that is built on the conviction of the Vitality Shared-value model. This further supports the new phase of growth that the business is entering following a period of significant investment.

The Group's evolution has provided us the opportunity to unify Vitality UK and Vitality Global into one global composite – Vitality. While our long-term strategic objectives remain unchanged, the creation of this single global composite of scale allows us to more rapidly and effectively deploy the Group's products and solutions, alongside the Discovery South Africa composite. **For FY2024, we have reported our progress against our previous three composite structure and will begin tracking against the new structure from FY2025.** We will continue to enhance our social and environmental impact and, in doing so, support the achievement of the United Nations (UN) Sustainable Development Goals (SDGs).

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OUR STRATEGIC OBJECTIVES

Our WHY, HOW and WHAT guide our long-term strategic objectives, which are scaled through our medium-term ambition statement and measured through our short-term KPIs.

THREE STRATEGIC OBJECTIVES

1

BUILDING BRILLIANT BUSINESSES ACROSS OUR COMPOSITES

2

STRENGTHENING OUR FOUNDATION THROUGH KEY BUSINESS ENABLERS

3

ENHANCING OUR FINANCIAL AND SOCIAL IMPACT

AMBITION 2026

The best insurance group globally through our Vitality Shared-value model which results in more competitive products, superior client engagement, and leads to higher margins and better returns for insurers. Discovery will be perceived as best through its ability to disrupt inefficient traditional insurance models, which gives the Group value and leverage with its partners.

Our long-term strategic objectives (FIVE TO TEN YEARS)

South Africa

Leading financial services group in SA via the consistent application of the Vitality Shared-value model, ensuring every business is a market leader in its category and integrates with other businesses in the Group to benefit clients; and a best-in-class bank that enables the composite via its unique payment systems, ecosystems and shared currency.

Vitality

Leading international insurance group that revolutionises insurance through the scaling of the Vitality Shared-value Insurance model, utilising the UK – and the institutional structure and strength of its insurance businesses – as the centre of excellence and epicentre for R&D, together with partnerships with the best insurers globally.

- Guided by strong and intact core purpose and values
- Employing and retaining the best person for every role, in a diverse and inclusive work environment, creating an exceptional employee experience
- A powerful, globally recognised brand
- Disruptive Shared-value model that is unique, scalable and repeatable, with the best insurtech platform and capabilities
- Ethical and effective governance to support value creation and a diverse Board

- Achieving quality earnings growth while generating sustainable levels of cash and return on capital, manifesting in enhanced value growth
- Scaling our social and environmental impact
- Achieving the highest ratings across selected environmental, social and governance (ESG) indices and rating agencies

Our medium-term strategic focus (THREE TO FIVE YEARS)

Normalised operating profit growth:

CPI+10%

% Spend on new:

c5%

ROE:

WACC+3.8%

Cash conversion (normalised history):

60-70%

FLR:

10-20%

Dividend cover:

<5x

Our short-term KPIs (ONE TO THREE YEARS)

- Core new business annualised premium income (API)
- Biannual launch of new products
- Actuarial dynamics
- Growth of Discovery Bank
- Global expansion
- Normalised return on equity (ROE)
- Investment in new businesses

BRAND

- Brand measure and market position

PEOPLE

- Employee engagement
- B-BBEE scorecard
- Diversity, inclusivity and transformation

MODEL AND CAPABILITIES

- Contributions to business and product launches; Cyber and business continuity management; Efficiency in service operations
- Focus on hyper-personalisation capabilities

GOVERNANCE

- Board effectiveness
- Promotion of Board diversity
- Fair and responsible pay

FINANCIAL

- Normalised operating profit
- Normalised headline earnings
- Headline earnings per share
- Financial leverage ratio (FLR)
- Liquidity at centre
- Cash conversion
- Dividend cover

SOCIAL

- Number of markets we operate in
- Number of healthy activities
- Environmental impact
- ESG ratings

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HOW WE PERFORMED AGAINST OUR STRATEGY

1

BUILDING BRILLIANT BUSINESSES

Our products and services focus on disruption, engagement, actuarial dynamics, meeting complex consumer needs, and providing exceptional service. In FY2024, we executed our strategic objectives across composites through Discovery in South Africa, Vitality UK and Vitality Global.

During the year, we:

- Continued to innovate to meet client needs and adapt to a complex operating environment characterised by continued high inflation and interest rate increases placing pressure on consumers and constraining economic growth
- Achieved monthly operational break-even before acquisition costs in Discovery Bank, which is growing rapidly and evolving into the South African composite-maker in the retail Discovery ecosystem
- Continued to implement Discovery Insure's margin recovery plan to return it to profitability, despite the further curtailment on operating profit by two extreme weather events during the year
- Focused on achieving sustainable growth in the UK composite's core health and life market, with the closure of VitalityInvest and VitalityCar completed
- Implemented premium increases in VitalityHealth to mitigate the increased claims experience driven by a rise in the utilisation of private healthcare as a result of NHS backlogs
- Demonstrated the adoption of the Shared-value model with key Vitality Global partners and creation of opportunities for continued growth and impact
- Formalised Corporate & Employee Benefits, to deliver existing Group Risk, Umbrella Funds, Healthy Company and Strategic Client Solutions Hub business
- Invested in the technology and capabilities of Vitality US to achieve impact in the growing US market and continued to build Amplify Health's solutions
- Reduced investment in new initiatives, focused on streamlining certain initiatives while terminating those with marginal benefits, including the decision to exit the commercial insurance market

Our performance against KPIs

R CORE NEW BUSINESS API

R26 667 million

(FY2023: R22 622 million)
(excluding discontinued products like VitalityInvest and Discovery Business Insurance (DBI), as well as PAHL reinsurance business)

R CONTINUED TO LAUNCH NEW PRODUCTS BIANNUALLY

ACTUARIAL DYNAMICS WITHIN EXPECTATIONS

958 055

DISCOVERY BANK CLIENTS

(FY2023: 702 131 clients)

INSURANCE PARTNER MEMBERSHIP IN VITALITY GLOBAL INCREASED BY

17%

TO 5.3 MILLION

(FY2023: 4.5 million)

R NORMALISED ROE

13.3%

(FY2023: 13.7%)
IN THE RANGE OF WACC AND WACC+3.8%

INVESTMENT IN NEW BUSINESSES AT

8%

of normalised operating profit
(FY2023: 10.6%)

Future focus areas

- Drive each SA composite business to become a market leader in terms of market share, margin, product and client value
- Position the Bank as the face of the SA composite and scale it to profitability, including expanding and diversifying its product and lending suite to attract new segments
- Mitigate elevated inflation and higher interest rates through product design, operating models, retention efforts, innovation and pricing
- Integrate the UK and Vitality Global composites into a singular global composite, Vitality, to accelerate growth and drive the relevance of the Shared-value model
- Explore Discovery Health's growth opportunities across client segments and continue to engage on NHI
- Manage the impact of the new two-pot retirement system on Discovery Invest's operations and administration systems
- Conclude Discovery Insure's exit from commercial insurance and monitor the impacts of ongoing weather and theft claims to improve our response to these risks
- Grow VitalityHealth against a complex NHS environment and enhance the digital healthcare experience, supported by integrated AI technologies
- Implement a price optimisation process in VitalityLife, increase sales in profitable products and use the Shared-value model to enhance ROE
- Scale Ping An Health Insurance in a complex Chinese market
- Monetise and scale intellectual property in Vitality Network with key partners, and globalise the Group's unique health assets
- Monitor distribution channels with revisions to distribution strategies when required to ensure that they are fit-for-purpose

MATERIAL THEMES

-  Operate within a volatile socio-economic environment
-  Leverage and manage technology and innovation
-  Advance our disruptive Shared-value model
-  Expand and strengthen our social impact

CAPITALS IMPACTED

- FC** Financial Capital
- IC** Data and innovation
- MC** Technology and digital assets
- SC** Relationships

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TARGET*

**Return on equity:
WACC+3.8%**

* This target was recalibrated with the introduction of IFRS 17 and may be adjusted as we monitor our operating environment.



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How we performed against our strategy continued

2

STRENGTHENING OUR FOUNDATION

Our foundation is a critical enabler of our strategy and forms part of HOW we operate.

Our values guide us in delivering on our core purpose through our pioneering Shared-value model, which incentivises positive behaviour change.

Our performance against our purpose, values and governance is embedded in our targets across our three strategic objectives. For example, our success in building brilliant businesses supports the efficacy of our model, and we integrate our core purpose into our people practices and create a value-based culture.

PURPOSE

Our core purpose continues to align with our values

VALUES

Our employees are committed to our values framework

GOVERNANCE

Good governance is a critical component of value creation

We further unpack our brand, people, model and capabilities as part of our foundation in the pages that follow.

BRAND

Discovery's purpose-led brand is fundamental to our strategy. Our Shared-value model, partnerships with leading international insurers, a focus on and progress in market-specific objectives and being a force for good in the communities in which we operate drives the creation of optimal brand value. Over the years, we have built brand equity that supports our growth strategy – including our ability to expand the way we do business and launch initiatives in new markets. At the centre of our ability to build our brand is our dedication to upholding good governance, our values, core purpose and building trust.

During the year, we:

- Rolled out the singular brand identity, Vitality, across all markets and bolstered the narrative through a Vitality research study with London School of Economics on habit formation
- Supported business innovation, sales and distribution, and consumer campaigns that create and drive brand awareness including launching the Discovery Health app and Discovery Green
- Implemented brand campaigns that position the Bank as a new, differentiated category of banking
- Continued to leverage global sponsorship properties, introduce new Vitality products and partnerships
- Continued to invest in our data, marketing, and analytics capabilities to better monitor trends in key metrics across business units
- Identified potential future ethics risks and opportunities

Our performance against KPIs

RANKED

9th

in the Kantar Brandz top 30 most valuable brands in South Africa 2024 and 5th in the financial services category

88%

average score in the Ask Africa brand health tracker for Discovery businesses in South Africa (FY2023: 86%)

57%

score for Vitality (UK) brand survey, conducted by Immerse (FY2023: 56%)

Positive results in terms of brand interest in Discovery products in financial services, as measured through digital channels

R CLIENT PERCEPTION SCORE

9.04

(FY2023: 9.04)

AWARDS AND ACCOLADES

- Discovery received the Global Innovator Award and a Gold award in the Connected Ecosystems and Marketplaces category for the Discovery Health app and health ecosystem at the 2024 Qorus Innovation in Insurance Awards
- Discovery Bank won the Ask Africa Orange Index for 2023/2024 for the best client servicing in retail banking

Future focus areas

- Support the Group's strategic objectives through marketing programmes and initiatives, including new product launches
- Support new business growth and ventures through marketing initiatives that create brand awareness
- Build the Vitality brand globally
- Support and enable the Discovery Bank brand to drive scale and growth
- Enhance Discovery Vitality's brand position in the South African market as the leading health behaviour-change programme that encourages healthy living
- Strengthen decision-making competencies for ethics risk mitigation and opportunity detection, and finalise and integrate the ethical decision-making framework in the Group

MATERIAL THEMES

- Ensure good corporate governance and leadership
- Leverage and manage technology and innovation

CAPITALS IMPACTED

- HC People
- IC Data and innovation
- MC Technology and digital assets
- SC Relationships

TARGET

Client perception score >8.80.

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2 STRENGTHENING OUR FOUNDATION *continued*

PEOPLE

Our people are critical to our success. We strive to employ the best person for every role and attract people who are focused on action and growth. We pride ourselves on creating a work environment that supports exceptional performance, strong leadership, innovation and being a powerful force for good. Employing the right people who share our values helps to build highly motivated teams that embody the Discovery culture.

We seek to create a diverse and inclusive work environment that provides all employees – across race, gender and disability – with an exceptional employee experience and where every employee has a voice.

During the year, we:

- Continued to upskill our people through skills, leadership, learning and development programmes including a focus on scarce and critical skills in the insurance and banking sectors
- Applied attrition data and predictive modelling, personalised retention and reward plans, in addition to enhancing our onboarding solution to improve the experience of new joiners and reduce new employee turnover
- Continued to focus on talent management and succession planning and finalised the business cases for internal and external talent strategies that:
 - Attract, retain and grow diverse talent in the organisation
 - Leverage partnerships to develop skills and create employment opportunities for previously disadvantaged youth in South Africa
- Launched a mentorship programme to support and advance African black and coloured actuarial professionals in South Africa, in partnership with the South African Actuaries Development Programme and the Association of South African Black Actuarial Professionals
- Drove the mental health toolkits within the organisation and held mental health webinars
- Received Top Employer certification for the fifth consecutive year and maintained the ranking as Top Graduate Employer in the insurance sector and runner up in healthcare by the South African Graduate Employers Association

Our performance against KPIs

R EMPLOYEE EXPERIENCE SCORE (SA)

80%

(FY2023: 80%)

R EMPLOYEE NET PROMOTER SCORE (eNPS) (UK)

+33

(FY2023: +37)

R GENDER DIVERSITY

Men: 41%

Women: 59%

(FY2023: 42%/58%)

R B-BBEE SCORECARD

Level 1

(FY2023: LEVEL 1)

R 79% BLACK SOUTH AFRICAN EMPLOYEES

(FY2023: 78%)

BLACK SENIOR MANAGERS INCREASED TO

39%

in South Africa

(FY2023: 37%)

R 45% OF WOMEN IN SENIOR LEADERSHIP POSITIONS

(FY2023: 45%)

Future focus areas

- Entrench a compelling employer talent brand; drive recruitment initiatives to attract and retain diverse talent, particularly in senior, scarce and critical skills through talent pipeline management and our dedicated graduate programmes; and offer competitive total rewards
- Further support diversity, equity and inclusion across our operations through strategic initiatives and programmes
- Understand, support and respond to the holistic wellbeing of our people
- Understand the impact of the new world of work on our people and leaders and support them by identifying and building future-fit skills, roles and capabilities
- Improve the employee experience through enhanced employee journeys and interactions that promote a productive and engaged workforce
- Develop new plans and milestones to meet revised Financial Services Ministerial Employment Equity targets driven by the Employment Equity Amendment Act subject to the outcome of public consultation

MATERIAL THEMES



Operate within a volatile socio-economic environment



Ensure good corporate governance and leadership



Empower our people

CAPITALS IMPACTED



HC People



IC Data and innovation



SC Relationships

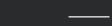
TARGET

Employee engagement, transformation, diversity and inclusion targets are internally set and tracked.



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2 STRENGTHENING OUR FOUNDATION *continued*

MODEL AND CAPABILITIES

Our Shared-value model is globally relevant and establishes us as a leader in the category of shared-value insurance.

Technology is a strategic enabler that supports our Shared-value model, providing our clients with an integrated experience across all platforms. By developing most of our solutions in-house, we can optimise our systems for the current environment while preparing for the emerging digital world.

Research and development drive innovation across the business, while our use of data positions us as a global leader in behaviour change linked to insurance. We leverage our technological capabilities to remain at the forefront of digital trends and innovation, enabling us to expand our global footprint.

During the year, we:

- Evolved the Shared-value model by leveraging data and data science to develop hyper-personalised shared-value capabilities that use the Group's unique understanding of behaviour change
- Enhanced technological solutions and developed a secure platform for client engagement
- Continued to mature our data and technology management by developing and approving new policies, including the Group Responsible AI Policy outlining Discovery's approach to the development, deployment and use of AI
- Continued to provide compulsory data privacy and cyber-awareness training to our employees, financial advisers and service providers, including induction and annual refresher training
- Continued to leverage technology to support our hybrid working environment, in addition to advancing security capabilities to mitigate the increasing associated risks

Our performance against KPIs

Successfully contributed to **BUSINESS AND PRODUCT LAUNCHES THROUGH TECHNOLOGY**

MAINTAINED EFFICIENCY IN SERVICE OPERATIONS

MANAGED CYBER AND BUSINESS CONTINUITY RISKS in the face of increased pressure on business continuity caused by power outages

DATA PRIVACY AND SECURITY:

Conducted privacy impact assessments as part of the product development lifecycle to ensure privacy and information security requirements are met

Discovery South Africa obtained ISO 27001:2022 certification as it transitioned from ISO 27001:2013; Vitality Global maintained its ISO 27001:2022 certification; Vitality UK remained ISO 27001:2013 certified

Developed a hyper-personalised programme, presented in a simple user experience, that uses varied categories and intensity of behaviour change to create **PERSONAL HEALTH PATHWAYS**

Future focus areas

- Continue to invest in data science and data engineering capabilities that support innovative features, such as Personal Health Pathways, ensuring that Discovery remains at the forefront of personalised health solutions and key societal healthcare challenges
- Attract and retain exceptional talent that supports the development of our capabilities, aided by our Gradhack initiative in South Africa and Adrian Gore Fellowship Award
- Optimise the current data and technology environment for affordability, quality and cost
- Continue to work towards a digital trust framework that supports our identity and data centric focus and adapts to an ever-changing technology and security landscape
- Develop intuitive technology channels and adopt client-centric processes to meet the needs of the business, clients, intermediaries and healthcare providers
- Expand our use and understanding of digital tools and technologies like machine learning, AI and the Internet of Things while considering related ethics, privacy and security factors
- Enhance systems availability and improve resilience to business interruption, particularly as a result of power outages and cyber threats

MATERIAL THEMES

 Leverage and manage technology and innovation

 Advance our disruptive Shared-value model

 Ensure good corporate governance and leadership

CAPITALS IMPACTED

HC

People

IC

Data and innovation

MC

Technology and digital assets

SC

Relationships

TARGET

Effective management of data privacy and security, technology, cyber risk and business continuity against internally set targets.

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3 ENHANCING OUR FINANCIAL AND SOCIAL IMPACT

FINANCIAL

Our operating model is the framework against which we deliver financial impact. It reflects market-specific strategies across our composites, with our organic growth model embedded within each composite. This allows for reporting of profit per composite.

Our capital management framework ensures we follow a disciplined approach with regard to statutory or required capital that meets solvency requirements, allocation of capital for growth initiatives (guided by normalised return on equity), liquidity requirements, and funding sources of our capital plan and liquidity buffers that are monitored in line with an FLR.

During the year, we:

- Delivered robust financial performance demonstrating resilience and strong underlying growth dynamics despite macroeconomic challenges across each composite
- Focused on creating platforms for strong future growth by scaling Discovery Bank and Vitality Global
- Demonstrated continued financial resilience, with increased organic cash generation, strong central liquidity and an improvement in the FLR to 20.0%
- Generated strong growth in embedded value, aided by positive experience variances
- Adopted IFRS 17 *Insurance Contracts* and reported earnings under the new accounting standard for the first time, with earnings for the prior year restated

Our performance against KPIs

R NORMALISED OPERATING PROFIT

R11 604 million

(FY2023: R9 917 million)
exceeding CPI+10%

R FINANCIAL LEVERAGE RATIO (FLR)

20.0%
(FY2023: 20.4%)

R NORMALISED HEADLINE EARNINGS

R7 329 million
(FY2023: R6 400 million)

R HEADLINE EARNINGS PER SHARE (HEPS) (DILUTED)

1 083.0 cents
(FY2023: 1 016.4 cents)

R ANNUALISED RETURN ON OPENING EMBEDDED VALUE (ROEV) OF

13.2%
(FY2023: 13.2%)

Future focus areas

- Drive quality earnings growth and cash generation across our composites
- Prudently navigate the complex macroeconomic environment while minimising the Group's exposure to risk
- Continue to manage lapse risk through reinsurance arrangements
- Ensure balance sheet, expense and capital management in the context of geographic exposure
- Maintain robust solvency, liquidity and leverage buffers, at levels which can sustain significant operating and economic stresses

MATERIAL THEMES



Operate within a volatile socio-economic environment



Ensure good corporate governance and leadership



Ensure long-term financial sustainability

CAPITALS IMPACTED



Financial Capital



Relationships

TARGET*

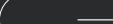
Growth in normalised operating profit:
CPI+10%

* This target was recalibrated with the introduction of IFRS 17 and may be adjusted as we monitor our operating environment.



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How we performed against our strategy continued

3 ENHANCING OUR FINANCIAL AND SOCIAL IMPACT *continued*

SOCIAL

We aim to be a good corporate citizen and business partner. Accordingly, we are committed to nation-building and protecting our planet. Our Integrated Sustainability Framework details how we scale our impact, including outlining the SDGs we believe we can contribute to the most and implementing the roadmap we have developed to close the rating gap on key ESG indices.

During the year, we:

- Participated in public-private collaboration to advocate for a viable NHI for South Africa
- Presented the findings of a 10-year research study with the London School of Economics to map the physical activity and nutrition behaviours of over one million Vitality members across South Africa and the UK with the goal of determining the most effective ways to form and maintain healthy habits
- Continued to fill potholes in Johannesburg through Pothole Patrol, in partnership with Avis and the City of Joburg, and respond to fire incidents through Fire Force
- Invested in digital assets to further extend the reach and access of healthcare, improve the quality of care and create new product offerings that will increase opportunities to reach underserved demographics
- Assisted in addressing the critical shortage of medical graduates and specialist skills through Discovery Foundation
- Received zero waste-to-landfill accreditation at 1 Discovery Place
- Made good progress in meeting our science-based target to cumulatively reduce Scope 1 and 2 carbon emissions
- Revised our Group carbon neutral goal to 2027, when Discovery Green is expected to fully deliver renewable energy to 1 Discovery Place
- Continued to address energy efficiency, waste and water reduction to reduce our impact on the environment
- Made progress in our analysis of relevant Scope 3 emissions in preparation for the 2025 publication of our transition plan to achieve net zero by 2050

Our performance against KPIs

R

OVER
576 million
healthy activities recorded
(FY2023: 503 million)

NUMBER OF MARKETS
IN WHICH WE OPERATE
41
(FY2023: 39)

R 13 million
AWARDED IN RESEARCH
AND TRAINING GRANTS BY
DISCOVERY FOUNDATION
(FY2023: R12 million)

R 21.4%
REDUCTION IN SCOPE
1 AND 2 CARBON
EMISSIONS AGAINST
OUR 2019 BASELINE
(FY2023: 18.5%)

SCOPE 1 AND 2 TONNES CO₂e*
FY2024: 28 215
FY2023: 29 286
FY2022: 30 333
FY2021: 29 723
FY2020: 35 058
FY2019: 35 897

SCOPE 3 TONNES CO₂e*
FY2024: 31 685
FY2023: 28 476
FY2022: 23 230
FY2021: 7 780
FY2020: 19 766
FY2019: 26 238

4.5%
TOTAL WASTE TO
LANDFILL (SOUTH
AFRICA)
(FY2023: 5%)

88 603kl*
TOTAL WATER WITHDRAWN
FROM MUNICIPAL WATER
SUPPLIES IN SOUTH AFRICA
(FY2023: 92 240 kl)

* Fluctuation in consumption and emissions due to COVID-19-related lockdowns in FY2021 and employees subsequently returning to the office. Scope 3 emissions increase as we quantify and include relevant categories.

Future focus areas

- Expand Pothole Patrol and Safe Journey to School to other provinces to enhance our social impact
- Continue our support of healthcare reform to address unacceptable levels in inequality in access to quality healthcare
- Continue to provide funding that supports community health projects through Discovery Fund and Foundation
- Receive zero waste-to-landfill accreditation at our Sable Park, Gqeberha and KwaZulu-Natal offices
- Develop a clear roadmap to net zero by 2050 and publish our plan in Q4 2025
- Further reduce our Scope 1 and 2 carbon emissions by accessing renewable energy, and establish more science-based targets over the next five to 10 years
- Continue assessing and quantifying the Group's Scope 3 emissions and investigate reduction and engagement strategies

MATERIAL THEMES

- Operate within a volatile socio-economic environment
- Advance our disruptive Shared-value model
- Expand and strengthen our social impact
- Strengthen our environmental stewardship

CAPITALS IMPACTED

- IC** Data and innovation
- SC** Relationships
- NC** Environmental resources

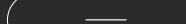
TARGET

Reduction in Scope 1 and 2 carbon emissions against 2019 baseline.

Number of healthy activities against internally set targets.

R Links to executive remuneration

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SCALING OUR SOCIAL AND ENVIRONMENTAL IMPACT

Since Discovery's inception, we have recognised the power of aligning our interests with those of our clients and society. Our ability to do business is fundamentally linked to the wellbeing of the communities in which we operate, and our core purpose is aligned with maintaining an environment that enables and sustains good health. In support of scaling our social and environmental impact, we have been a signatory to the UN Global Compact since its formation in 2015 and continue to uphold the universal call to action to end poverty, protect the planet and improve the lives and prospects of people globally. In addition, we identified the SDGs most aligned with our business and that we believe we can contribute to the most as we scale our impact as a demonstrable force for good.

Our Integrated Sustainability Framework guides our approach to ESG, aligns to our core purpose and maximises our impact through our Shared-value model, enabling us to improve health outcomes and strengthen healthcare systems while delivering robust environmental and governance performance. We are also extending our shared-value approach to become part of the climate-change solution by minimising any negative impacts we have on the environment. Applying our Shared-value model to help address climate change is the next evolution of our shared-value thinking.



Our climate change response

The need for climate solutions has never been greater, with the World Meteorological Organization confirming 2023 as the hottest year on record. Climate change is a key risk for our business and society, as sustained temperature increases are leading to a growing number of extreme weather events and related adverse impacts. We support the Paris Agreement's goals to limit global warming to well below 2°C and to pursue efforts to limit warming to 1.5°C. The need for a just transition to a low-carbon economy is a critical consideration in the South African context, as the poor, unemployed and those living in rural communities are most vulnerable to an abrupt transition. As such, Discovery is committed to a fair, responsible and just transition that will improve the resilience of economies, society and the financial system in line with the Paris Agreement.

Our climate change strategy guides our response to climate change through a two-pronged pragmatic approach. Firstly, we understand, assess and respond to its impact on our business, and secondly we manage our own impact on the environment by reducing our carbon emissions, innovate to create carbon-reducing solutions and encourage behaviour change in our sphere of influence. The strategy specifies clear targets to reduce our GHG emissions and our plans to integrate climate-related issues into our overall business strategy.

Discovery supports the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The TCFD was disbanded in 2023 following the release of the International Sustainability Standards Board IFRS S2, which is consistent with the four core recommendations and eleven recommended disclosures published by the TCFD. We will continue to report against the TCFD recommendations as it has become the foundation for climate-related financial disclosures globally, and we are working to align with IFRS S2 *Climate-related Disclosures*. Our Climate Report reflects the work undertaken during the year to deepen our understanding of the climate-related risks we face, as well as the opportunities we see to lower our impacts and support positive behavioural change through our Shared-value model. We remain committed to enhancing our reporting against regulatory guidelines and leading international climate-related standards as they develop in a transparent manner that reflects our ongoing journey.

SUMMARY OF OUR RESPONSES ALIGNED TO THE TCFD FRAMEWORK



* In FY2024, we decided to defer the Group's 2025 carbon neutral goal to 2027, when Discovery Green is projected to provide 1 Discovery Place with 100% renewable energy.

Governance

The governance of climate-related matters is integrated into our established and wide-ranging Group governance structures to ensure the Board adequately oversees our climate change response. Management is responsible for formulating and implementing climate change strategies, policies and risk management plans in day-to-day operations.

Risk management

We incorporate climate-related risks into our well-established and mature Enterprise Risk Management (ERM) Framework. Our risk management process incorporates principles for identifying, assessing, treating, reporting and monitoring risk exposures, as well as identifying climate-related opportunities.

Strategy

We understand the actual and potential climate-related risks and opportunities we face, as well as their impact on strategy, financial planning and financial performance in the short, medium and long term. We are working to improve our strategic resilience through scenario planning and analysis, which will enable us to understand how the Group might perform under various hypothetical future climate states. Part of this work includes quantifying the impact of climate change risk on our entities, which is a complex exercise given the uncertainty and long-tail nature of the risks linked to climate change. To date, Discovery's climate change impact assessments indicate that risk remains within appetite, based on our current understanding and information.

Incorporating climate-related considerations into our business underscores our commitment to integrated thinking. By understanding our business's operating environment and identifying significant risks and opportunities, we can incorporate critical insights into our strategic decision-making. Our climate-related disclosures not only align with our commitment to transparency; they also foster trust and highlight our readiness to navigate the evolving landscape of climate-related challenges and seize opportunities that lie ahead.

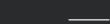
Metrics and targets

Our commitment to reducing our environmental impact and improving our environmental performance is integral to our business strategy. We have set the following goals to guide and measure our progress as we work to reduce our emissions in line with global scientific pathways to keep temperature increases below 1.5°C:

- **Short term:** Targeted reduction of Scope 1 and 2 emissions annually and cumulatively against a 2019 baseline
- **Medium term:** Achieve carbon neutrality in our SA and US operations by 2027 and in our UK operations by 2025 (Scope 1 and 2 emissions)*
- **Long term:** Publish our plan in Q4 2025 to achieve net-zero greenhouse gas emissions by 2050 or earlier and collaborate with strategic partners to enable a low-carbon future

We will continue to investigate additional metrics and targets that relate to the management of climate-related risks and opportunities.

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Risks and opportunities

Discovery's approach to risk management is grounded in our core purpose of making people healthier and enhancing and protecting their lives, our values and proactive risk culture. Risks are factored into decision-making through a top-down approach, while day-to-day processes and projects employ a bottom-up approach. The Board, as our highest governing body, holds ultimate responsibility for risk governance within the Group. The Group Risk and Compliance Committee assists the Board in implementing processes to identify and manage risks within the Board-approved risk appetite and limits.

Our Risk Management Framework is well-defined and integrated across the Group to ensure we apply a consistent risk taxonomy across all entities. The framework includes risk-rating matrices tailored to each entity, which assess and rank the likelihood and impact of various risks. We apply a three lines of defence model – which is core to our operating model – to identify and manage material risks. Our risk appetite and limits are set at business entity and Group levels, with clear accountability and reporting requirements.



We continually refine and embed our Risk Management Model across the Group to address significant strategic, sustainability, financial, insurance, operational, technology and compliance risks. Our Combined Assurance Model further ensures the collective assurance activities provided by internal and external assurance providers adequately address the Group's material risks. It further seeks to ensure appropriate controls are in place to manage these material risks within approved risk limits.

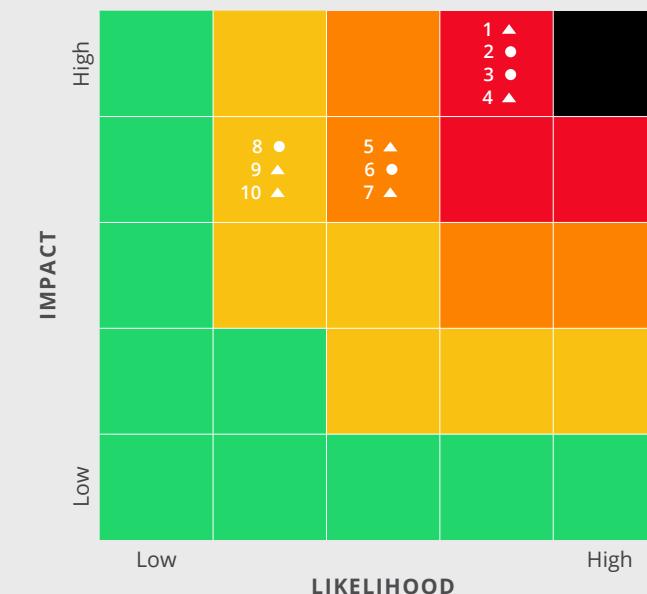
We evaluate the effectiveness of our robust risk-management system annually through the Own Risk and Solvency Assessment (ORSA). This assessment offers a comprehensive view of the Group's risks and their impact on capital, solvency and business strategy. In addition, we regularly measure the Group risk culture, using these assessments to identify areas for improvement.

OUR TOP RISKS

The section below ranks Discovery's current top risks in order of priority. We rate risks based on the likelihood of their occurrence and potential impact on Discovery. We also monitor whether the severity of each risk changed during the year under review.

- 1 Global geopolitical instability¹ ▲
- 2 Global rising cost-of-living crisis ●
- 3 Impact of NHI ●
- 4 Cyber crime and cyber security ▲
- 5 Information risk (new)² ▲
- 6 Complex and changing regulatory landscape ●
- 7 Organisational resilience³ ▲
- 8 Human capital capabilities ●
- 9 Climate change ▲
- 10 Conduct risk (new) ▲

KEY		
Trend indicator		
▲	Increase in risk severity from FY2023	●
	Risk severity unchanged from FY2023	▼
	Decrease in risk severity from FY2023	
Risk rating		
■	Catastrophic	■ High risk
■	Very high risk	■ Low risk
		■ Medium risk



¹ Global geopolitical instability includes complex political landscapes.

² Information risk formed part of the FY2023 technological resilience risk.

³ Organisational resilience includes technological resilience, energy crisis and financial resilience.

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UNDERSTANDING OUR RISKS AND OPPORTUNITIES

1 Global geopolitical instability

(FY2023 rank: 3)

Risk description and impact on our business

Geopolitical tension remains a top risk globally, with ongoing conflicts and escalating tension between nations. This instability has the potential to impact inflation, key trade routes, communication lines and oil prices. While we may not be directly impacted, the interconnected nature of global markets indirectly exposes us to the consequences of these risks.

Globally, several critical national elections have been or will be taking place during 2024, increasing the risk of misinformation and potentially exacerbating already strained relationships geopolitically. Discovery could be impacted in a number of ways, including stubborn inflation and high interest rates; negative exchange rate volatility; the negative effects on stock market returns; increased likelihood of cyber-attacks; reduced global trade, changes to economic bilateral trade agreements and investments; disruptions to the availability and cost of key materials, equipment and parts; and the adverse effects on our global partnerships and collaboration. Ultimately, this could decrease margins, increase the cost of capital, reduce new business volumes and increase lapses – all of which could lead to lower earnings and reduced return on capital.

Key mitigating actions

- Continue to evaluate global geopolitical tensions and develop appropriate business responses
- Enhance our understanding and preparedness for potential future conflicts
- Identify key supply chain dependencies and alternative suppliers
- Ensure product flexibility to enable increased pricing in the event of higher input costs or claims experience
- Hedge our currency and interest rate risk, where necessary
- Enhance cyber-security capabilities
- Diversify business to reduce concentration risk

Opportunities

- Leverage our shared-value approach, which remains scalable, repeatable and globally relevant
- Continue to play a leading role in business and industry engagements, with government and other social partners, to implement key interventions that will increase confidence in South Africa's economic trajectory

RELATED MATERIAL THEMES

	Advance our disruptive Shared-value model
	Operate within a volatile socio-economic environment
	Ensure long-term financial sustainability

CAPITALS IMPACTED

FC	Financial Capital
SC	Relationships

GEOGRAPHIES IMPACTED

South Africa, UK, China and global partners

2 Global rising cost-of-living crisis

(FY2023 rank: 1)

Risk description and impact on our business

Persistent high inflation and interest rates continue globally, placing strain on economic growth – especially in economies with low growth prospects. This also increases pressure on our clients' disposable income, which can lead to lower new business volumes, product buy downs and increased lapses and withdrawals. Slow economic growth could negatively impact our ability to deliver acceptable returns on capital invested and manage rising operational expenses, as well as investment fees for our investment businesses and insurance assets for our life businesses, resulting in overall decreased margins. Recent interest rate cuts have, however, signalled the start of a global monetary easing cycle.

Key mitigating actions

- Focus on innovation and improving products and pricing to attract and retain clients and provide clients the option to buy-down cover as a retention tool
- Manage lapses through retention efforts, service enhancements or policy improvements
- Continuously evaluate the macroenvironment and respond accordingly, such as implementing hedging and asset-liability matching strategies to manage interest and foreign exchange risks
- Develop world-class businesses capable of competing regardless of macroeconomic conditions
- Identify and pursue further growth opportunities

Opportunities

- Leverage our shared-value approach, which remains scalable, repeatable and globally relevant
- Develop new products and services as part of our biannual product launch cycle that create shared value, are suitable for the current environment and address client needs and affordability

RELATED MATERIAL THEMES

	Advance our disruptive Shared-value model
	Operate within a volatile socio-economic environment
	Ensure long-term financial sustainability

CAPITALS IMPACTED

FC	Financial Capital
SC	Relationships

GEOGRAPHIES IMPACTED

South Africa, UK and global partners

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Understanding our risks and opportunities continued

3 Impact of NHI (FY2023 rank: 2)

Risk description and impact on our business

South Africa's NHI Act was signed into law on 15 May 2024. The Act proposes, under Section 33, that when the NHI is fully implemented there will be some limitation of private healthcare cover. This has led to uncertainty and speculation about the future of private healthcare in South Africa. However, given the extent of the proposed reforms and underlying fiscal constraints, it is expected that it will take several years, possibly decades, for the NHI to be fully implemented.

We do not expect significant changes for medical schemes and private healthcare in the foreseeable future. Full implementation would require reorganisation of the healthcare system, and uncertainty remains about the funding required to implement the provisions of the Act. In the short term, however, these developments may harm country and market sentiment. The implementation of the Act is also prone to lengthy litigation, could require infrastructure investment and lead to a loss of medical professionals to the international market which, in turn, will create a skills gap in an already constrained healthcare system.

Key mitigating actions

- Participate in collaborative initiatives with healthcare provider groups
- Engage to drive a workable NHI solution through public and private sector cooperation
- Continue to diversify into other financial services in the markets we operate
- Implement initiatives to support skills development within South Africa's healthcare sector
- Play a constructive role by engaging and providing thought leadership

Opportunities

- Advocate for a robust NHI framework that collaborates closely with the private sector and achieves universal healthcare, supported by a sustainable economic plan

4 Cyber crime and cyber security (FY2023 rank: 5)

Risk description and impact on our business

The frequency and sophistication of cyber attacks continue to increase globally while the dynamic nature thereof means that the risk remains high. Despite our considerable investment in cybersecurity measures, operating in critical sectors like healthcare, banking and insurance makes Discovery particularly vulnerable to cyber risks and potential contagion impacts. We continuously monitor and update our defences to protect against evolving threats, as a cyber attack could result in substantial business disruption due to the exploitation of security vulnerabilities, increased operational costs, enhanced regulatory scrutiny, reputational damage and the potential loss of sensitive client data.

Key mitigating actions

- Enhance security capabilities, secure user access and protect sensitive information through the Group Cyber Programme, Digital Trust Architecture Framework and the National Institute of Standards and Technology Framework, as well as the relevant Group policies and procedures – which align with industry standards and regulatory requirements
- Maturing cyber resilience capabilities and perform regular penetration testing to better anticipate, detect and defend against potential vulnerabilities and mitigate threats in real-time
- Continue to educate employees on cybersecurity best practices and emerging threats
- Assess and manage the security practices of key third-party vendors and partners to ensure they meet our security standards
- Leverage monitoring tools and threat detection systems to monitor for unusual activities and potential threats

Opportunities

- Strong cybersecurity measures enhance client trust, which can lead to increased client loyalty and attract new clients who prioritise security in their financial transactions
- Enhanced cybersecurity can enable the development of new secure financial products and services, such as secure digital wallets and advanced fraud detection tools

RELATED MATERIAL THEMES	CAPITALS IMPACTED	GEOGRAPHIES IMPACTED
Advance our disruptive Shared-value model Operate within a volatile socio-economic environment	FC Financial Capital SC Relationships	South Africa
Ensure long-term financial sustainability Expand and strengthen our social impact		

RELATED MATERIAL THEMES	CAPITALS IMPACTED	GEOGRAPHIES IMPACTED
Leverage and manage technology and innovation Ensure good corporate governance and leadership	HC People IC Data and innovation MC Technology and digital assets	South Africa, UK and global partners

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Understanding our risks and opportunities continued

5 Information risk (New*)

Risk description and impact on our business

The Group is exposed to the increasing risk of accidental or intentional unauthorised access, alteration, disclosure, or destruction of information resources, which would compromise the confidentiality, integrity and availability of our information assets and personal data.

We leverage data to offer services and develop products that meet our clients' needs. Responsible data collection, usage and management are fundamental to our ethical operations, values and maintaining client trust. Inaccurate data maintenance could lead to poor decision-making, financial losses and potential regulatory consequences. By prioritising robust data security practices, we aim to protect our information assets, uphold client trust and support our business objectives.

Key mitigating actions

- Implement strict access controls to limit data access to authorised personnel
- Encrypt sensitive data to protect against unauthorised access and breaches
- Ensure compliance with relevant data protection policies, regulations and standards
- Monitor and analyse data exchanged across channels to fortify data protection
- Provide ongoing training and awareness programmes to employees and suppliers on data privacy
- Ensure operational resilience risk is adequately managed
- Safeguard data in line with our fiduciary duty and our Group Privacy Statement, and comply with data protection and privacy legislation

Opportunities

- Apply data science to understand people's behaviour and use its correlated impact on risk profiles to design rewards and benefits that drive positive behaviour change

RELATED MATERIAL THEMES

CAPITALS IMPACTED

GEOGRAPHIES IMPACTED

 Leverage and manage technology and innovation



Empower our people

 Ensure good corporate governance and leadership

HC People

IC Data and innovation

MC Technology and digital assets

South Africa, UK and global partners

6 Complex and changing regulatory landscape (FY2023 rank: 7)

Risk description and impact on our business

The Group operates in a highly regulated environment across several geographies where new Bills, legal precedents and regulatory requirements are frequently introduced. In the long term, several important regulations may have operational, financial and reputational impacts on our business due to changes in the way we operate. These include the NHI Act, climate-change related legislation, standards reporting/disclosure requirements, Payment Services Regulation, the Employment Equity Amendment Act, the two-pot retirement system and IFRS 17 *Insurance contracts*.

Key mitigating actions

- Maintain a stable, safe, fair and regulated business environment
- Monitor regulatory changes through robust governance structures and frameworks
- Proactively build compliance capabilities to address significant developments
- Drive and actively support and meet the Group's regulatory obligations
- Engage with regulators, lawmakers and thought leaders through industry and professional bodies to influence and stay updated on key regulatory developments
- Address significant developments with dedicated, multidisciplinary project teams
- Develop plans and milestones to meet revised Financial Services Ministerial Employment Equity targets driven by the Employment Equity Amendment Act

Opportunities

- Engage with government proactively to provide policy and regulatory development input

RELATED MATERIAL THEMES

CAPITALS IMPACTED

GEOGRAPHIES IMPACTED

 Advance our disruptive Shared-value model



Operate within a volatile socio-economic environment

FC Financial Capital

HC People

SC Relationships

South Africa, UK and global partners

* Formed part of the FY2023 risk, *Technological resilience*.

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Understanding our risks and opportunities continued

7

Organisational resilience

(FY2023 rank: 10*)

Risk description and impact on our business

For Discovery, organisational resilience encompasses our focus on business continuity, as well as technological and financial resilience. We must ensure that we can continue operating despite any disruption to our business and, accordingly, operational resilience ensures we have the ability to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions to achieve our strategic objectives and ensure Discovery's sustainability.

Our technology infrastructure is also central to maintaining organisational resilience, and we must continue ensuring these and related business recovery systems are effective in responding to disruptions and technological changes. Material instability in our core operating systems could impair our business model by deteriorating the speed and quality of services that rely on information processing.

Given the complex macroeconomic landscape, Discovery must continue focusing on ensuring financial resilience, protecting shareholder value and maintaining a strong financial position to navigate economic volatility. Our prudent financial management, diverse revenue streams and disciplined cost controls help us sustain operations as we continue to invest in growth opportunities even during challenging periods.

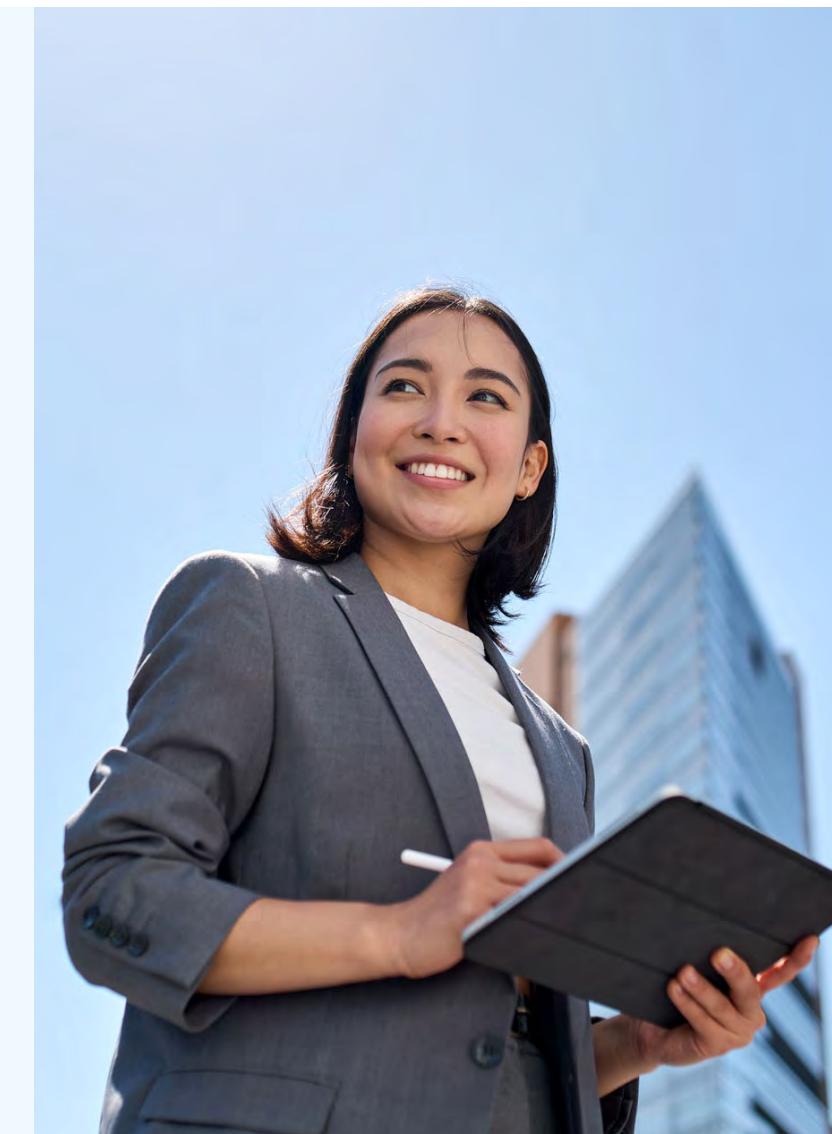
RELATED MATERIAL THEMES	CAPITALS IMPACTED	GEOGRAPHIES IMPACTED
 Ensure good corporate governance and leadership  Leverage and manage technology and innovation	IC Data and innovation MC Technology and digital assets SC Relationships	South Africa, UK and global partners
		<small>* Organisational resilience evolved from FY2023 risk, Technological resilience. The risk now also includes the FY2023 risk, Energy crisis and financial resilience.</small>

Key mitigating actions

- Enhance disaster and business continuity planning to refine processes and systems that enable us to effectively respond to disruptions, including developing contingency plans, regular stress testing and implementing advanced technologies
- Implement robust data backup and recovery procedures to ensure business continuity in the event of data loss or corruption
- Establish and regularly update an incident response plan to address any security breaches and minimise potential damage
- Review and refine security requirements and amend capabilities as required
- Install solar power at Discovery offices and branches in South Africa and explore renewable energy options
- Work closely with our suppliers and partners to ensure the stability of our supply chains
- Maintain strong relationships with our clients and stakeholders through transparent and responsive communication
- Integrate our approach to growth, liquidity, solvency management and value creation through our clearly defined Group operating model
- Allocate capital in line with our Capital Allocation Framework

Opportunities

- Maintain organisational resilience to deliver an integrated experience for our clients and healthcare providers across our businesses



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Understanding our risks and opportunities continued

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Human capital capabilities

(FY2023 rank: 11)

Risk description and impact on our business

While our people remain a strategic enabler for the Group, we continue to face risks related to skills shortages – especially in critical areas like technology, data science and actuarial science. In addition, retaining and developing our existing talent to maintain a resilient and evolving work environment remains a challenge. In the UK and US, retention and recruiting pressure increased due to competitive labour markets and, in South Africa, increased emigration continues to pose a challenge.

Our workforce is becoming more diverse, inclusive and demographically representative of the markets in which we operate. However, targeted transformation at senior management level is not progressing at a satisfactory pace. In addition, macroenvironmental changes together with a rapidly changing world of work have resulted in significant wellbeing challenges globally, including mental wellbeing.

To remain competitive and address the diverse needs of employees, we continue to employ a hybrid working model across the Group. While this has numerous benefits, there is the potential challenge of instilling and maintaining Discovery's unique culture, particularly for new employees. We continue to monitor internal challenges and changes in the market as more companies move away from a flexible hybrid working model.

Key mitigating actions

- Entrench a compelling employer brand and drive recruitment initiatives that attract and retain the best talent in critical segments
- Ensure we have the best person in every role and build highly motivated teams that embody the Discovery culture
- Continue to improve and drive our transformation plans at senior management level to ensure we progress at a satisfactory pace
- Identify and implement succession planning across the key roles
- Continue to support diversity, equity and inclusion through strategic initiatives and programmes
- Monitor and respond to challenges linked to employee wellbeing through dedicated programmes like the Vitality Mental Wellness Programme and Healthy Company and employee engagement surveys

Opportunities

- Build our talent pool of critical skills, particularly in actuarial and technology sectors through our dedicated graduate programmes



RELATED MATERIAL THEMES



Leverage and manage technology and innovation



Ensure good corporate governance and leadership



Empower our people

CAPITALS IMPACTED



People



Data and innovation

GEOGRAPHIES IMPACTED

South Africa, UK and global partners

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Understanding our risks and opportunities continued

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Climate change (FY2023 rank: 12)

Risk description and impact on our business

Climate change remains a key risk to businesses and society, and Discovery is committed to reducing the carbon emissions of our operations to align with global climate ambitions by continuing to invest in renewable energy. We also consider environmental-related risks beyond climate change and the potential impacts thereof on our business.

Climate change risk could impact the Group if we hold investments that decline in value due to fossil fuel or non-climate friendly activities, supply side considerations and reputational risk driven by emerging energy policies and financial sector regulations.

Extreme weather events linked to climate change could lead to increased motor and property-related claims in our non-life insurance businesses and increased claims relating to accidental deaths and injuries in our life and health insurance businesses. Weather-related claim risks have increased in Gauteng, KwaZulu-Natal and the Western Cape. The reinsurance market has increased deductibles across the industry and ultimately triggered a need to reprice affected clients. Changing weather patterns could impact our life and health businesses by exacerbating health issues caused by rising temperatures, particularly for the elderly and those with pre-existing health conditions.

RELATED MATERIAL THEMES

CAPITALS IMPACTED

GEOGRAPHIES IMPACTED



Ensure long-term financial sustainability



Strengthen our environmental stewardship



Expand and strengthen our social impact

NC

Environmental resources

FC

Financial Capital

SC

Relationships

South Africa, UK and global partners

10

Conduct risk (New)

Risk description and impact on our business

Consumer trust is a valuable intangible asset that strengthens the Discovery and Vitality brands, supports client acquisition and retention and drives increased market share. In line with our values, Discovery is committed to entrenching a culture that prioritises the fair treatment of clients, and aided by the evolution of Consumer Duty on the Treating Customers Fairly (TCF) principles in the UK, a strong focus is being placed on customer vulnerability in South Africa – as well as the impact Discovery's processes and controls may have on our clients.

10

Key mitigating actions

- Promote fair treatment through robust monitoring of the appropriate business processes and controls
- Drive the delivery of clear and measurable fair outcomes by embedding the principles of the TCF framework
- Consider the treatment of our clients at every stage of the client relationship – from product design and marketing to advice, point-of-sale and after-sale stages
- Review additional processes and controls to further strengthen the fair treatment of vulnerable customers in South Africa
- Continue to evaluate and monitor the new Consumer Duty outcomes in the UK, which have already been fully implemented
- Through our TCF Subcommittee, provide assurance to the Board that an appropriate culture encouraging the fair treatment of customers is established, maintained and monitored

Opportunities

- Building and maintaining trust with clients
- Demonstrating our performance as an active and responsible corporate citizen

RELATED MATERIAL THEMES

CAPITALS IMPACTED

GEOGRAPHIES IMPACTED



Advance our disruptive Shared-value model



Ensure good corporate governance and leadership

MC

Technology and digital assets

SC

Relationships

South Africa, UK and global partners

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EMERGING RISKS

We continue to monitor external dynamics that could impact the sustainability of our business and, in doing so, consider critical emerging risks that could impact our long-term strategic priorities.



Market disrupters

Risk description and impact on our business

The rate of technological change – especially disruptive technologies – and the accelerated pace of adoption impact our competitive landscape, shifting client behaviours and expectations. Furthermore, the aggressive collection and use of data may lead to evolving exposure to data compromise and operational functionality, including the sharing of intellectual property with open-source AI.

How we are responding

- Invest in technology and innovation to ensure we differentiate ourselves in the market
- Further enhance our data analytics capabilities to create innovative shared-value opportunities based on our unique data sources
- Swiftly adopt disruptive technologies that support our innovative Shared-value model, enriching our products and increasing the appeal of our offerings to a younger generation without compromising data security
- Continue to monitor global AI developments and Discovery's approach to the ethical use and governance thereof
- Develop our systems to support digitisation and enhance client experience
- Simplify and enhance the client experience to increase our market share
- Continuously improve our cyber security programmes



Ageing population and increasing chronic disease

Risk description and impact on our business

The average age of medical scheme members is increasing – as is the proportion of the covered population that suffers from chronic conditions like diabetes, cardiovascular diseases, cancer and poor mental health. The obesity epidemic, in particular, is a global challenge and increases the risk of premature death and developing illnesses or non-communicable diseases while also increasing healthcare costs. Ageing demographics also contribute to a growing demand for long-term care services, further straining financial resources.

How we are responding

- Influence client behaviour and assist in making them healthier through the Vitality behaviour-change platform and Personal Health Pathways
- Encourage early identification through regular health checks, screening and targeted interventions to prevent and manage long-term illness
- Encourage members to form and maintain healthy habits around physical activity, nutrition and mental wellbeing and reward them for doing so
- Offer disease management interventions and tailored programmes for high-risk populations living with chronic diseases to improve outcomes and reduce overall costs



Deteriorating public infrastructure in South Africa

Risk description and impact on our business

The deterioration in public infrastructure could result in national freight rail, electricity and water supply failures across the country. The most notable knock-on impacts include disruptions to food security, increases in transport costs and effects on the general health of the most vulnerable in society. There has been a steady decline in the maintenance of roads, water and electricity infrastructure in many parts of the country, including those provinces where most of our exposures lie. This could increase the risks of claims resulting from the loss of power, water shortages and road damage.

How we are responding

- Drive partnerships with the public sector through initiatives like Pothole Patrol and Fire Force
- Build capacity in the healthcare system by investing in training and service innovation and addressing skills shortages in rural areas
- Introduce product enhancements to protect against, for example, power surge claims
- Monitor claims and ensure products are priced appropriately, and that reinsurance is in place
- Ongoing review of Discovery's business resilience strategies to ensure these remain appropriate and effective

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Our operating environment

FY2024 was marked by ongoing macroeconomic complexities. While global inflation rates decreased from previous highs, they remained elevated, with cumulative interest rate increases intensifying consumer pressure and limiting economic growth. Geopolitical risks and the impact of persistent extreme weather events further contributed to the complexity. In South Africa, sovereign debt risk also remains a concern. These issues are interconnected, reflecting a world where complexity presents threats and opportunities.

Our core purpose guides us in this environment and contributes to our resilience during complex times. We continually identify and respond to material trends, integrating them into our strategic decision-making process to ensure our business remains relevant and resilient.

“While global inflation rates decreased from previous highs, they remained elevated, with cumulative interest rate increases intensifying consumer pressure and limiting economic growth.

THE PURPOSE IMPERATIVE

Context

Increasingly, society looks to businesses and governments to address systemic issues, including economic, social and environmental crises. The focus is shifting from maximising shareholder value to considering the broader societal and environmental impacts of business operations. Stakeholders now expect companies to drive social change and protect both communities and the planet. In this evolving landscape, authenticity, trust, and a clear sense of purpose are more crucial than ever.

Businesses also face increased pressure to create value for clients through their products, services and client journeys. In the healthcare industry, for example, companies are expected to improve the quality of care, decrease costs and take a patient-centric approach. In addition, demographic shifts, including an aging population, are creating a corresponding rise in chronic diseases, leading to an increase in healthcare expenses. Ageing demographics also contribute to increased demand for long-term care services, further straining financial resources. Other shifts, including rising obesity rates are also increasing healthcare costs. These trends require preventative measures, interventions and disease management programmes to improve population health. Within this context, meeting societal demands requires a shared-value business model.

How we are responding

Our purpose is integral to our operations, influencing everything we do through our unique business model, which leverages shared value to drive growth, guide our strategy and form the foundation of our products and services. Our purpose also steers our approach to addressing social and environmental challenges in the markets we serve.

We participate in public-private dialogues to promote cooperation aimed at improving healthcare delivery on a broader scale, including discussions on NHI in South Africa. The NHI Act was signed into law on 15 May 2024. In our engagements we have raised concerns about the NHI's sustainability and feasibility, particularly around funding and the long-term role of private healthcare. While we fully support universal healthcare and recognise the role of a workable NHI in achieving this, we believe the current NHI Act is not viable without private sector collaboration and broader funding sources. We remain committed to advocating for a robust NHI framework that benefits all South Africans and enables close collaboration with the private sector, supported by a sustainable economic plan.

Through the Discovery Foundation, we contribute to addressing the significant shortage of medical graduates and specialist skills. In addition, our employees support local communities through our Mentorship With Purpose Programme and Discovery ForGood.

Discovery strives to be an exceptional employer, partner and corporate citizen. We are deeply committed to nation building and protecting our planet for future generations. To this end, we are a signatory to the United Nations (UN) Global Compact, Principles for Responsible Investment, Principles for Sustainable Insurance and align our efforts to the UN's Sustainable Development Goals (SDGs).

RELATED MATERIAL THEMES	RELATED RISKS AND OPPORTUNITIES	RELATED UN SDGS
<ul style="list-style-type: none"> Operate within a volatile socio-economic environment Advance our disruptive Shared-value model	<ul style="list-style-type: none"> Expand and strengthen our social impact Strengthen our environmental stewardship <ul style="list-style-type: none">1 Global geopolitical instability2 Global rising cost-of-living crisis3 Impact of NHI9 Climate change	    

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POLITICAL AND ECONOMIC UNCERTAINTY

Context

Macroeconomic environments remain unpredictable globally. Ongoing conflicts and geopolitical instability pose an indirect risk to the stability of oil prices, inflation, interest rates and exchange rates. Given our global presence as a financial services organisation, local and global financial market volatility influence our earnings and net asset value.

Global economic recovery remained slow and steady in 2024, driven by moderate gross domestic product (GDP) growth and easing inflation. Different regions, however, are experiencing varied recoveries due to uneven GDP growth and inflation rates. While inflation is easing in most economies due to declining energy prices and reduced supply chain pressures, risks related to geopolitical tensions and high government debt burdens remain. Monetary policy tightening aimed at reining in inflation in recent years, continues to pressure consumers in many regions.

More than four billion people have been or will be going to the polls during 2024, with elections directly impacting approximately 60% of global GDP, including in the US, UK and South Africa. The risk of political uncertainty is further heightened due to increased political polarisation.

In South Africa, sovereign risk is heightened by the country's weak fiscal position, high debt levels and the South African financial sector's significant exposure to sovereign debt. This is exacerbated by the potential regulatory complexities related to the NHI Act and political uncertainty in light of the new Government of National Unity. Pleasingly, loadshedding intensity has lessened in the first half of 2024, yet infrastructure instability in rail transport and water supply persists. In addition, unemployment and inequality remain unsustainably high.

How we are responding

We diligently track developments in the economic and political landscapes across our operating markets, actively engaging with relevant stakeholders as necessary. This approach provides insights into the challenges and pressures clients face, as well as their evolving needs in response to these changes.

Our products and services create shared value while addressing client needs. In FY2024, we introduced several new product innovations and focused on affordability and value, introducing Discovery Insure's Core Plan to offer more affordable vehicle and home insurance, expanding Discovery Bank's lending suite and launching the Discovery Health app and Personal Health Pathways.

To manage interest and foreign exchange risks, we employ hedging and asset-liability matching strategies across our businesses, adhering to approved policies that are continually monitored. Our regulated entities are capitalised to meet regulatory solvency requirements, calibrated to withstand a one-in-200-year adverse event. In addition, we apply an extra buffer to ensure compliance with regulatory requirements and sufficient liquidity within each regulated entity, even after a one-in-25-year adverse event, supported by a liquidity buffer at the centre.

We apply a disciplined financial framework and allocate capital to ensure we deliver strong growth, cash generation, quality earnings and capital resilience across all our composites. We establish platforms that accelerate growth by scaling Discovery Bank and Vitality Global through the evolution of our Vitality Shared-value model.

+ For more information, refer to our risks and opportunities on page 41 and our Group Chief Financial Officer's review on page 65. >

RELATED MATERIAL THEMES

 Operate within a volatile socio-economic environment



Ensure long-term financial sustainability

 Advance our disruptive Shared-value model

RELATED RISKS AND OPPORTUNITIES

1 Global geopolitical instability

6 Complex and changing regulatory landscape

2 Global rising cost-of-living crisis

7 Organisational resilience

CLIMATE CHANGE

Context

The impacts of climate-related flooding, biodiversity loss and extreme weather events are already felt globally. The UN Intergovernmental Panel on Climate Change (IPCC) reports make it clear that human activities are the primary drivers of these changes. According to the IPCC, these impacts will worsen without urgent reductions in greenhouse gas emissions and enhanced adaptive measures. Despite more countries committing to net-zero emissions, there remains a significant gap between targets and the actions needed to meet them.

Given the interdependencies between climate, health and insurability, insurers must play a critical role in addressing the climate crisis. Climate change adversely affects health through air pollution, disease, extreme weather events, forced displacement, food insecurity and pressures on mental health. If current trends continue, climate-related deaths could reach 3.4 million per year by the end of the century. In addition, healthcare systems account for 4% of global CO₂ e emissions, highlighting the industry's responsibility to collaborate to drive sustainable change.*

In South Africa, a just transition is crucial, as the poor, unemployed, and those living in rural communities are most vulnerable to an abrupt shift to a low-carbon economy. The Global Goal on Adaptation, adopted at COP28 in 2023, sets global resilience goals and targets for climate adaptation. The framework emphasises the need to support developing countries like South Africa, to enable it to meet its Nationally Determined Contribution targets by 2030. The South African government's Just Energy Transition Implementation Plan highlights a required investment of US\$1.5 trillion over five years to facilitate a just transition. This shift must create job opportunities in new and green industries, benefiting vulnerable groups.

How we are responding

Our business is intrinsically linked to the sustainable wellbeing of our communities, with our core purpose aimed at supporting an environment that enables and sustains good health.

We are committed to avoiding environmentally harmful business activities and leveraging our resources and innovation to support the global shift towards a low-carbon future. We continuously assess climate change-related risks and opportunities, addressing both our environmental impact and the ways in which climate change impacts our business.

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* Source: World Health Organization, The Geneva Association and World Economic Forum

RELATED MATERIAL THEMES

 Operate within a volatile socio-economic environment



Ensure long-term financial sustainability

 Expand and strengthen our social impact



Strengthen our environmental stewardship

RELATED RISKS AND OPPORTUNITIES

7 Organisational resilience



13 CLIMATE ACTION

13 CLIMATE ACTION



HUMAN-CENTRED TECHNOLOGY

Context

The rapid adoption of digitisation and automation continues to reshape society, with an increasing emphasis on personalisation and user control. While data privacy concerns remain significant, data apathy is growing as users acknowledge the inevitability of some privacy loss in a digital world. Generative AI and quantum computing are transforming businesses globally. Development and adoption, however, is uneven, with major advances concentrated in a few economies at the forefront of AI exploration, resulting in uneven global access to these transformative technologies.

Technological advances are accelerating innovation in medical sciences and enhancing client-centred digital transformation in various sectors from client interactions in insurance to virtual healthcare. Advances in AI and machine learning, in healthcare for example, enable new tools that can revolutionise diagnostics, treatment planning, and patient care, while opportunities in precision medicine, targeted therapies and advanced pharmaceuticals can lead to breakthroughs, but also add to the growing financial burden on healthcare systems. In addition, using data science can develop personalised solutions and enable the integration of health and wellness products, maximising their potential benefits.

These technological leaps must, however, be coupled with ethical and human-centred practices. Increased risks related to cyber security, data privacy and personal information protection are to be expected as technologies evolve, necessitating careful and responsible adoption.

RELATED MATERIAL THEMES	RELATED RISKS AND OPPORTUNITIES
 Ensure good corporate governance and leadership  Empower our people	 Advance our disruptive Shared-value model  Leverage and manage technology and innovation
	 4 Cyber crime and cyber security  5 Information risk  7 Organisational resilience  8 Human capital capabilities

How we are responding

We remain committed to consistent innovation and invest in our capabilities to drive the Group's long-term growth. These capabilities – data, technology and innovation – form an integral part of our business, enabling us to develop and implement advanced solutions, offering seamless, integrated experiences for our clients. Our Personal Health Pathways, for example, is a sophisticated disease management and prevention programme that leverages data science and AI to manage and prevent chronic disease through precise and personalised healthcare recommendations.

Given the nature of our business, we require access to our clients' personal information. We are committed to protecting the integrity and confidentiality of the data we collect and implement appropriate measures to ensure data integrity, privacy and security.



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Our trade-offs

Throughout the year, we navigated complex decisions that balance stakeholder expectations, resource constraints and timelines. These trade-offs are integral to achieving our strategic ambitions and are informed and influenced by our operating environment. Alongside, we highlight the key trade-offs made this year.

ALLOCATING CAPITAL FOR GROWTH WHILE ENSURING LONG-TERM FINANCIAL RESILIENCE

Following a cycle of significant investment in growth over the past eight years – focusing on globalising our capabilities, footprint, and scale in the UK and beyond, as well as building new ventures like Discovery Bank – we have created a solid platform to drive future growth. This investment cycle focused on creating new avenues for long-term growth, notwithstanding the temporary impact on financial metrics, given the related j-curves and funding costs. Now, we are focusing on capitalising on these opportunities and ensuring operational resilience as we leverage our global leadership position in shared-value insurance. Alongside the investment in growth initiatives, we have maintained financial discipline, managing capital allocation within a predetermined, balanced and disciplined framework to ensure the long-term financial sustainability of the Group for all stakeholders. The following examples illustrate how this framework has guided our decisions during FY2024.

Continued support of value-generating new initiatives

We remain focused on supporting businesses that generate significant value while expanding Discovery's international footprint. Over the past two years, we rigorously intensified our focus on scaling the Group's emerging businesses and the initiatives that can meaningfully impact our business while closing those businesses with marginal benefits.

In South Africa, Discovery Bank continued to surpass key milestones during the year and will serve to empower the South African composite as a full-service digital bank. The Group also decided to exit the commercial insurance market and absorbed other, smaller initiatives within our operating businesses to further support our ambition to be the leading financial services group in the country. Furthermore, we completed the closure of VitalityInvest and VitalityCar in the UK to refocus our growth efforts on the core life and health markets and are well-positioned for strong and sustainable growth.

Driving a new phase of growth

Over the years, Discovery has built two international business composites of scale in Vitality UK and Vitality Global. Given this – as well as evolving data and its applicability, the focus on a unified product strategy and model, and the opportunity for consistent IP and technology – the Group made the strategic decision to unify the two composites and create Vitality – a single global business with significant organic growth potential. In doing this, we can deploy products and solutions more rapidly while creating a single global platform of scale.

Responding to increased claims in VitalityHealth

VitalityHealth delivered strong new business growth, with membership now exceeding one million lives. This growth was largely driven by the rising demand for private medical insurance given the backlogs experienced by the NHS. This heightened demand naturally led to a higher number of claims which, in turn, negatively impacted earnings given the lag of premium increases.

VitalityHealth implemented significant pricing increases in response to the higher claims, in line with the market, with little impact on observed lapse rates. In addition, claim levels aligned with actuarial expectations after year-end, and we expect margins to recover strongly in FY2025.

Ongoing investment in technology while ensuring cyber resilience

Our Shared-value model is supported by technology which, as a strategic enabler, is an area of ongoing investment for Discovery and a driver of innovation in the business. We continue to enhance our existing technology while investing in new developments to retain our position at the forefront of digital trends, underpinned by research and development. Our Personal Health Pathways offering demonstrates this approach. Although this health promotion programme requires short-term investment, it positions the Group for growth by driving measurable health improvements across our member base. At the same time, we face increasing threats of cyber attacks as these continue to rise globally, requiring investment in cyber-security measures and continuously updating our defences. In considering these priorities, we need to balance the benefits and potential opportunities of advancing our technological landscape with the additional investment necessary to ensure we have adequate and up-to-date cyber protection measures.

RELATED MATERIAL THEMES	CAPITALS IMPACTED	IMPACTED STAKEHOLDER GROUPS
 Operate within a volatile socio-economic environment  Ensure long-term financial sustainability	  Financial Capital   Relationships	 Providers of capital  Business partners
 Advance our disruptive Shared-value model  Leverage and manage technology and innovation	  Technology and digital assets   Data and innovation	 Society  Clients

 Denotes an increase / decrease in impact on components within each capital

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DEFERRING OUR CARBON-NEUTRAL GOAL

The Group decided to defer the target date of our carbon neutral goal from 2025 to 2027 to enable the reduction of our operational emissions by procuring renewable energy from Discovery Green, our energy wheeling platform. In 2021, guided by our climate change strategy, we planned to meet our 2025 goal by sourcing renewable energy from external providers. However, with the launch of Discovery Green in 2023 and changes in the Group's renewable energy strategy, we chose to wait for our own platform to be established. Although this delayed the procurement of renewable energy provision to our South African properties, the use of Discovery Green will not only meet our renewable energy needs but also accelerate South Africa's renewable energy sector – thereby aligning with our ethos of creating real-world impact.

RELATED MATERIAL THEMES	CAPITALS IMPACTED	IMPACTED STAKEHOLDER GROUPS
Strengthen our environmental stewardship	↑ NC Environmental resources ↓ SC Relationships	Society Providers of capital

MANAGING NEW WAYS OF WORKING EFFECTIVELY

We continue to practise a hybrid working model, leveraging technology to drive collaboration and engagement. Although this approach addresses the evolving needs of our employees and broader society, it requires ongoing efforts to manage the challenges associated with maintaining productivity and work-life balance, preserving our company culture, and mitigating increased cyber security risks by advancing our security capabilities. In addition, given the increasing access to remote work and demand for critical skills, we must focus our efforts on retaining staff who are exposed to international opportunities and hybrid working options offered by our competitors. At the same time, adopting new ways of work enables us to attract employees from a global talent pool.

RELATED MATERIAL THEMES	CAPITALS IMPACTED	IMPACTED STAKEHOLDER GROUPS
Empower our people Leverage and manage technology and innovation	↑↓ HC People ↓ IC Data and innovation	Employees Society

↑↓ Denotes an increase / decrease in impact on components within each capital

NAVIGATING THE NHI ACT

In South Africa, the NHI Act was signed into law during FY2024. This raised some risks for the private healthcare sector, including proposed limitations on the cover provided by medical schemes under Section 33 once fully implemented. While we strongly support the principle of universal health coverage for all South Africans, we are clear that NHI in its current form is not implementable. The Act created a complex field of debate and we believe a workable solution is required to improve our current healthcare system. We do not believe the NHI is feasible without the collaboration of the private health sector and broader funding sources. As a result, we continue to engage constructively on amendments to make the Act workable while remaining firm in areas we believe require intervention and are considering litigation should this be required.

RELATED MATERIAL THEMES	CAPITALS IMPACTED	IMPACTED STAKEHOLDER GROUPS
Operate within a volatile socio-economic environment Ensure long-term financial sustainability Expand and strengthen our social impact	↑↓ SC Relationships	Government and regulators Society Healthcare providers



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Engaging with our stakeholders

We understand that building and maintaining good relationships with key stakeholders is essential to creating and sustaining value across the Group. With this in mind, we regularly identify and engage with stakeholders who may be impacted by or interested in our business activities, processes or decision-making. How we engage with, understand and respond to our stakeholders' needs, concerns and insights contribute to our continued growth and success.

Our Board takes a strategic approach to stakeholder engagement, guided by the principles set out in our Stakeholder Engagement Policy and Framework. Our Stakeholder Engagement Framework aims to support business units and internal departments in identifying, assessing, managing and evaluating stakeholder engagement activities, and aligns to principles 5 and 16 of King IV™. The framework contains key principles for engagement, a defined engagement approach and a stakeholder matrix that directs our engagement level with each stakeholder group, varying by our objectives, outcomes, timeframes, resources and the stakeholder's influence or interest.

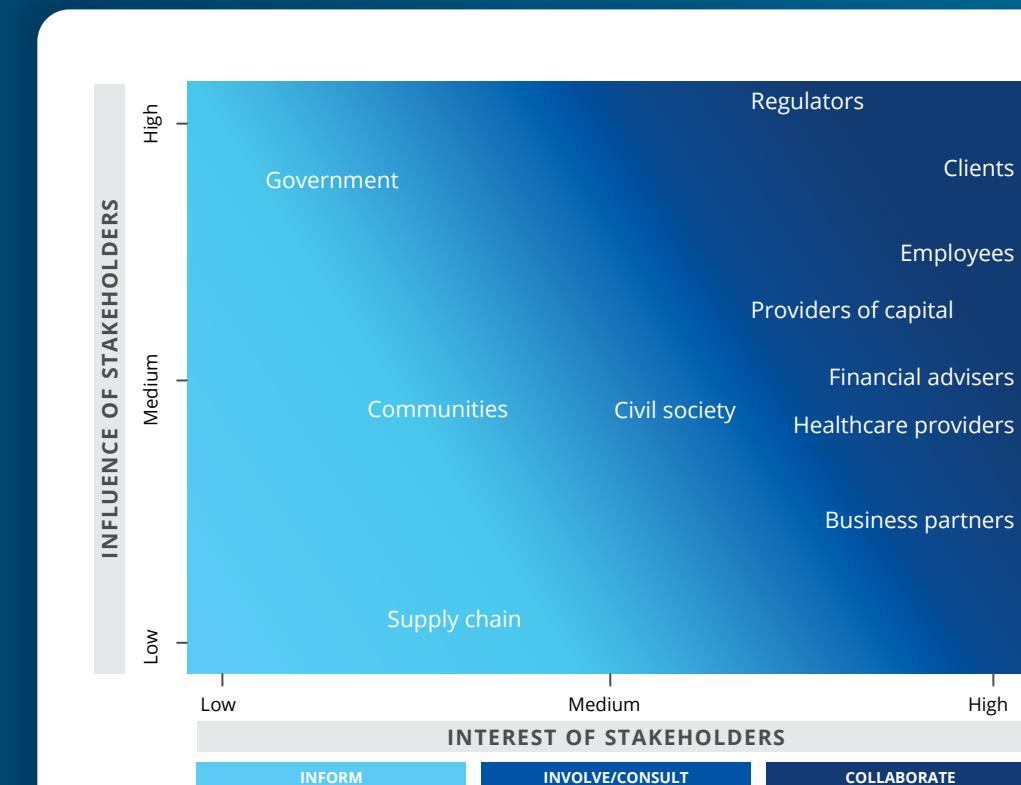
“ We are committed to improving the quality of our stakeholder engagements and understanding their needs. We regularly assess our stakeholder relationships through various mechanisms, to ensure that we meet their expectations.

OUR STAKEHOLDER GROUPS

-  Government and regulators
-  Employees
-  Providers of capital
-  Clients
-  Healthcare providers
-  Business partners*
-  Society**

* Includes financial advisers.

** Includes civil society, communities and our supply chain.



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Government and regulators

Quality of engagement

Good quality existing relationship

Relationship exists but there is room for improvement

Existing relationship is poor

 **BASIS OF ASSESSMENT:** Feedback from government and regulators, and meeting our obligations and commitments.



Why we engage

Government stakeholders guide our operations through policies and regulations that impact our business. Engaging with them provides the opportunity to contribute to policymaking and regulation development. In addition, our businesses hold various licences required to offer products and services in regulated sectors. To operate within the regulatory remit of these licences, we recognise the need for continuous engagement with regulators in a manner that fosters growth and trust.



Stakeholder expectations

- Compliance with regulatory and legal requirements, including employment equity (EE) and Broad-based Black Economic Empowerment (B-BBEE) requirements, and meeting targets in South Africa
- Adherence to occupational health and safety standards
- Payment of taxes, levies and fees
- Organisational behaviour that does not pose a threat to the Group's financial stability
- Protection of consumer, environment, labour and human rights
- Open and transparent client communication



How we create value

- Cultivate a zero-tolerance culture for regulatory non-compliance
- Operate in a way that is financially prudent and ethical and treat our clients fairly
- Engage on critical issues impacting our industries and markets
- Share research and technical expertise to strengthen healthcare systems



Engagement methods

- Virtual or in-person meetings, emails and telephonic discussions
- Participation in forums and through industry bodies, on-site inspections, and periodic or thematic assessments
- Statutory reporting, licensing applications and regulatory submissions
- Input into new legislation
- Regular B-BBEE and EE reports and submissions in South Africa

Significant FY2024 focus areas

Discovery Health continued to actively engage various stakeholders, including government, on National Health Insurance (NHI), particularly through participation as part of Business Unity South Africa (BUSa)

Continued engagement and relationship strengthening with the Council for Medical Schemes (CMS)

Continued to engage National Treasury on the tax implication of IFRS 17 *Insurance contracts*

Ongoing collaboration with various governmental stakeholders and industry partners to support our pothole repair and fire response initiatives

Related material themes



Group Chief Executive's report
Ensure good corporate governance and leadership



Risks and opportunities
Our operating environment



Employees



BASIS OF ASSESSMENT: Employee experience score, employee net promoter score (eNPS) and employee engagement response rate.



Why we engage

Discovery's success relies on innovation and client-centric service. Our people are critical to our success as they ensure we deliver market-leading products and services, preserving our competitive advantage.

+ For more information on our people and related data points, refer to pages 12, 13 and 35. >



Stakeholder expectations

- Competitive total rewards
- Effective performance management, career advancement, and intellectual and leadership development
- Investment in training and development through targeted interventions
- Alignment between work and organisational purpose and values
- Opportunities for innovation
- Ethical, fair and inclusive work environment
- Protection of labour and human rights



How we create value

- Review total rewards structures to ensure competitiveness when attracting and retaining talent
- Offer continuous performance engagement
- Facilitate professional development, self-driven by employees, including digital and traditional learning programmes, immersive experiences and conferences
- Offer attractive talent pipeline programmes for critical skills
- Provide opportunities for innovation and leadership development
- Invest in employee wellbeing programmes, portals and other resources



Engagement methods

- Onboarding new employees
- Annual employee engagement and business unit-specific pulse surveys
- Ongoing performance management and talent reviews
- Learning and leadership development programmes
- In-house publications, communications and emails
- Podcasts and webinars by internal and external experts and leaders
- One-on-one engagement
- Focus groups and staff dialogues
- Self-service portals to enable and support processing, enquiries, and policies

Significant FY2024 focus areas

Continued to implement a reimagined onboarding solution across the Group

Continued to enhance the employee experience by reducing friction points in the employee lifecycle

Launched mental health toolkits for employees and leaders

Facilitated signature leadership development programmes

Developed and shared diversity, inclusion and values learning programmes

Launched our Employee Advocacy Programme to enable employees to share their authentic experiences working for Discovery

Related material themes



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Expand and strengthen our social impact



Leverage and manage technology and innovation



Providers of capital

 **BASIS OF ASSESSMENT:** Feedback from providers of capital and analyst reports.



Why we engage

Providers of capital – including shareholders, investors, debt funders, investment analysts, ESG analysts and potential investors – play a pivotal role in our long-term sustainability. The feedback we receive from our engagement with them informs our management and reporting practices.



Stakeholder expectations

- Sustainable returns on investment
- Effective growth strategy
- Strong balance sheet
- Good corporate governance
- Experienced leadership teams
- Transparency and accountability



How we create value

- Pursue sustainable growth in capital and distributions
- Focus on our deliberate strategy to grow organically
- Pay interest on and repay debt capital
- Continuously strengthen and evaluate governance structures
- Transparent communications and reporting
- Engage with the analyst and investor community
- Align our incentive plans with long-term shareholder interests

Quality of engagement

Good quality existing relationship

Relationship exists but there is room for improvement

Existing relationship is poor



Engagement methods

- Annual and interim reports and presentations
- Local and international investor conferences and roadshows
- Local and international one-on-one or group engagements
- Annual General Meeting (AGM) and voting
- Media and regulatory releases, including SENS announcements
- Analyst reports
- ESG indices, questionnaires and portals

Significant FY2024 focus areas

Engaged with investors through virtual and in-person conferences, roadshows and one-on-one meetings

Engaged with key shareholders ahead of the AGM to discuss proposed resolutions

Ad hoc responses to detailed engagement reviews by investors on topical issues, including IFRS 17 *Insurance Contracts* and NHI

Engaged with ESG ratings agencies to improve our disclosures

Concluded a successful auction to raise R1.5 billion in debt through our Domestic Medium Term Note Programme

Related material themes



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Ensure long-term financial sustainability



Strengthen our environmental stewardship



Leverage and manage technology and innovation



Clients

Quality of engagement

Good quality existing relationship

Relationship exists but there is room for improvement

Existing relationship is poor

BASIS OF ASSESSMENT: Client satisfaction surveys, net promoter and member perception scores, and app usage statistics.



Why we engage

We engage our clients to understand the market's perception of our products and services, and adapt our products and services to meet their evolving needs.



Stakeholder expectations

- Market-leading and innovative products and services
- Value-for-money premiums
- Exceptional client service
- Responsible insurance services and solutions
- Convenience in doing business
- Safeguarding of client privacy
- Protection of client rights, health and safety



How we create value

- Drive continuous product innovation to meet our clients' needs
- Focus on client servicing and journeys to simplify the client experience
- Communicate with clients continuously, including onboarding, product information and education, product enhancements and launches
- Ensure fair and equitable claims and complaints processes
- Invest in digital innovation to enhance client experience
- Comply with our Data Privacy and Protection of Personal Information Policy



Engagement methods

- Written communications, product and service brochures
- Benefit update webinars and videos
- Media, social media and advertising campaigns
- Service and product questionnaires and surveys
- Call centres and walk-in centres
- Continuous monitoring of complaints, lapse rates and persistency, client surveys and feedback and quality assessments

Significant FY2024 focus areas

Product launches and enhancements

Continued management of client complaints

Ongoing conservation and credit control initiatives to support client retention

Ad hoc engagement with clients on NHI developments

Communication and incident support in the event of security breaches

Targeted interventions based on health risks and goals

Related material themes



Operate within a volatile socio-economic environment



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Healthcare providers

BASIS OF ASSESSMENT: Regular engagement, feedback and deep-dive surveys.



Why we engage

Healthcare providers are stakeholders in the healthcare sector, providing essential services to our clients in the markets where we operate. They further ensure the viability of the public and private healthcare sectors.



Stakeholder expectations

- Fair remuneration for services provided
- Quality of care initiatives
- Training and development
- Appropriate communication
- Overall sector sustainability
- Minimise administrative burden and perceived intervention in clinical decision-making



How we create value

- Contract with healthcare providers based on increased value and quality of care rather than price
- Improve patient care through HealthID and reduce the administrative burden for doctors in South Africa
- Identify healthcare providers that deliver exceptional care, and provide positive recognition through Patient Survey Scores (PaSS) in South Africa
- Invest in the medical education of specialists in South Africa's public health sector through the Discovery Foundation
- Expand the Premier Consult Network to represent a full range of specialties and regions in the UK
- Engage with healthcare partners to develop a sustainable healthcare ecosystem

Quality of engagement

Good quality existing relationship

Relationship exists but there is room for improvement

Existing relationship is poor



Engagement methods

- Ad hoc discussions and regular meetings between healthcare providers and account managers
- Engagement with leadership, advisory boards, medical society executive committees and key opinion leaders
- Personal feedback and regular panel meetings
- Doctor sentiment scores

Significant FY2024 focus areas

Developed projects with healthcare providers to promote greater collaboration and alignment of interests

Re-launched HealthID, Discovery Health's communication platform for healthcare professionals, providing enhanced functionality and improved user experience

Direct communication with doctors to proactively address concerns related to NHI developments

Engaged various medical professional associations and leaders on key issues, including consultation rates and renewals, as well as new products and services

Engaged in constructive discussion on coding and billing matters

Related material themes



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Engaging with our stakeholders
Shared-value model



Remuneration overview



Leverage and manage technology and innovation



Expand and strengthen our social impact



Business partners

BASIS OF ASSESSMENT: Biannual experience survey, feedback and broker satisfaction scores.



Why we engage

Our global insurance and reward partners support the expansion of our Shared-value model globally. In return, we help strengthen their client value propositions.

Financial advisers serve as a key channel through which we distribute our products, supporting new business growth and client retention. We engage financial advisers to ensure they have tools and knowledge needed to provide our clients with excellent service and support.



Stakeholder expectations

- Meeting contractual terms and agreements
- Regular engagement, and financial and non-financial support
- Long-term beneficial relationships
- Increased revenues and volume growth
- Sales remuneration
- Ease of market rollout



How we create value

- Engage with insurance partners to support the shared-value cycle of business profitability, client value and benefits for society
- Expand our Shared-value Insurance model globally, thereby increasing brand awareness through association while also creating higher sales and client volumes
- Integrate our digital platforms and leverage Discovery Health and Vitality's intellectual property
- Provide unique reward partner offerings, contract negotiation and servicing
- Invest in digital innovation to enhance financial adviser experience, including digital portal and AI quote enhancements
- Provide ongoing sales and training support to financial advisers

Quality of engagement

Good quality existing relationship

Relationship exists but there is room for improvement

Existing relationship is poor



Engagement methods

- Contracts
- Regular meetings and engagement to ensure we meet objectives and expectations
- A quality service-score assessment conducted every six months with our insurance partners
- Conferences and summits
- Professional development days for financial advisers
- Product launches and related training
- Broker satisfaction surveys

Significant FY2024 focus areas

Developed strong partnership relationships that support Vitality Global

Further expansion across global markets through new strategic partnerships

Resolved pain points and focused our engagements in challenging markets

Provided financial advisers with training, webinars and support for new and existing products

Related material themes



Operate within a volatile socio-economic environment



Ensure good corporate governance and leadership



Advance our disruptive Shared-value model



Leverage and manage technology and innovation



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Society

Quality of engagement

Good quality existing relationship

Relationship exists but there is room for improvement

Existing relationship is poor

BASIS OF ASSESSMENT: Monitoring and evaluation of programme outcomes, supplier engagement and evaluations.



Why we engage

We actively engage many levels of society in the markets where we operate, including communities, civil society and our supply chain. This ongoing engagement helps us effectively respond to their needs, which, in turn, safeguards our reputation.

Our social activities and interactions with these stakeholders align with our core purpose and business objectives, while addressing ESG-related risks and opportunities and managing the resources we rely on.

We engage with our suppliers to support our business operations and advance our B-BBEE objectives through enterprise supplier development.



Stakeholder expectations

- Transparent and comprehensive reporting on material ESG-related risks and opportunities
- Supporting improved community health and education through sustainable interventions
- Positive social impact driven by investment and upliftment
- Protecting human rights
- Creating employment opportunities
- Preferential procurement in line with South Africa's B-BBEE codes
- Understanding the potential impacts of climate change, and implementing necessary actions to safeguard and protect the environment



How we create value

- Link healthy behaviour with philanthropy to raise funds for various charities, enabled by Vitality Active Rewards
- Develop programmes to sustainably improve the lives of vulnerable communities through Discovery Fund
- Support transformation by developing a roadmap to improve our B-BBEE scorecard in South Africa
- Invest in medical education of specialists in South Africa's public health sector through the Discovery Foundation
- Drive robust supply chain processes to ensure suppliers are paid on time
- Increase suppliers' scope with a long-term goal to collaborate on innovation
- Build our supply chain through financial and non-financial support to selected enterprise and supplier development beneficiaries in South Africa



Engagement methods

- Individual engagements
- Press publications
- Discovery Foundation awards
- Discovery Fund and corporate social investment (CSI) initiatives
- Engaging with and participating in civil society programmes, including education and training initiatives
- Employee volunteerism and skills transfer
- Monitoring against contractual arrangements
- Monitoring Discovery's progress across ESG rating indices

Significant FY2024 focus areas

Reported to the Discovery Fund and Discovery Foundation trustees on our progress against objectives

Discovery Foundation awarded research and training grants to strengthen the healthcare workforce

Partnered with various organisations to support community development

Engaged sustainability-oriented associations to remain abreast of best practice

Implemented initiatives to support our climate goals

Engaged regularly with key suppliers

Related material themes



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Strengthen our environmental stewardship



Remuneration overview

Great people are the foundation of our success as they enable us to create sustainable shared value. We offer employees impactful work that empowers them to grow and allows them to embrace opportunities, while maintaining a fair and consistent pay structure that recognises individual performance, value and contribution. As a purpose-led business, we are pleased to see strong alignment between our core purpose and the performance, engagement and commitment of our people.

Our Remuneration Policy aligns with our shared-value approach, which is rooted in our core purpose and values. This creates the foundation from which the Remuneration Committee (RemCo) makes decisions, as it strives to balance the often-conflicting needs of various stakeholder groups in its remuneration deliberations and decisions.

In this overview, we highlight the factors that influenced remuneration within our business and the key remuneration decisions made in FY2024. We also outline important elements of our Remuneration Policy, its implementation, and how remuneration supported our strategic objectives during the year.

REMUNERATION GOVERNANCE

RemCo supports the Board in ensuring Discovery's remuneration practices are fair, responsible and transparent.

The committee is confident that our Remuneration Policy and philosophy remain aligned with our business strategy and shareholder expectations, delivering competitive, fair and equitable outcomes for our employees.

RemCo is committed to remaining abreast of emerging trends and leading practice in the local and international remuneration landscape. Accordingly, the committee has appointed independent external advisers to keep the committee updated on remuneration-related developments and provide remuneration-related advisory services. RemCo is satisfied that the services provided by the external advisers are credible, independent and objective.

ENGAGEMENT WITH SHAREHOLDERS

We aim to foster constructive engagement with our shareholders to better understand their perspectives and ensure our remuneration practices balance their legitimate expectations with the business's strategy and performance. Shareholders are invited to take part in a non-binding advisory vote at our Annual General Meeting (AGM) on our Remuneration Policy and the implementation thereof, as well as the approval of Non-executive Directors' fees.

REWARDING PERFORMANCE THAT SUPPORTS STRATEGIC VALUE CREATION

Incentivising performance across the Group

We offer competitive guaranteed rewards at the market median. In addition, most permanent employees earn performance-based pay, leading to above-market median total rewards for top performers. Performance targets are reviewed and adjusted as required and at the discretion of management to drive continuous improvement.

Remuneration that supports our strategic objectives

Our total rewards approach encompasses financial and non-financial elements.

At staff and team leader levels, short-term incentive schemes encourage and reward participating employees for achieving agreed-upon stretch targets at individual, team and/or business unit levels. Business units' incentive schemes are based on specific priorities and, accordingly, payout percentages, pay periods and calculations vary. Sales team members participate in production-related incentives relevant to their roles. Managers and divisional managers participate in a short-term management incentive scheme (MIS), which pays a percentage of the annual package based on both individual and business unit performance twice a year.

Management (Deputy General Managers and above) and Executive-level employees participate in the Single Incentive Plan (SIP), which awards a percentage of the annual package based on performance at individual, business unit and Group levels. A portion of the award is paid in cash, while the remainder is deferred in shares that vest over a period of between three to five years. RemCo sets the short- and long-term Group performance measures, targets and weighting annually to reflect Discovery's key financial, operational and strategic priorities.

The summarised Group scorecard for FY2025 is shown below and aligns to the Group strategic objectives.

Area	Measure	Weight
FINANCIAL 65%	Growth in normalised operating profit	20%
	Headline earnings per share growth	10%
	Return on equity (average over trailing three years)*	15%
	Revenue growth	10%
SUSTAINABILITY 35%	Cash conversion ratio	10%
	Client perception	8%
	ESG	8%
	Strategy	9%
People	People	10%
		100%

* For FY2025, the ROE will be a trailing measure covering the period FY2023, FY2024 and FY2025.

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Rewarding performance that supports strategic value creation continued

Contract terms for Executive Directors and Prescribed Officers

Executive Director and Prescribed Officer contract terms aim to align their interests with the interests of our shareholders and ensure stability within Discovery's leadership. These include a minimum shareholding requirement, notice periods and malus and clawback, among others.

Executive Directors' and Prescribed Officers' single figure remuneration

The remuneration earned by Executive Directors and Prescribed Officers during FY2024 is presented in a single-figure format in our Remuneration Report. It reflects earnings received and due to each, based on performance during the year, in line with King IV™ principles. Details of executive performance for FY2024, including the Group scorecard and individual performance scorecards, are also provided.

Non-executive Director remuneration

Non-executive Directors receive a fixed retainer fee to participate during Board and Board committee meetings, and do not receive any annual incentive awards. RemCo annually reviews the fees paid to Non-executive Directors, considering their individual responsibilities, Board committee memberships and market benchmarks.

OUR FOCUS AREAS AND REMUNERATION DECISIONS IN FY2024

Our approach to remuneration was informed by several elements, including the impact of our operating environment and our performance during the financial year.

 Refer to page 49 for more information on our operating environment, and page 27 for our financial performance. 

Despite challenges in our local and global operating environment, Discovery made progress on several remuneration-related initiatives. Considering this and following research, consultation and robust debate, RemCo applied its mind as follows:

Remuneration benchmarking and trend analysis

As Discovery continues to grow and innovate as a global business, the skills we need are becoming increasingly complex and are highly mobile, with some of our key talent receiving offers internationally. This dual-sided challenge, coupled with a weakening currency, is increasing attraction and retention challenges.

During FY2024, our external advisers benchmarked our remuneration practices across the Group against local and international peers, including major insurers and banks, to ensure our people continue to be remunerated appropriately. RemCo supports management in ensuring benchmarks are applied, and that targets and KPIs are based on the benchmarking outcome. Retention is proactively monitored, and measures are put in place to retain key employees. Encouragingly, we have seen an improvement in internal retention trends over the past two years.

Addressing pay gaps

RemCo's commitment to ensuring fair and responsible remuneration includes identifying and addressing any pay gaps. In our efforts to respond to the high levels of income inequality in South Africa, we have increased the Discovery minimum annual wage to R200 000 from 1 October 2024. Similarly, in the UK and US, employees are paid above the real living wage. We continue to review the vertical pay gap between our top 5% and bottom 5% paid employees, taking into consideration the Companies Amendment Act, No 16 of 2024 and Companies Second Amendment Act, No 17 of 2024 (Companies Amendment Acts) in South Africa. Although the Acts have been signed into law, RemCo awaits clarity on when the amendments will come into effect, and is working to ensure readiness to comply with the required disclosures and applicable resolutions of the Acts.

ESG considerations

The Group is increasingly focused on embedding ESG into our business. We are mindful that ESG considerations are connected to our responsibility as RemCo to promote fair and responsible pay across the Group, our responsibility to the environment and governance practices. As such, ESG forms part of our Group balanced scorecard. Given the dynamic nature of the ESG landscape, it is important that our ESG-related performance measures identify, track and disclose areas that are relevant to Discovery, its clients and communities, while being responsive to other significant social and environmental issues. This area continues to be an exciting work in progress as we recognise the positive linkages between long-term financial performance and sustainability.

Other focus areas

Ongoing engagement with our shareholders is important and allows us to understand their views on our Remuneration Report. The feedback and corresponding responses taken by RemCo are detailed in our Remuneration Report. Other focus areas and remuneration decisions of RemCo included: Non-executive Directors' fees; Performance measures and the related impact of IFRS 17; and Enhancement of Group governance.

PLANNED FOCUS AREAS IN FY2025

Monitor remuneration-related regulatory developments and ensure Discovery is prepared to comply with new requirements prescribed by the South African Companies Amendment Acts

Continue to embed and strengthen fair and responsible remuneration practices into the business and address any pay disparities identified

Continue to review ESG-related targets linked to remuneration practices

Ensure our remuneration structures remain suitable and competitive to attract and retain our people, with a focus on critical skills and diverse talent within key positions

Monitor complex global remuneration trends and their impact on our business and people

Drive an entrepreneurial culture through incentives to increase alignment with shareholder interests

Ensure alignment to the Group's long-term strategy through stretch performance targets that drive exceptional performance and deliver superior shareholder returns

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05 PERFORMANCE REVIEW



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Group Chief Financial Officer's review



Deon Viljoen

Discovery achieved strong growth in the year ended 30 June 2024, a year characterised by ongoing macroeconomic complexities. While global inflation rates declined from the highs of FY2023, the cumulative impact of prior interest rate increases placed even more pressure on consumers in many regions, thereby constraining economic growth.

OVERVIEW

This report provides a high-level overview and more technical analysis of Discovery's Annual Financial Statements. It should be read in conjunction with our Group Chief Executive's report and operational business reviews for more context.

Core new business annualised premium income (API) increased by 18%¹ to R26 667 million during FY2024 and income from business lines and activities not covered by the new business API definition increased by 16% to R6 191 million. Normalised operating profit increased by 17% to R11 604 million, supported by strong contributions from Discovery SA and Vitality Global, which increased by 16% and 57% respectively, while Vitality UK declined by 14%, constrained by increased PMI claims and a strengthened life basis on the Prudential Assurance Company (PAC) back book. Earnings per share (basic) increased by 11% to 1 082.7 cents. Headline earnings (HE) per share (basic) increased by 7% to 1 089.4 cents. Consistent with prior reporting, headline earnings are normalised for the fair value gain from the UK interest rate derivatives in FY2023, with normalised headline earnings (NHE) per share (basic) increasing by 14% to 1 108.6 cents.

¹ Excluding discontinued products of VitalityInvest and Discovery Business Insurance and excluding reinsurance premiums ceded to Ping An Health Insurance (PAHI).

The uncertainty around the South African national elections created further economic headwinds during the year. However, a positive election outcome towards the end of the reporting period following the implementation of the Government of National Unity (GNU) shifted confidence and led to some relief in market indicators. In the UK, fiscal challenges accelerated the demand for and utilisation of private medical insurance (PMI) as backlogs in the National Health Service (NHS) extended. Many Asian markets experienced post-COVID-19 recoveries; however, China continued to navigate significant macroeconomic and growth constraints. The year under review is also the first full year of reporting under the new IFRS 17 *Insurance Contracts* with prior year earnings restated.

Normalised profit from operations increased by
△ 17%
TO R11 604 MILLION
(FY2023: R9 917 million)

Diluted HE per share increased by
△ 7%
TO 1 083.0 CENTS
(FY2023: 1 016.4 cents)

Diluted earnings per share increased by
△ 11%
TO 1 076.3 CENTS
(FY2023: 967.8 cents)

Embedded value (EV) up
△ 12%
TO R110 354 MILLION
(FY2023: R98 176 million)

Diluted NHE per share increased by
△ 14%
TO 1 102.1 CENTS
(FY2023: 967.9 cents)

Our audited Annual Financial Statements and Annual Financial Results Announcement, as well as unaudited supplemental information, are available on our website.

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ENTERING A NEW PHASE IN THE LIFECYCLE OF THE GROUP

The Group has been through a cycle of significant investment over the past eight years, focusing on globalising its capabilities, footprint and scale in the UK and beyond, as well as building new growth ventures – most notably Discovery Bank in SA. This investment cycle focused on creating new avenues for long-term growth, notwithstanding a temporary impact on financial metrics, given the related j-curves and funding costs. The Group is now emerging from that phase into a new distinct phase that marks the realisation of the Group's growth strategy.

Over the past two years, Discovery rigorously intensified its focus on scaling its emerging businesses and the initiatives that can meaningfully impact the Group while closing those with marginal benefits. Discovery Bank continued to pass key milestones ahead of expectations and is now well-positioned to empower the whole of Discovery SA as a full-service digital bank, offering comprehensive transactional and lending capabilities. The Group exited the commercial lines Discovery Business Insurance, while other smaller initiatives in SA were comfortably absorbed within our operating businesses.

In the UK, VitalityInvest and VitalityCar have now been closed, resulting in a focused, new-generation health and life business without recourse to Group funding. For Vitality Global, the investment in the Vitality1 platform has now peaked.

THE IMPACT OF EXCHANGE RATE MOVEMENTS DURING THE YEAR

The rand experienced significant volatility during the last two financial years. The weakening of the average exchange rate positively impacted the growth in normalised operating profit of the Vitality UK and Vitality Global composites when translated to rand. The rand strengthened towards the end of FY2024, resulting in foreign exchange losses on the translation of foreign bank accounts and receivables. Post year-end, the rand continued to strengthen, further benefitting from the US's 50 bps rate cut and SA's 25 bps cut during September 2024. Equity markets also continued to strengthen.

DIVIDENDS

During the announcement of the Group's FY2023 results, Discovery refined its dividend policy under IFRS 17. The annual ordinary dividend is expected to be covered approximately five times by NHE, with interim ordinary dividends expected to be paid in the range of 30% to 40% of the expected total annual ordinary dividend, with the remainder of the dividend to be paid as a final dividend. In line with this, the Group declared its final ordinary dividends for the period at 152 cents per share (cps), representing an annual cover ratio of five times. Dividends declared for the full year under review totalled 217 cps (FY2023:110 cps).

SUMMARY OF OUR FINANCIAL PERFORMANCE

How we performed within our composite structure



SA COMPOSITE

NORMALISED OPERATING PROFIT INCREASED BY

▲ 16%

TO R9 717 MILLION



Discovery Health

▲ 7%

to R3 972 million

Operating profit increased by 7%, while continuing to invest in technology and innovation. The successful take-on of Sasolmed medical scheme administration midway through the financial year significantly increased new business API, adding c.75 000 lives. The growth of non-medical scheme products continued, with total non-scheme revenue now representing 15% of total revenue, highlighting the growth opportunity through adjacencies.



Discovery Life

▲ 9%

to R4 765 million

Operating profit grew, despite the elevated prior year Group Life result, as Individual Life grew 11%. Overall claims experience was better than expected, with elevated income disability claims in Individual Life offset by favourable claims experience in Group Life. Lapse and premium income experience remained favourable compared to expectation, but policy alterations were negatively impacted by consumer pressure.



Discovery Invest

▲ 20%

to R1 522 million

Fee income earned over the year increased, driven by 11% growth in assets under management and a higher growth in superior margin offshore and structured products. In addition, the earnings profile of certain contracts was amended to provide a more even ongoing profit release profile, which was the main contributor to a one-off earnings rebase of R93 million. New business improved by 8%, benefitting from higher sales of recurring premium linked products as well as increased sales of guaranteed endowments. Net client cash flows, while positive, declined, following increased maturities and higher industry withdrawals from voluntary products and living annuities, given increased demand for fixed annuities to capitalise on higher market interest rates.



Discovery Insure

▲ 240%

to R248 million

Personal lines business delivered strong profit growth, with a dramatic recovery in the second half of the year, following a first half that was significantly impacted by severe weather events. The dynamics for the business have improved significantly, following various initiatives in previous periods aimed at improving operating margins through reduced claims costs and operating expenses.



Discovery Bank

▲ 41%

to -R454 million

Operating loss improved by 41%. There was a focus on high-quality growth and customer primacy, given challenging macroeconomic conditions, with deposits growing by 29%. Advances increased steadily by 27%, with net interest income growing by 36% as average interest-earning assets increased by 30% and net interest margin increased by 7%. Non-interest revenue continued to grow steadily, by 45% year-on-year, driven by the growth in clients, product take-up and the resulting fee income per client. In line with Discovery Bank's growth trajectory, client engagement levels grew, with a 44% increase in payment volumes and a 33% increase in spend values in June 2024 compared to the prior year.

Other SA initiatives and central costs

▽ 20%

to -R336 million

Includes Discovery Business Insurance (being exited), Umbrella Funds and Vitality SA.

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Summary of our financial performance continued

VITALITY UK COMPOSITE

NORMALISED OPERATING PROFIT DECREASED BY

✓ 22%

TO £27.4 MILLION

(14% to R647 million), with the weakening of the rand over the year impacting the translated growth rate

Health Insurance

✓ 52%
to £18.5 million

Delivered strong new business growth with membership increasing 7% to exceed one million lives. Growth was driven by increased demand for PMI given the backlogs experienced by the NHS. Operating profit declined 52% to £18.5 million (declined 47% to R435 million) as there was a concomitant increase in claims during the reporting period which negatively impacted earnings by £30 million, given the lag of premium increases.

The business significantly increased prices in response to the higher claims, in line with the market, with little impact on observed lapse rates. Post the reporting period, claim levels are in line with actuarial expectation. As such, margins are expected to recover strongly in the 2025 financial year.

The difference to normalised operating profit in the segment information in FY2023 is the accelerated write-off of VitalityCar's capitalised systems and intangible assets, as shown in closure costs below.

The result was impacted by a £12.5 million strengthening of the lapse basis in light of continued lower lapses than expected for a block of whole-of-life business within the PAC book. While VitalityLife has a contractual service margin (CSM) and risk adjustment (RA) margin in excess of £400 million, these margins do not apply to this particular cohort, resulting in the basis change directly impacting in-period earnings. This is not expected to recur. Earned premiums increased by 10%, highlighting the strong retention performance and high indexation increases. New business volumes grew modestly over the year in a contracting UK market. In the first half, the margin was impacted by the combination of low new business volumes and elevated inflation. The business, however, implemented a price optimisation strategy in the second half of the year, focusing on the quality of the portfolio. This resulted in an improvement in business mix and volumes, and a step change in the value generated in the second half of the year.

Life Insurance

✓ 27%
to £15.9 million

Closure costs of VitalityInvest and VitalityCar in run down

✓ 85%
to £3 million

VitalityInvest and VitalityCar have now been closed. FY2023 includes the accelerated write-off of VitalityCar's capitalised systems and intangible assets.



VITALITY GLOBAL

NORMALISED OPERATING PROFIT INCREASED BY

▲ 51%

TO US\$66.3 MILLION

(57% to R1 240 million)

Vitality Network

▲ 23%
to US\$28.5 million

VHI - Other

✓ 88%
to -US\$20.7 million

Vitality China

VHI - PAHI²

▲ 82%
to RMB434 million

Strong sales, membership and revenue growth in Asia drove 10% growth in total revenues, tempered by continued US dollar strength relative to many Asian currencies – in particular, the yen.

VHI represents a key future potential growth area for the Group. The business has invested in developing technology and distribution to deliver a capability integrating wellness with disease management, in leveraging the Group's broader health and wellness assets. The focus this year, was particularly on Vitality US, which has made good progress in building out its technology to facilitate its strategy for the health plan market.

Driven by continued strong and improving operating margins, consistently superior premium income growth compared to the industry, some benefit from a lower tax rate, in the first half, and a release of COVID-19 reserves in the second half of FY2024. New business on the PAHI insurance licence increased by 12%, supported by a rise in new business through non-Ping An Life channels, and a market shift towards higher-end products. In June 2024, PAHI paid a dividend to shareholders for the first time, representing 30% of 2023 calendar year distributable profits. Discovery's share after withholding tax was R255 million.

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Summary of our financial performance continued

The weighted average exchange rates – which impacted the conversion of earnings from the UK and Vitality Global composites – and the closing rates used for consolidation purposes are shown below:

	FY2024	FY2023
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AVERAGE EXCHANGE RATES

Rand/£	23.55	21.43
Rand/US\$	18.71	17.79
Rand/RMB	2.59	2.55

	FY2024	FY2023
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CLOSING EXCHANGE RATES

Rand/£	23.07	23.99
Rand/US\$	18.26	18.87
Rand/RMB	2.51	2.60

To facilitate analysis of the results, we provide reconciliations on a segment total view between normalised profit from operations and profit attributable to ordinary shareholders, and profit attributable to ordinary shareholders to headline earnings and normalised headline earnings.

The main items are highlighted in the reconciliation:

R million	FY2024	FY2023	% change	Comments
NORMALISED PROFIT FROM OPERATIONS	11 604	9 917	17%	
Forex (losses)/gains	(87)	149	>100%	Rand closing rates strengthened compared to opening rates resulting in losses on translation of £ and US\$ currency accounts and loans receivable. In the prior year, the closing rates weakened resulting in a foreign translation gain.
Investment income on shareholder investments and cash, and net fair value gains on financial assets at fair value through profit or loss	480	354	36%	Largely attributable to higher interest rates in FY2024.
Finance charges, (excluding 1 Discovery Place finance lease)	(1 750)	(1 628)	8%	Increase is due to higher interest rates and the impact of translation rates in respect of UK debt, as well as a net increase in borrowings towards the end of FY2024 given the decision to pre-finance November maturities.
Fair value gains on VitalityLife interest rate derivatives	-	516		Considerable prior period fair value gain from the UK interest rate swaption. The swaption was realised towards the end of FY2023.
Other	(236)	(250)		Includes amortisation of intangibles from business combinations and the impact of replacing market-related rentals in respect of Discovery's head office with depreciation and finance costs as required by IFRS 16 Leases.
Profit before tax	10 011	9 058	11%	
Tax	(2 647)	(2 486)		The lower effective tax rate is attributable to an increase in profits from associates, an increase in the Individual Policyholders Fund (IPF) deferred tax asset and non-taxable foreign dividends.
Profit attributable to preference shareholders	(91)	(69)		
Loss/(profit) attributable to non-controlling interest	10	7		
Profit attributable to ordinary shareholders	7 283	6 510	12%	

Reconciliation between profit attributable to ordinary shareholders and headline earnings and normalised headline earnings

R million	FY2024	FY2023	% change	Comments
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	7 283	6 510	12%	
Profit attributable to non-forfeitable dividend share plan	(125)	(112)		Adjustment required for the calculation of earnings per share in terms of IAS 33 <i>Earnings per Share</i> .
Adjusted for (net of tax):				In FY2023, the adjustment included the derecognition of intangible assets because of updates to VitalityHealth's digital strategy, accelerated write-off of VitalityCar's capitalised systems and intangible assets and an impairment of an owned office building in the UK as a result of increasing interest rates impacting UK commercial property values.
■ Loss on impairment of property and equipment and on derecognition of intangible assets and property and equipment	56	302		
Other	(12)	20		
HEADLINE EARNINGS	7 202	6 720	7%	
Fair value gains on VitalityLife interest rate derivatives	-	(410)		Realised towards the end of FY2023.
Other	127	90		Includes amortisation of intangible assets arising from business combinations and restructuring costs.
NORMALISED HEADLINE EARNINGS	7 329	6 400	15%	

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OUR CAPITAL MANAGEMENT APPROACH

Our capital management framework and approach are discussed below.

Statutory or required capital

Regulated entities are capitalised in line with regulatory solvency requirements calibrated to withstand a one-in-200-year adverse event. We apply an additional buffer to ensure that we would still comply with the minimum regulatory requirements after a one-in-25-year adverse event.

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

VitalityHealth and VitalityLife are regulated under the Solvency UK regulatory regime. Discovery Life and Discovery Insure are regulated under the Insurance Act, No 18 of 2017 (Insurance Act) and the related Prudential Standards, implemented from 1 July 2018.

The table below summarises the capital requirements on the statutory basis across the Group's subsidiaries, and the actual solvency capital held in relation to these requirements.

R/E million	JUNE 2024		JUNE 2023			
	Statutory capital requirements	Cover	Statutory capital requirements	Cover		
Discovery Life	R22 365	1.8 x	R20 814	1.9 x		
Discovery Insure	R1 222	1.6 x	R1 113	1.6 x		
Vitality Health Insurance	£116	R2 670	1.6 x	£130.8	R3 139	1.4 x
Vitality Life Insurance	£350	R8 070	2.0 x	£272.1	R6 528	2.1 x

Discovery Bank's common equity tier 1 (CET1) ratio is 17.63% (FY2023: 16.82%). In addition to the minimum regulatory requirement, Discovery Bank holds an internal management buffer to cater for future unexpected growth and volatility in risk-weighted exposures, as well as an estimation risk buffer.

Allocation of capital

Capital is managed according to a five-year funding plan that details the anticipated sources and uses of capital through the planning period to allow for all known strategic initiatives, including new business strain in existing businesses and business development costs. The funding plan assesses the adequacy of funding resources, over and above statutory capital and associated buffers for prudence held within each regulated entity and at Group level, allowing for the timing of the various sources and uses of capital. Stress tests are applied to establish the resilience of the plan and determine whether additional capital is likely to be required. Explicit buffers for uncertainty and prudence are provided for, including a liquidity buffer.

In capital allocation decisions, reference is made to the Group's required hurdle rate of WACC+3.8%. The normalised return on equity for FY2024 was 13.3% (FY2023: 13.7%).

Funding approach

The capital plan and liquidity buffers are funded internally from retained earnings and externally from financial reinsurance and borrowings.

As part of the capital management process, the Group monitors its capital structure in line with a Financial Leverage Ratio (FLR) risk appetite. The Group's strategy is to maintain a prudent FLR in line with Discovery's risk appetite statement, with an overall maximum FLR of 28%. With the adoption of IFRS 17, a significant amount was reallocated to CSM and RA. In line with developing market practice, 50% of this CSM balance – which is available for release to profit in future years or to absorb any adverse changes – was therefore considered in the calculation of the FLR. The FLR is therefore calculated as follows: total debt ÷ (total debt + total equity + 50% CSM net of reinsurance and net of tax). Non-recourse financial reinsurance and all IFRS 16 lease liabilities are not included in the measurement of total debt. The FLR at 30 June 2024 of 20.0% (FY2023: 20.4%) is well within risk appetite.

Domestic medium term note issuance

As a risk mitigation measure and to avail itself of favourable debt markets, Discovery raised R1.5 billion domestic medium term notes (DMTN) in May 2024 in anticipation of the DMTN maturing in November 2024. The proceeds are currently held in cash and will be applied to maturing debt in November 2024.

Liquidity requirements

We hold conservative liquidity buffers within each regulated entity, with an additional liquidity buffer at the centre. In terms of the operating model requirements, the key cash and liquidity metrics remained above target for all businesses, with available liquidity held at the centre of R2.6 billion (including a revolving credit facility of R500 million and excluding the raising of R1.5 billion domestic DMTN) – which was above the targeted range of R1 billion to R2 billion.



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OUR CASH MANAGEMENT PHILOSOPHY

The Group has an established framework for cash flow management, which allows for the maturity of the relevant businesses, provides for regulated businesses to build capital resources and for all businesses to continually invest in new business.

Analysis of Group statement of cash flows

It should be noted that the IFRS statement of cash flows includes cash flows relating to policyholders, as well as those arising from the consolidated Discovery Unit Trusts and therefore to assist readers in understanding cash flows not distorted by policyholder flows, we have included a Group shareholder free cash movement in our additional analyst information on our website. Cash generated from operations increased by R1 914 million from FY2023, driven by the Group's strong operating performance. Cash outflows from investing activities reduced by R316 million from FY2023. This includes the R255 million dividend Discovery received (after withholding tax) from PAHI in June 2024, who paid dividends to shareholders for the first time. Cash outflows from financing activities reduced by R454 million compared to FY2023, after recommencing the payment of dividends to ordinary shareholders of R1 178 million, but including R1.5 billion DMTN.

These improved cash flows were offset by a decrease in the net movement in operating assets and liabilities largely driven by policyholder movements.

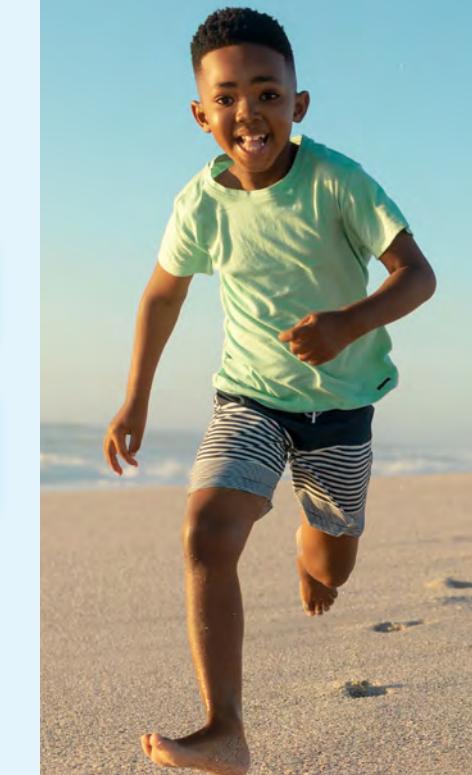
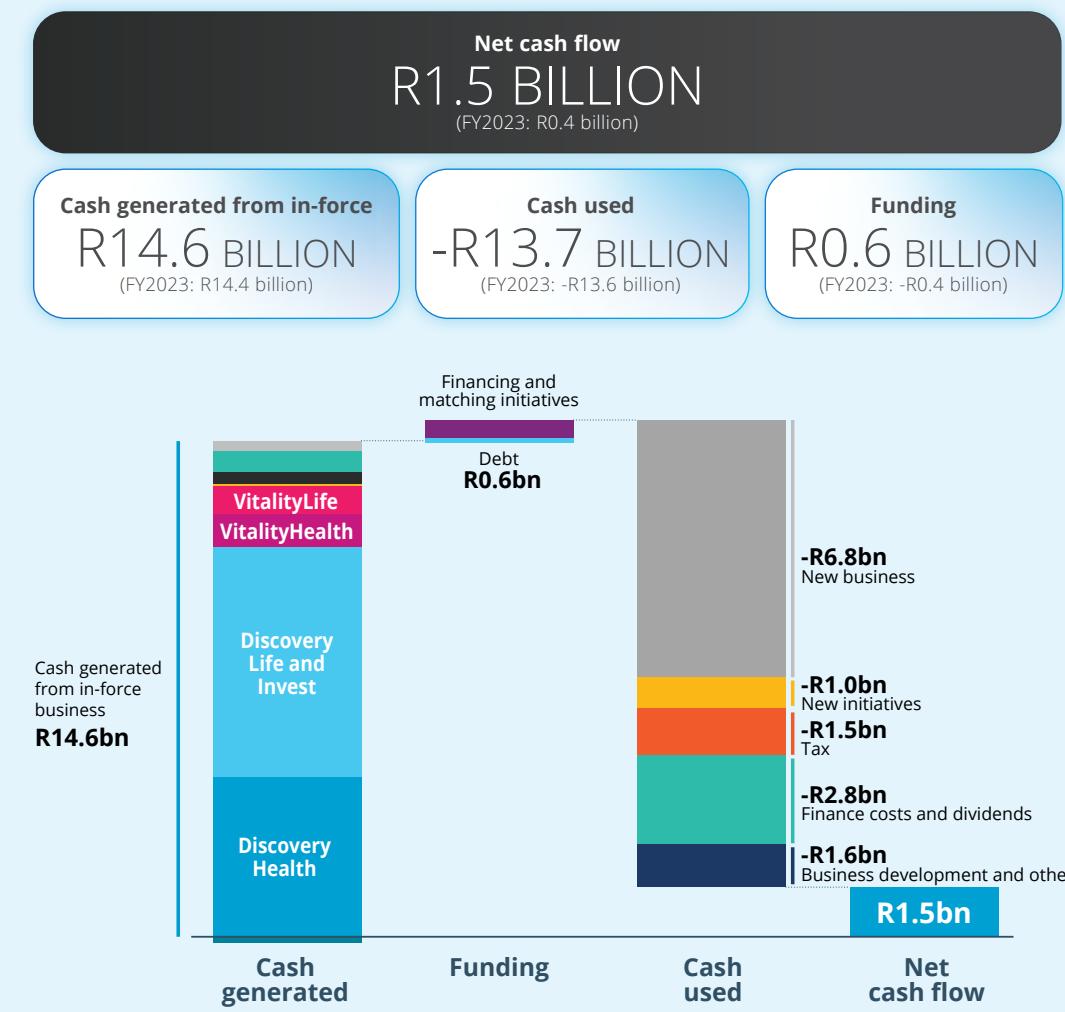
Cash and cash equivalents

R million	FY2024	FY2023
Unit-linked investment and insurance contracts	4 817	5 999
Shareholder cash	14 154	13 172
Closing balance	18 971	19 171

The cash held in the Group's insurance entities funds new business expenses and matches claims and other policyholder-related liabilities. This cash – together with the cash balances held by Discovery Bank (R4.8 billion) – although unencumbered, is held for specific purposes and, therefore, not considered available for distribution. Cash available to support Group liquidity requirements (excluding the R1.5 billion DMTN issuance) is R2.1 billion (FY2023: R1.6 billion), with a revolving credit facility of R500 million (FY2023: R750 million). This results in available liquidity at the centre of R2.6 billion (FY2023: R2.4 billion).

Cash management supporting our growth methodology

Our Group shareholder free cash movement is summarised below:



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SUMMARY OF OUR STATEMENT OF FINANCIAL POSITION

In the commentary below and alongside, we explain the significant items in our statement of financial position not detailed elsewhere

Restatement in terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Assets arising from insurance contracts issued

IFRS 17 *Insurance Contracts* became mandatory for Discovery from 1 July 2023, with a comparative restatement of FY2023, including a restatement of the opening statement of financial position as at 1 July 2022. IFRS 17 is a new accounting standard for insurance contracts with guidelines on recognising, measuring, presenting and disclosing insurance contracts. The accounting standard is a positive step towards enhancing transparency, comparability and understanding of how insurers earn profits from insurance contracts. Included in our FY2023 reporting suite, was a detailed discussion of the impact of the transition to IFRS 17 which is summarised alongside:

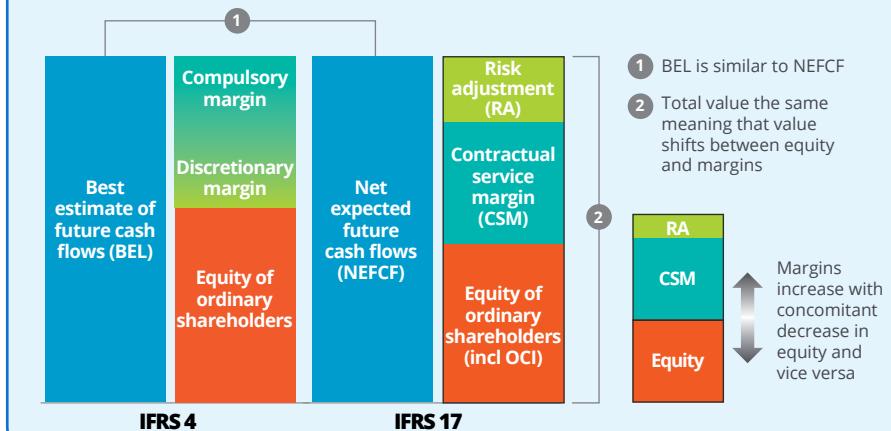
Impact of transition to IFRS 17

Discovery has applied a fully retrospective restatement from inception for all material groups of insurance contracts requiring Discovery to identify, recognise and measure groups of insurance contracts as if IFRS 17 had always applied. The restatement was much more pronounced for the long-term insurance business of Discovery Life and VitalityLife, and more limited for the short-term businesses – except for VitalityHealth, where the impact is more significant due to changes in the treatment of insurance acquisition costs.

Under IFRS 17, the total value created through the insurance activities of the Group remains largely unchanged. However, the timing of recognition of insurance-related profits is deferred. The strengthened IFRS 17 margins comprising Risk adjustment (RA) and Contractual service margin (CSM) are a store of future value available to release as future earnings or to absorb negative variances. The election of other comprehensive income (OCI) to reflect the effects of financial risks results in less volatility due to its ability to manage variances in financial risks.

The main cause for this significant increase in margins is that Discovery has a more recent and rapidly growing history than very long-standing insurers.

The value of insurance contracts remains unchanged but reallocated



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Summary of our statement of financial position continued

Components of assets arising from insurance contracts

Assets under insurance contracts comprise the present value of future cash flows offset by the CSM and RA which, as discussed, reflect a store of future value which will emerge as earnings over time as the best estimate actuarial assumptions are expected to transpire. The growth in the assets under insurance contracts over the period to R41 816 million (FY2023: R33 624 million) is driven by more predictable elements of the build-up as well as more volatile items relating to non-economic variances and basis changes as well as assumptions relating to financial risk:

- Interest is accrued on all components of the insurance contract balances, with the accretion of interest on the present value of future cash flows exceeding the growth in the CSM and RA leading to a growing asset value on a net basis.
- Both Discovery Life and VitalityLife continue to write profitable life insurance business, which leads to additional expected future cash flows in the period, with CSM and RA being established and run off to ensure an appropriate release of this value over time.
- Financial risk assumptions are updated annually based on the current market prices as at the reporting date with the impact of changes to these assumptions accounted through OCI in line with the election explained above.
- Non-economic assumptions and estimates may also be revised in accordance with developing experience and expectations of future developments. Such basis changes are typically based on longer-term observations of underlying trends and experience. Both Discovery Life and VitalityLife concluded a comprehensive review of their estimates during FY2024, taking into account the external economic environment, emerging experience and expected long-term experience, management actions in response to emerging experience, and additional learnings from its fully retrospective IFRS 17 transition, with the following impacts:
 - For Discovery Life, emerging negative lapses and policy alterations experience resulted in various management actions being implemented by business, as well as strengthening the short- and long-term assumptions. A review of long-term expense and claims estimates was also undertaken, including consideration being given to emerging morbidity claims experience. These changes, including experience variances in the period, contributed to a reduction in the present value of future cash flows, offset through a mechanical reduction in CSM. These two impacts do not offset, contributing to an increase in the assets under insurance contracts. This is partly attributable to the standard requiring different discount rates to be applied to future cash flows and CSM with the difference impacting OCI.

- In light of continued lower lapses than expected for a block of whole of life business within the Prudential Assurance Company (PAC) book, VitalityLife strengthened the lapse basis resulting in a negative impact on earnings of £12.5 million (R294 million) for the period. While VitalityLife has CSM and RA margins in excess of £400 million, these margins are not fully applicable to this particular cohort resulting in the basis change directly impacting in-period earnings and reducing assets arising from insurance contracts.

Financial assets – investments at fair value through profit or loss

Investments at fair value through profit or loss at 30 June 2024 increased to R165 671 million (FY2023: R152 515 million). This increase is mainly attributable to the growth in assets under administration in Discovery Invest and our Umbrella Fund business, driven by strong market performance and new business growth with an offset due to the closure of VitalityInvest. These factors were also reflected in the increase in liabilities arising from insurance contracts to R105 070 million (FY2023: R94 660 million) and the increase in third-party interest in consolidated funds to R31 456 million (FY2023: R28 346 million), offset by the reduction in financial liabilities – investment contracts at fair value through profit or loss to R25 710 million (FY2023: R28 903 million).

Investments in equity-accounted investees

Investments in equity-accounted investees increased to R8 189 million (FY2023: R7 398 million), mainly driven by strong PAHI performance.

Loans and advances to customers and Investments at amortised cost

Discovery Bank made excellent progress across all metrics and expanded its lending suite by launching a revolving credit facility in December 2023. The high-quality growth is reflected in the increase to R6 028 million (FY2023: R4 702 million) in loans and advances to customers at amortised cost and the increase in deposits from customers to R18 467 million (FY2023: R14 333 million) with excess liquidity reflected in the increase in investments at amortised cost to R11 100 million (FY2023: R9 910 million).

Non-current assets held for sale

The R136 million relates to the Stockport building in the UK, the sale of which was concluded in July 2024.

Other reserves

As at 30 June 2024, other reserves increased to R6 275 million (FY2023: R4 690 million), largely due to the increase in the insurance finance reserve by R2 451 million (refer Statement of Other Comprehensive Income) to a -R733 million (2023: -R3 184 million). Financial risk assumptions are updated annually based on the current market prices as at the reporting date. While less material for Discovery Life, there was a materially beneficial yield curve movement in the UK in FY2024, which increased the present value of future cash flows for VitalityLife and, as a result, increased the assets under insurance contracts. This is reflected through a consequential increase in the insurance finance reserve in the other reserves line item where the OCI is accounted.

The increase in the insurance finance reserve is partially offset by the foreign currency translation reserve, which decreased to R5 514 million (FY2023: R6 624 million), driven by the strengthening rand against the pound sterling and US dollar towards the end of the financial year.



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Summary of our statement of financial position continued

Borrowings at amortised cost

	FY2024	FY2023
Borrowings from banks and listed debt	17 511	16 328
- UK borrowings	3 549	3 682
- South African borrowings	13 962	12 646
Bank overdraft in underlying liabilities of consolidated unit trusts	6	33
Lease liabilities	4 145	4 225
Total borrowings at amortised cost	21 662	20 586

We have a continuous process in place to manage the maturity profile of our term debt. The proceeds of the early DMTN issuance are currently held in cash and will be applied to maturing debt in November 2024. Management of the Group's FLR is discussed under Our Capital Management Approach.

Discovery Limited's credit rating

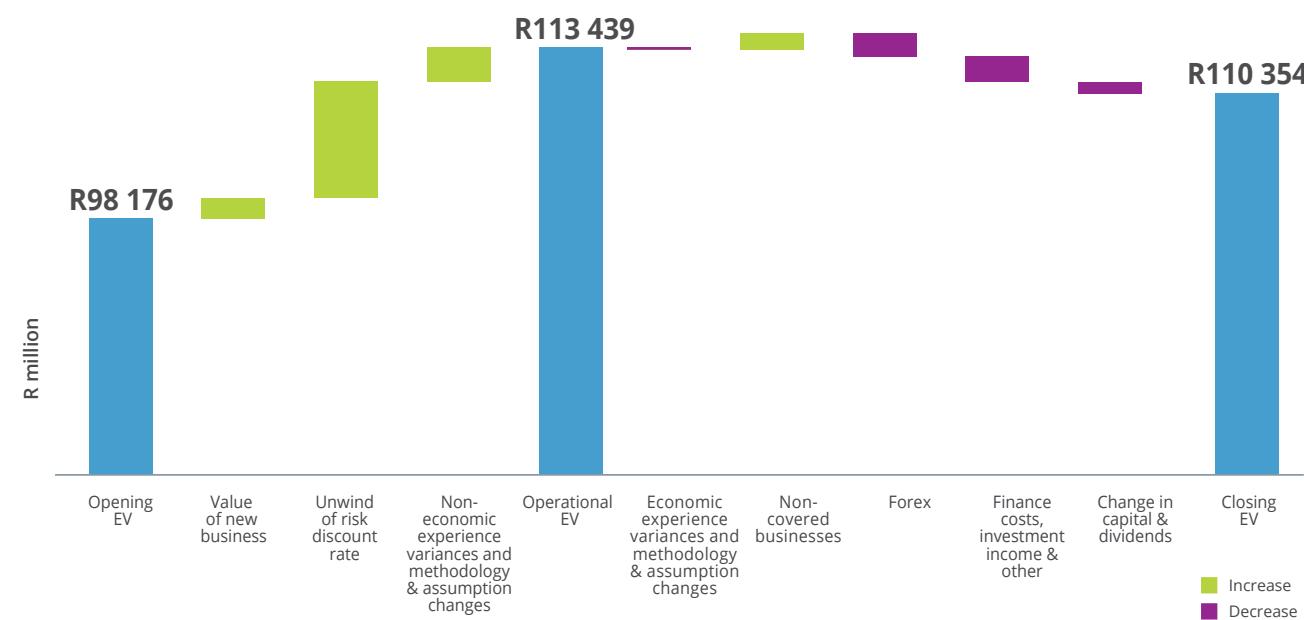
In December 2023, Moody's Investors Service reaffirmed Discovery Limited's global scale long-term issuer rating of Ba3 and the national scale long-term issuer rating at A1.za. The outlook remained unchanged as stable, aligned to the country's outlook. In addition, the UK composite received an A- default credit rating from Fitch over the period, with both insurers receiving a financial strength rating of A.

In December 2023, Moody's Investors Service reaffirmed Discovery Limited's global scale long-term issuer rating of Ba3 and the national scale long-term issuer rating at A1.za.

EMBEDDED VALUE

Discovery's EV includes certain of the Group's insurance and administration businesses (covered businesses). Covered businesses include businesses written in SA through Discovery Life, Discovery Invest, Discovery Health and Vitality SA and, in the UK, through VitalityLife and VitalityHealth. For non-covered businesses like Discovery Bank, Vitality Global, PAHI and Discovery Insure, no published EV was presented on current in-force business as these are unsuited for application of an EV methodology or have not yet reached a suitable scale with predictable experience.

EV increased by 12% to R110 354 million (FY2023: R98 176 million). R564 million of positive experience variances were generated over the year, reflecting the competitive dynamics of our Shared-value model despite negative servicing experience reflecting the persistent pressures within the economic environment and negative morbidity experience due to high claims experience in VitalityHealth. Methodology and assumption changes added R2 385 million to the EV. The impact of these basis changes differs on EV relative to IFRS 17 as the EV calculation is net of tax, uses the risk discount rate, uses a limited term for Discovery Life and Invest value-in-force, and includes a positive basis change affecting the value-in-force in isolation.



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LOOKING AHEAD

Discovery Group has been through a cycle of significant investment over the past eight years, with a focus on globalising its capabilities, footprint, and scale in the UK and beyond, as well as building new growth ventures, most notably Discovery Bank. This investment cycle focused on creating new avenues for long-term growth, notwithstanding a temporary impact on financial metrics, given the related

j-curves and funding costs. The Group is now emerging from that phase into a new distinct phase, which marks the realisation of the Group's growth strategy.

Over the past two years, the Group has rigorously intensified its focus on scaling its emerging businesses and the initiatives that can meaningfully impact the Group, while closing those with marginal benefits. The Group has also ensured financial discipline by removing interest rate, currency and refinancing risks, and applied rigour to capital

allocation and the utilisation of the emerging cash. Central liquidity has been increasing as cash generation for the established and emerging businesses has increased, the UK has become financially independent, and new initiative spend has decreased.

The Group believes this new phase will have a material impact on profitability, cash generation, returns and leverage. Growth in profit from operations is expected to exceed the longer-term target of CPI+10% over the medium term.



FROM A FINANCIAL MANAGEMENT PERSPECTIVE, WE WILL CONTINUE TO FOCUS ON:

- Managing and closely monitoring the Group's capital plan, ensuring robustness through continuous refinement and stress testing, as well as optimisation of capital allocation and risk-based return on capital
- Managing our funding plan in line with the above as well as our debt maturity profile
- Driving cost efficiencies across the Group
- Implementing hedging and asset-liability matching strategies where appropriate to manage interest and foreign exchange risks
- Implementing an enterprise performance management system to minimise lead time in generating reports and increase our analytical capabilities
- Responding to regulatory changes across our insurance businesses
- Ensuring our reporting and disclosure remain comprehensive and transparent, including continuous proactive engagement with stakeholders to increase our understanding of their needs
- Implementing targeted operational and risk management interventions to ensure the mitigation of key risks whilst capitalising on investments made

Despite the pervasive complex macroenvironment, we have consistently demonstrated the effectiveness of Discovery's Shared-value model in making people healthier and enhancing and protecting their lives. Supported by the Group's strong operational performance, I believe we are well-positioned for sustained growth and our resilience will serve us well in the new phase of our business. My appreciation extends to every person within Discovery for their commitment to our business – our success is only a result of our collective effort to deliver on our core purpose.

DEON VILJOEN

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We create value and differentiate ourselves by integrating our medium-term ambitions with short-term goals and driving our operating model through new business ventures or partnerships across market-specific composites.



SOUTH AFRICA

Discovery SA focuses on being the perfect composite model, number one in every industry, with Discovery Bank growing as the composite maker.

Discovery SA consists of:



UNITED KINGDOM

Vitality UK aims to be a new generation life and health insurance composite with integration at both a product and operational level and a seamless One Vitality client journey.

Vitality UK consists of:

VITALITY GLOBAL

Vitality Global strives to be a leading wellness and healthcare platform that provides our Vitality shared-value and health management capabilities to prominent life and health insurers globally.

Vitality Global consists of:

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Discovery Health

Discovery Life

Discovery Invest

Discovery Insure

Discovery Bank

VitalityHealth

VitalityLife

Vitality Network

Vitality Health International



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DISCOVERY HEALTH

Discovery
(South Africa)

WHAT WE OFFER

Discovery Health is South Africa's leading medical scheme administrator and managed care provider. We manage 39.0% of the total membership of South African medical schemes, including Discovery Health Medical Scheme (DHMS) – the country's largest open medical scheme, accounting for 57.9% of the open medical scheme market.

Discovery Health also offers a range of non-medical scheme-related health products, including Gap Cover to protect clients against unexpected medical costs and Flexicare, a primary care insurance product that provides affordable access to high-quality primary healthcare. In addition, Discovery Health incorporates Vitality Health Insurance (VHI) Africa, which provides shared-value health insurance products and healthcare solutions to employer groups and individuals across seven countries in Africa.



WHAT SETS DISCOVERY HEALTH APART

Discovery Health is committed to providing its clients with access to high-quality and affordable healthcare through continuous innovation and a diverse portfolio of products and services. We strategically balance long-term sustainability with immediate affordability by leveraging advanced digital healthcare solutions, innovative products, and market-leading benefits.

Our integrated, value-driven healthcare operating system is founded on cutting-edge product development, sophisticated data science, and a commitment to service excellence. By harnessing our scale and unique capabilities, we emphasise quality improvements and deliver value for money through offerings such as Hospital at Home, point-of-care pathology testing, and Personal Health Pathways, among others. Our shared-value approach ensures we maintain quality healthcare while reducing costs, leading to efficient healthcare delivery and lower member contributions.

With effect from 1 January 2024, Healthy Company is part of a single offering of Discovery Corporate & Employee Benefits.

OUR KEY PERFORMANCE INDICATORS

Normalised operating profit increased by

△ 7%

TO R3 972 MILLION

(FY2023: R3 698 million)

Total new business annualised premium income (API) increased by

△ 26%

TO R11 069 MILLION

(FY2023: R8 671 million)*

Non-scheme and other revenue increased by

△ 15.4%

TO R1.6 BILLION

(FY2023: R1.4 billion),

representing

14.8%
of total revenue

(FY2023: 14.1%)

Lives under management exceeded

△ 3.92 MILLION

(FY2023: 3.82 million)**

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Discovery Life

Discovery Invest

Discovery Insure

Discovery Bank

VitalityHealth

VitalityLife

Vitality Network

Vitality Health International

* Includes the onboarding of Sasolmed, a new restricted medical scheme.

** Includes lives with non-medical scheme products.



DISCOVERY HEALTH *continued*

OUR PERFORMANCE AGAINST STRATEGY

Discovery Health maintained its excellent financial performance, delivering strong revenue and operating profit growth during the year. We continued to focus on growth, operational efficiencies and distinctive service levels, with further investment made to enhance technology and service infrastructure, including the introduction of the new Discovery Health app and Personal Health Pathways, a sophisticated health promotion programme available to all adult members of DHMS.

Non-medical scheme products – comprising Flexicare, Gap Cover, Healthy Company, Trauma Cover and VHI Africa – covered 381 550 lives in FY2024 (FY2023: 321 879), with non-medical scheme revenue accounting for 15.8% of total revenue.

Discovery Health administers 18 restricted medical schemes and DHMS, an open medical scheme. DHMS membership levels decreased marginally during FY2024, with market share increasing from 57.8% to 57.9%, given contraction in the open medical scheme market, mainly as a result of underlying macroeconomic conditions. DHMS remains in a strong financial position, with a solvency level of 30.6% as at 31 December 2023 – significantly higher than the 25% regulatory requirement. In FY2024, Sasolmed, a large employer-based restricted medical scheme, was successfully onboarded, boosting new business API and lives under administration.

Engaged Vitality members' hospital costs were
26% lower and their lapse rate 3.4 times lower
compared with non-Vitality members, illustrating shared-value benefits realised.

Within the schemes we administer that opted in, value-based care contracts cover

31% of all healthcare professional spend and more than 58% of contracted hospital spend.

POSITIVE NEGATIVE NEUTRAL

- ✓ Our investment in technology continues to differentiate our services and drives increased digital engagement. In FY2024, 70% of all Discovery Health client engagements were completed through digital channels (FY2023: 71%).
- ✓ The newly launched Discovery Health app offers several new digital benefits and products to increase DHMS members' access to care, including a virtual doctor consultation service that provides rapid access to doctors for urgent and other medical conditions, a virtual physical therapy platform offering remote physiotherapy and rehabilitation, and a mental health digital therapeutic solution.
- ✗ To enhance the affordability of medical scheme cover against the backdrop of a challenging economic environment and high cost of living, DHMS reduced medical savings account contributions across Saver plans and offered limited-time discounted Discovery Gap Cover rates to qualifying members.
- ✓ DHMS's new Personal Health Pathways is a sophisticated disease management and prevention programme that leverages advanced data science, behavioural science and artificial intelligence to deliver precise and personalised healthcare recommendations and rewards to members through a range of engagement channels, including the new Discovery Health app.
- ✓ Flexicare membership grew to 108 286 members. Discovery Health partnered with Clicks, Intercare, Netclinic and Unjani Clinics to further increase access to primary healthcare benefits and services provided by Flexicare through a broader network of primary care clinics, general practitioners and an online clinic platform.
- ✓ Healthy Company, an advanced employee assistance solution available to large employers, provides employees with personalised support to manage their financial, physical and emotional wellbeing, as well as legal support. Healthy Company encourages employees to adopt an active lifestyle through free access to Vitality Active Rewards.
- ✓ VHI Africa expanded its footprint to Ghana and Tanzania, making the VHI Africa shared-value insurance product available in seven African countries.
- ✗ The National Health Insurance (NHI) Bill was signed into law on 15 May 2024 despite material concerns about the sustainability and feasibility of the legislation, particularly in relation to the role of medical schemes under Section 33 of the NHI Act and the lack of a clear funding plan for the Act.
- ✗ Legal action against the Road Accident Fund (RAF) continued as Discovery Health brought an application for contempt of court against the RAF Chief Executive Officer. The hearing proceeded in the Gauteng High Court as one concerning a breach of judgment, and Discovery Health awaits the outcome.

WHERE WE ARE HEADED

Discovery Health remains focused on exploring growth opportunities across client segments by building innovative services and solutions that meet individual and employer needs. We continue to invest in opportunities that differentiate the Discovery Health value proposition, improve the quality of healthcare and reduce costs in the South African private healthcare system.

We are committed to expanding access to high-quality and affordable healthcare to more South Africans. In line with our support of universal health coverage, we continue to introduce value-adding enhancements and benefits to the Flexicare, Gap Cover and Trauma Cover products. We have also played a central role in forming the framework for the proposed Low Cost Benefit Options to be introduced into medical schemes and which would materially improve uninsured South Africans' access to healthcare. We await the regulatory developments needed to enable the introduction of these options.

The recently gazetted NHI Act and its proposed limitations on medical scheme cover under Section 33 of the Act has led to some uncertainty and speculation about the future of private healthcare in South Africa. However, given the extent of the proposed reforms and complexity of the legislation, it will take several years, possibly decades, for the NHI to be fully implemented. Even if fully implemented, it is unlikely that the NHI will have sufficient funding to provide extensive benefits, meaning that medical schemes will continue to play a significant role in the country's healthcare system.

Discovery Health has been clear and consistent in our stance on the NHI: we fully support universal healthcare and recognise the role of a workable NHI in achieving this. However, the NHI in its current form is not viable without private sector collaboration and broader funding sources. Discovery Health continues to seek constructive engagement on the amendments required to make the NHI Act workable and will consider potential litigation should this be required.

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Discovery Life

Discovery Invest

Discovery Insure

Discovery Bank

VitalityHealth

vitalityLife

Vitality Network

Vitality Health International



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DISCOVERY LIFE

Discovery
(South Africa)

WHAT WE OFFER

Discovery Life provides risk protection to individual and business clients through comprehensive life, capital disability, income and education protection, severe illness, funeral and home loan protection cover. The business occupies a leading position in the intermediated retail-affluent South African protection market, with a market share of 27.3% for the 12 months to 30 June 2024.



WHAT SETS DISCOVERY LIFE APART

Driven by over two decades of market-leading innovation and services, Discovery Life provides a comprehensive risk offering that meets the needs of our client segments at all life stages. Discovery Life differentiates itself in the highly penetrated South African insurance market through its Shared-value Insurance model, which empowers clients to actively manage their health and rewards them through premium discounts and payback and cash conversion returns. Discovery Life's Life Plan 3.0 technology incorporates shared-value principles in real time by enabling interactivity and personalisation, and giving clients a simplified view of their cover and rewards.

OUR KEY PERFORMANCE INDICATORS*

Normalised operating profit increased by

△ 9%

TO R4 765 MILLION
(FY2023: R4 375 million)

New business annualised premium income (API) increased by

△ 4%

TO R2 942 MILLION
(FY2023: R2 838 million)

Cash generation

△ R2 260 MILLION

before a R494 million net repayment of FinRe
(FY2023: R165 million net FinRe increase)
(FY2023: R1 960 million)**

Embedded value increased by

△ 12%

TO R45.9 BILLION
(FY2023: R41.1 billion)**

Maintained leading market share of

27.3%

in the fully underwritten retail-affluent segment

Value of new business

R225 MILLION

(FY2023: R162 million)

Value of new business margin increased to

△ 3.8%

(FY2023: 2.5%)

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Discovery Bank

VitalityHealth

VitalityLife

Vitality Network

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* Earnings for the year have been reported under IFRS 17 Insurance Contracts for the first time. As a result, Discovery Life earnings are lower than the equivalent normalised IFRS 4 earnings, with a corresponding higher margin.

** Discovery Life and Discovery Invest.



DISCOVERY LIFE *continued*

OUR PERFORMANCE AGAINST STRATEGY

Discovery Life delivered a strong operating profit performance in FY2024. The business retained its market share in the retail-affluent protection market, with growth across all key retail distribution channels. Individual Life generated robust new business growth and grew earnings by 11%, driven by solid underlying premium growth and higher interest income. Overall, Discovery Life's embedded value experience variances were positive.

Discovery Life maintained its strong solvency and liquidity positions, demonstrating the resilience of the business. The solvency ratio was 183% and liquidity coverage was significantly above 100%. Cash flow was strong, with the cash conversion ratio above 35%. Discovery Life also prioritised the management of earnings volatility, particularly the lapse and policy alterations experience variances, with updates to estimates implemented and material management actions identified for implementation.

The business continued to focus on growing profitable new business through product innovation, digitisation and strategic distribution initiatives. As part of this, we successfully expanded the Life Plan 3.0 suite in FY2024 to extend the industry-leading features of Discovery Life products and launched a new Home Loan Protector benefit. We also enhanced our digital sales platform by implementing an integrated Financial Needs Analysis feature.

Over
R4.3 billion
provided to clients through shared-value benefits in FY2024 – including PayBack, Cash Conversions and Premium Savings.

Total gross claims of
R9.6 billion
paid during the year.

POSITIVE NEGATIVE NEUTRAL

The value of new business margin in Individual Life improved due to expense control interventions, growth in new business volumes and an improved new business mix. This strong new business performance was offset by muted performance in Group Life due to lower new business volumes compared to a strong FY2023 result.

Consumer pressure due to high levels of inflation and interest rates negatively impacted lapses and policy alterations. We expect reductions in the consumer price index to have a beneficial impact on policyholders over time.

During the year we launched quoting and mobile enhancements on Adviser 360 to improve the adviser user experience, including an integrated financial needs analysis feature.

The expanded Discovery Life Plan 3.0 suite now includes spouse and child benefit options and allows for greater personalisation through the embedding of shared-value principles.

Discovery Life launched a new Home Loan Protector benefit in partnership with Discovery Bank.

Discovery Life's Group Life business is now part of a single offering of Corporate and Employee Benefits (CEB), that offers integrated employee benefits solutions to employers to create healthier, wealthier South Africans, enabling people and businesses to thrive together. CEB has established clear strategic priorities and is making significant headway in executing its strategic plan.

WHERE WE ARE HEADED

Discovery Life will continue to drive profitable new business, focusing on product development, demonstrating the efficacy of the Group's Shared-value Insurance model and expanding the model to offer hyper-personalised rewards. Improving new business margin remains a priority, and we expect future interventions and projects to improve this over time.

We also plan to implement lapse and policy alterations actions, with significant management interventions to be implemented over FY2025. Continued consumer pressure poses a risk to growth and persistency, and we are monitoring this closely.

The Group Life new business pipeline remains healthy despite challenges experienced with moving schemes in the current economic environment as well as more competitive market rates due to reduced COVID-19-related loadings. We will continue to focus on building long-term strategic relationships with large schemes. CEB's targeted focus on growth in employer product lines and deepened integration across Discovery remains fundamental to unlocking opportunity and positioning Discovery as a thought leader and partner to South African employers, in solving the most pressing needs of their businesses and their people.

With effect from 1 January 2024, Group Life is part of a single offering of Discovery Corporate & Employee Benefits.

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- Discovery Bank
- VitalityHealth
- VitalityLife
- Vitality Network
- Vitality Health International



Our business reviews

DISCOVERY INVEST

Discovery
(South Africa)

WHAT WE OFFER

Discovery Invest provides comprehensive and flexible local and offshore investment plans to help clients achieve their short-, medium- and long-term investment goals. Discovery Invest is the fastest-growing active fund management retail investment provider in South Africa*, with assets under administration of R155 billion. Our Umbrella Fund business, offers corporate clients substantial incentives for long-term investing at an attractive price point. In addition, Cogeneity, our shared-value discretionary fund manager, marries the expertise of Discovery, whose behaviour-change platform is the largest of its kind, and BlackRock, one of the world's leading asset managers.

* Source: Association for Savings and Investment South Africa (ASISA), Analysis Ninety One, as at 30 June 2024.



WHAT SETS DISCOVERY INVEST APART

Discovery Invest encourages clients to improve their investment behaviours and rewards them for investing longer, investing more, living well, and managing and withdrawing their money wisely in retirement.

Our Shared-value model for investments enhances clients' outcomes by combining powerful, simple benefits with cost-effective products and world-class investment funds. These shared-value benefits improve how clients approach investing, allowing them to receive higher income in retirement, pay lower fees and be more resilient to market downturns. This unique approach – supported by strong asset management partnerships – assists clients in securing their retirement or achieving other short- or medium-term goals.

OUR KEY PERFORMANCE INDICATORS*

Normalised
operating profit
increased by

▲ 20%
TO R1 522 MILLION
(FY2023: R1 273 million)**

New business annualised
premium income (API)
increased by

▲ 8%
TO R3 300 MILLION
(FY2023: R3 050 million)

Net inflows amounted to
✓ R3.1 BILLION
(FY2023: R5.9 billion)

Assets under
administration
increased by

▲ 11%
TO R155 BILLION
(FY2023: R140 billion)

Assets under
management
increased by

▲ 11%
TO R105 BILLION
(FY2023: R95 billion)

Linked funds placed in Discovery Funds
remained at

80%
(FY2023: 80%)

* Excludes the Discovery Invest Umbrella Fund business.

** Earnings for the year have been reported under IFRS 17 Insurance Contracts for the first time. As a result, Discovery Invest earnings are lower than the equivalent normalised IFRS 4 earnings, with a corresponding higher margin.

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DISCOVERY INVEST *continued*

OUR PERFORMANCE AGAINST STRATEGY

Discovery Invest achieved a solid performance in FY2024. Strong market performance and favourable market conditions contributed to the growth of our revenue and profit in our linked investment businesses. One-off changes in our valuation methodology, driven by insights in the adoption of IFRS 17, also contributed favourably to operating profit. In addition, new business improved, driven by higher guaranteed endowment and linked investment product sales, particularly structured notes. However, cash outflows increased relative to FY2023 as the business saw higher withdrawals from voluntary products and guaranteed endowments as investors experienced financial strain and uncertainty around volatile investment markets. This trend has also been seen in the industry, with ASISA statistics showing that, if income and dividend reinvestments are stripped out, collective investment scheme management companies showed collective net outflows for the last three quarters, peaking at net outflows of cR30 billion for the quarter ending 30 June 2024 alone.

We continue to encourage full adoption of Cogence technology and focused on rolling out the second

phase of Cogence technology and introduced product enhancements, including new functionality in Aladdin Wealth™. We also implemented marketing and distribution initiatives to gain traction among independent financial advisers. During the year, Cogence's assets under management increased to R18.2 billion (FY2023: R280 million). This growth was largely driven by Cogence taking over the management of our Discovery Asset Optimiser Range of Funds of R13.8 billion of assets.

Since inception in 2007, we have paid and accrued over
R20.2 billion
in shared-value and other benefits, including over R3.5 billion in discounted fees.

Clients exhibited
11% lower drawdowns,
up to 17% lower lapse rates and two times more ad hoc contributions to their investment savings compared to figures prior to the launch of our retirement planning model in 2015.



POSITIVE



NEGATIVE



NEUTRAL

✓ Sales of guaranteed plans increased by 31% (FY2023: 23%) and sales of linked products increased by 5% (FY2023: 2%).

✗ The Discovery Balanced Fund range experienced a downturn in performance, as it was positioned for a global recessionary environment. However, performance started to recover following the new coalition government being announced, as the Fund is benefiting from its increased allocation to equities and higher allocation to South African assets.

✓ Total funds under administration in our Umbrella Fund business increased by 41% to R17.2 billion (FY2023: R12.2 billion) while sales annual premium equivalent totalled R626 million (FY2023: R382 million, excluding the Discovery staff scheme).

✓ We introduced four new Cogence funds in FY2024 including the conversion of the Discovery Asset Optimiser Fund range to Cogence. Performance of the multi-asset Cogence Fund of Funds was excellent, with the flagship Cogence Moderate Dynamic Asset Optimiser in the top quartile of medium-equity South African funds over one, three and five years and the offshore feeder Cogence Growth Prescient Fund in the first quartile of the global high-equity funds.

✓ In South Africa, the implementation date for National Treasury's new two-pot retirement rules was extended to 1 September 2024. During the year, Discovery Invest focused on rolling out a strategy to implement the new system across its retirement products. This involved ensuring regulatory compliance, setting up adequate fraud controls, positioning the business to manage anticipated high service volumes, and enabling digital processing.

✓ We launched several new limited offers and digital enhancements to the Discovery Invest component of the Discovery app. These include allowing clients to invest in multiple model portfolios and individual funds, as well as a new digital consent functionality enabling contribution changes and confirmation of withdrawals directly on the app.

✓ Based on current market levels, our structured products have an excellent performance track record, with 10 out of 12 Capital 200+ tranches set to give clients 100% return before the effect of fees and taxes. The April and July tranches of the Discovery Capital 200|300+ Fund, introduced in FY2023, are also in line to give our clients a 100% return on their investment.

✓ Discovery Invest introduced the Secured Capital Annuity, a back-to-back policy that provides retirees with a guaranteed income for the rest of their life and life cover equal to their initial capital investment, free of underwriting. In addition, the business now offers South Africa's first endowment Bitcoin Fund through the iShares Bitcoin Trust by BlackRock that will provide exposure to digital assets, without the challenges of a direct holding.

✓ The Adviser 360 Info hub hosts easy tutorial videos and step-by-step guides for onboarding, digital servicing and support functions. This provides support to advisers for a seamless digital experience.

WHERE WE ARE HEADED

Discovery Invest remains focused on innovation to expand its product range and digital offering to unlock new opportunities in the investment market and deliver more value to clients. To this end, we have several new product updates in development and are performing a product review as part of our product innovation pipeline.

A key concern for the business during the year was preparing for the implementation of the two-pot retirement system in September 2024. We will continue to monitor the impact of the new system on the business and manage the associated potential for fraud.

Our distribution strategy to grow Cogence's assets under management is in progress, supported by the introduction of new funds and the conversion of the Discovery Asset Optimiser Fund range to Cogence. In addition, we are working towards improving the uptake of the Cogence portal among independent financial advisers through focused marketing and distribution initiatives.

We are also monitoring the performance of the Discovery Balanced Fund range closely and are starting to see an improvement.

With effect from 1 January 2024, the Umbrella Fund business is part of a single offering of Discovery Corporate & Employee Benefits.

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DISCOVERY INSURE

Discovery
(South Africa)

WHAT WE OFFER

Discovery Insure provides flexible, innovative and comprehensive car and home insurance as well as rewards for driving well with Vitality Drive. The business covers over 288 000 cars and over R500 billion in personal insured assets. Discovery Insure continues to grow its footprint by leveraging strong partnerships and contributing to creating a nation of great drivers.



WHAT SETS DISCOVERY INSURE APART

Discovery Insure has been a disruptor in the South African short-term insurance market for over a decade, and was the first South African insurer to offer telematics-based vehicle insurance. Our Shared-value Insurance model underpins Discovery Insure's innovative products across car and home insurance and offers our clients compelling incentives supported by advanced technology. Vitality Drive, our incentive-based behaviour programme, is integral to our approach. By rewarding clients for driving well, the programme helps prevent accidents, deaths and injuries – making a material difference to the health and safety of our clients and broader society.

OUR KEY PERFORMANCE INDICATORS

Normalised operating profit increased by

△ 240%

TO R248 MILLION

(excluding commercial)
(FY2023: R73 million)

New business annualised premium income (API) increased by

△ 11%

TO R1 388 MILLION

(excluding commercial)
(FY2023: R1 249 million)

Gross written premium earned increased by

△ 9%

TO R5 726 MILLION

(excluding commercial)
(FY2023: R5 259 million)

Operating margin increased to

△ 3.5%,

impacted by extreme weather events over the period which were offset by various claims and expense efficiency initiatives.
(FY2023: 1.7%)*

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* Personal lines only.



DISCOVERY INSURE *continued*

OUR PERFORMANCE AGAINST STRATEGY

Discovery Insure experienced steady revenue growth in its personal lines business, however, policy growth was muted as a result of optimised premium corrections. Through these corrections, we have ensured that retained policies reflect higher-quality risk profiles and, by extension, lapsed policies have higher risk and loss experience. In addition, profit recovery in the first half of the financial year was constrained by floods in the Western Cape in September 2023 and severe hailstorms in Gauteng in November 2023, resulting in a net impact of R141 million in claims. Weather-related claims remained significant in the second half of the financial year, but attritional claims experience was better than expected due to effective management actions. The business continued implementing its margin recovery plan to improve the operating margin through focused efforts, including actions to manage premiums, claims and operating expenses. Overall, the business delivered strong profit growth, as the second half of the year showed a strong recovery.

During the year, Discovery Insure decided to exit the commercial insurance market. The decision aims to enable the appropriate scaling of the personal lines business, the delivery of continued disruptive innovation and the expansion of the transformational Vitality Drive programme globally. Commercial business advisers were given the opportunity to procure alternative cover for their clients ahead of commercial lines cover ceasing on 31 August 2024.

Discovery Insure introduced new products and enhancements to our existing offerings to remain responsive to evolving client needs. We continue to drive the efficacy and sustainability of the Shared-value Insurance model, and have collected over 20 billion kilometres of driving data, enabling data analytics and product innovation.

We have paid our clients over **R2 billion** in fuel cash back for driving well, demonstrating the efficacy of our Shared-value Insurance model in encouraging good driving behaviours.

Discovery Insure driver fatality rate is **9.6 driver deaths per 100 000 lives**, which is lower than South Africa's driver road fatality rate, creating a nation of great drivers.*

* To date since inception in 2011.



POSITIVE



NEGATIVE



NEUTRAL

✓ Loadshedding-related claims reduced and Discovery Insure partnered with takealot.com to support our clients by offering up to 25% off on power surge protection devices from the online retailer between 1 November 2023 and 31 January 2024.

✓ We implemented a combination of risk-based pricing, cover and tracking device initiatives during the year to manage increased vehicle thefts.

✗ Extreme weather events negatively impacted operating margin recovery, with the November 2023 hailstorm in Gauteng recorded as the worst in Discovery Insure's history.

✓ Discovery Insure has a quality client base, with lapse rates for Vitality Gold clients 37.5% lower than Vitality Blue clients.

✓ Our shared-value initiatives enable us to be a force for social good:

- On average, Fire Force responds to two fire incidents daily, in partnership with Advanced Emergency Management Services in Johannesburg, leading to fewer, less severe fire-related claims
- Pothole Patrol, a joint initiative with Avis, the Johannesburg Road Agency and the City of Johannesburg, has filled over 230 000 potholes across Gauteng since May 2021, resulting in fewer pothole claims
- Discovery officially launched the Pothole Patrol Academy in February 2024. The academy is now accredited by the Insurance Sector Education and Training Authority (INSETA) and offers a 12-month practical skills training programme providing an NQF Level 3 qualification

✓ We introduced the Core Plan, which specifically caters to price-sensitive clients who want a more affordable premium for their core insurance needs and includes access to a simplified Vitality Drive programme. Designed to appeal to the direct-to-consumer market, the plan will contribute to Discovery Insure's new business growth target.

✓ Vitality Drive clients with Insure Funder Accounts (IFAs) get their fuel cash back doubled and paid into their IFAs, which can then be used to fund their excesses, servicing costs, new tyres and vehicle licence renewal costs, with a 50% discount on administration fees. This creates more value for clients and also provides value to Discovery, as clients with IFAs have lower lapse rates.

WHERE WE ARE HEADED

Discovery Insure will continue to focus on margin growth. In addition to the management actions that have already been implemented, a wide range of initiatives have been identified to optimise pricing, underwriting, claims and operation expenses and processes. We are also targeting sales growth across all our distribution channels. New sales growth will be supported by product enhancements and new product launches, such as the Core Plan, and is underpinned by our focus on data analytics and consumer and market insights. In line with the Group's strategy, we also plan to expand the reach of Vitality Drive to global markets where we have seen significant appetite.

The extensive data we collect is invaluable to improve our understanding of the persistent and emerging risks we face, including extreme weather-related events and other claims. We expect extreme weather volatility to continue in the foreseeable future and continued shifts in trends of other risks and we are proactively developing initiatives to address this.

Following Discovery Insure's decision to exit the commercial insurance market, a comprehensive change management plan was executed, and we are monitoring any residual impact on staff and the distribution force.

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DISCOVERY BANK

Discovery
(South Africa)

WHAT WE OFFER

Discovery Bank is a full-service digital retail bank with a suite of banking products that can be accessed and managed seamlessly through the Discovery Bank app and the online banking platform. These products include transaction accounts with an optional overdraft facility for day-to-day banking; a standalone credit card account; a revolving credit facility; home loans; a full banking suite; demand, tax-free, notice and fixed-deposit savings and investment accounts; and multi-currency accounts.



WHAT SETS DISCOVERY BANK APART

Discovery Bank has disrupted traditional banking models by combining innovative technology and leading digital capabilities with Discovery Group's understanding of risk and behaviour change to create a new category of banking underpinned by the Shared-value model.

Vitality Money drives our shared-value approach by considering individual financial behaviours to understand clients' financial health. As clients improve their Vitality Money status, they earn greater value through a personalised stack of shared-value rewards. Rewards include better interest rates, discounts at lifestyle and travel partners, and Discovery Miles, the shared-value rewards currency more valuable than cash when spent within our vast network of online and retail partners.

Discovery Bank's differentiated digital banking platform delivers a streamlined end-to-end client journey, with seamless onboarding supported by geolocation-enabled know-your-customer (KYC) processing and immediate transactional capability. Clients can make secure contactless payments; access unique account management features like Smart Vault, Smart Search and financial analyser; experience personalised interactions with the Bank; get 24/7/365 assistance including Live Assist, WhatsApp servicing and Smart Notifications; and bank safely with our state-of-the-art security features.

OUR KEY PERFORMANCE INDICATORS

Normalised operating loss decreased by
△ 41%
TO R454 MILLION
(FY2023: R767 million)

△ 958 055
CLIENTS
(FY2023: 702 131 clients)

△ 2 271 703
ACCOUNTS
(FY2023: 1 625 912 accounts)

Retail deposits of
△ R18.5 BILLION
(FY2023: R14.3 billion)

Total credit facilities of
△ R15.7 BILLION
GRANTED,
of which R6.6 billion is being utilised
(FY2023: R12.8 billion/R5.2 billion)

Credit loss ratio of
△ 2.78%
(FY2023: 2.70%)*

* Calculated as the expected credit loss charge on the year-end advances balance.

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DISCOVERY BANK *continued*

OUR PERFORMANCE AGAINST STRATEGY

Discovery Bank performed well across all key metrics and reached monthly operational break-even before new business acquisition costs – an important milestone. The business maintained a strong growth rate of over 1 100 sales per business day, resulting in 36% growth in the total client base and placing us ahead of our target to achieve over one million clients by 2026. We balanced growth initiatives with cautious risk and expense management, which led to an improvement of 89% in operating loss before new business acquisition costs.

Discovery Bank remains an important focus for the Group as it evolves into the South African composite-maker. We are scaling the business through four strategic areas – accelerating growth; leveraging our composite model; offering disruptive, market-leading products; and providing unparalleled service and operational excellence. We made significant progress against these areas during the year, demonstrated by improvements to our product offering and growth in deposits and advances. Client utilisation of the Bank app also increased, showing good progress towards becoming the face of the Discovery SA composite, with over 10 million monthly logins on the Discovery Bank app.

Clients earned
R8.69 billion
and received a
15% average
discount

when spending their Discovery Miles
in-store, online and in Vitality Mall.
It is expected that over R10 billion
will be paid out to clients in 2024.

Discovery Miles D-Day continues to
drive engagement, with a combined
spend of over
R1.87 billion
(valued at R227 million) in FY2024.

Clients earned over
R95 million
in interest boosts.



POSITIVE



NEGATIVE



NEUTRAL

- ✓ Discovery Bank remained focused on quality growth of its client base and maintained a low credit loss ratio.
- ✓ Non-interest revenue grew by 45%, driven by increased interchange and fee income per client.
- ✓ In FY2024, deposits increased by 29%, indicating that more clients are using Discovery Bank as their primary account, and advances grew steadily due to growth in credit application volumes. The Bank maintained its loan-to-deposit ratio of 36%.
- Our credit loss ratio was lower than the market for equivalent products, however, persistent macroeconomic challenges increased arrears and non-performing loan ratios. We manage credit effectively and have a conservative economic risk management strategy in place to protect us against higher-than-expected credit losses.
- ✓ Client engagement levels grew, with a 44% increase in payment volumes and a 33% increase in normalised spend values in June 2024 compared to June 2023.
- ✓ We expanded our lending suite to include a revolving credit facility and shared-value home loans. Our home loan offering leverages the Shared-value model to reward clients with interest rate discounts of up to 1% for practising healthy financial behaviours and utilising other Discovery products. In addition, clients have access to comprehensive homeowner support, protection products for their homes and family, additional financing for energy solutions, and up to 30% back in Discovery Miles on furniture purchases at partner stores.
- ✓ Discovery Bank supported sports development in South Africa by offering a limited-edition TapToGive virtual card. We donated 10 000 netballs and 5 000 rugby balls to our partner development organisations as a result of clients using their virtual card for in-store payments between September and November 2023.
- ✓ We maintained excellent service levels in FY2024 and were voted the number one bank in client service for the second consecutive year in the 2023 Ask Afrika Orange Index® survey.
- ✓ Discovery Bank's innovative tools help advisers provide greater support to their clients. Through the credit risk screening indicator on the Adviser 360 platform, advisers can identify whether their clients qualify for credit based on their credit bureau risk profile. Discovery Bank-accredited advisers can also now be appointed as the designated adviser on record for any existing Discovery Bank client.

WHERE WE ARE HEADED

Discovery Bank is growing rapidly and is well positioned to achieve further growth in targeted client segments and business lines, driving primary banking relationships through a full-suite product. We will continue strengthening the business's role in Discovery SA and grow revenue through focused client engagement and increased integration of the Discovery ecosystem with the Discovery Bank app.

We are building a scalable bank able to meet our goal of becoming South Africa's best bank through concentrated efforts in our four strategic focus areas. These areas remain a priority as we expand our product range and digital servicing proficiencies by leveraging digital and AI capabilities to drive positive client experiences and grow our client base.

We are also targeting growth through high-quality lending products and are well positioned to grow advances following the expansion of our lending suite with the revolving credit facility and home loan offerings during the year. The home loans book and pipeline is promising, with R766 million approved and/or disbursed. As the Bank grows, we aim to balance our net interest revenue and net interest income, supporting long-term stability, and invest in balance sheet management capabilities to optimise return on capital. The Bank is driven by a bold ambition – targeting two million clients and R3 billion in profits in FY2029.

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VITALITYHEALTH

Vitality (UK)

WHAT WE OFFER

VitalityHealth specialises in private medical insurance (PMI) that provides a unique and comprehensive health and wellbeing solution to individuals, corporates and small and medium-sized businesses in the UK, offered directly or through financial advisers.



WHAT SETS VITALITYHEALTH APART

VitalityHealth encourages healthy living and rewards people for adopting a healthier lifestyle – a core element of our Vitality Shared-value model. We empower our members to actively manage their wellness and build long-term, sustainable healthy habits by engaging them through the Vitality programme, which benefits members, our business, and society.

VitalityHealth prioritises prevention, primary care and digital pathways that enable members to navigate the complex healthcare system. We tailor our PMI products for employers to provide broader wellbeing programme options for their workforce. We also offer Care Hub, a digital platform that lists healthcare providers through the Consultant Finder feature – including Vitality Premier Consultants, a panel of designated consultants with excellent performance outcomes like lower lengths of stay and reduced re-admission rates.

OUR KEY PERFORMANCE INDICATORS

Normalised operating profit decreased by

▽ 52%

TO £18.5 MILLION

(R435 million)
(FY2023: £38.4 million/R823 million)*

New business annualised premium income increased by

△ 10%

TO £105.7 MILLION

(R2 488 million)
(FY2023: £96.3 million/R2 064 million)*

Earned premiums increased by

△ 12%

TO £699.3 MILLION

(R16 470 million)
before the additional unearned premium reserve
(FY2023: £623.6 million/R13 364 million)**

Return on capital of

▽ 4.8%

(FY2023: 10.9%)

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* Excludes Type II expansions.

** Excludes notional premium for Trust schemes.



VITALITYHEALTH *continued*

OUR PERFORMANCE AGAINST STRATEGY

VitalityHealth performed well across its key metrics, with the exception of a significant increase in claims and a resultant impact on operating profit. The negative claims experience was due to greater utilisation of private healthcare caused by delays to access care in the National Health Service (NHS) and industry claims returning to higher pre-COVID-19 levels. This had an impact on private medical insurers across the industry resulting in pricing increases. Heightened medical and general inflation further exacerbated the negative impact of increased utilisation. Claims authorisations also rose significantly due to higher primary-care-related authorisations. VitalityHealth is implementing premium pricing increases to gradually offset the claims increase and has invested in enhancing its healthcare risk management capabilities to lower the costs per authorisation.

VitalityHealth maintained excellent retention rates despite the cost-of-living crisis and higher premium increases. Earned premiums benefited from robust new business – which grew strongly due to increased demand for private medical insurance – and low lapse rates. The total lives covered grew by 7% (FY2023: 13%) to 1 027 569 (FY2023: 959 075). The business is well positioned to deliver sustained growth and will continue to invest in expanding its primary care assets and digital servicing capabilities to achieve this.

Highly engaged Vitality members have
28% lower
healthcare costs
and live up to
4.8 years longer.

While our incentives-based approach promotes positive lifestyle behaviours, clinical disease prevention through interventions and screening is equally important to improve health outcomes.

Employees with Vitality are healthier and more productive with, on average, a
32% better
Vitality age gap
and an additional 2.5 productive days per year.

✓ POSITIVE ✗ NEGATIVE ⚡ NEUTRAL

✗ NHS waiting times reached an all-time high during the year, resulting in challenges in accessing care and treatment and a subsequent increase in the utilisation of private healthcare. VitalityHealth claims authorisations per 1 000 lives per month increased materially as a result. The increase was driven by higher optical, dental and audiological claims as well as mental ill-health, physiotherapy and virtual GP authorisations.

✓ VitalityHealth launched several new benefits, including a cancer risk assessment and screening, and everyday care benefits. We also introduced digital enhancements and products, including updated diagnostics, a digital physiotherapy offering, an end-to-end claims journey and an automated underwriting experience.

✓ VitalityHealth's new personalisation capability allows advisers to customise brochures based on members' information and needs. It assists advisers in demonstrating the value of the Vitality programme by including Vitality partners and the potential discounts and rewards members can access.

✓ Primary Care services continue to be in demand, comprising 64% of all member claims – up from less than 10% in 2015 – representing a shift in the type of care people are expecting. Primary Care services encompass digital care pathways and go beyond GP access. They include commonly used treatments that do not need a GP referral, such as physiotherapy and Talking Therapies.

✓ The Premier Consultant Network continues to improve claims cost efficiencies and care outcomes. Patients treated by premier consultants have a 27% lower likelihood of being readmitted to hospital after treatment. As at June 2024, 60% of our consultant-led consultations were through the Premier Consultant Network. Under our other partner networks, 94% of new outpatient physiotherapy authorisations and 93% of new outpatient mental health authorisations were within the network.

✓ Care Hub membership engagement continued to grow with 42% of claims now facilitated digitally.

✗ We successfully completed the run-down of VitalityCar earlier than planned, with costs to run off the business being lower than expected.

WHERE WE ARE HEADED

VitalityHealth will focus on growth and optimising its products and services to improve members' health. In line with Discovery's core purpose, with the aim to reduce members' future morbidity and mortality and extend their healthy years, and will continue to prioritise prevention and building advanced digital pathways.

Our digital-first products support this aim by transforming how members access and use our services. To further enhance our digital healthcare experience and ensure our offering remains innovative, we are working to integrate artificial intelligence technologies within the Everyday Care journeys. This will improve triage options, the accuracy of diagnosis and referrals. We will also continue to improve digital servicing through our member Care Hub and drive directionality in the Premier Consultant Network.

The heightened demand for private medical services necessitates an increased focus on ensuring the business operates effectively in a high-inflation environment. Accordingly, we are prioritising managing risk profits to ensure underwriting controls, tariff costs and authorisation processes mitigate higher claims costs. We are also implementing sustainable renewal and new business premium increases while managing retention rates and adapting Everyday Care to manage utilisation, value for members and directionality into networks.

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VITALITYLIFE

Vitality (UK)

WHAT WE OFFER

VitalityLife provides long-term life, serious illness, income and mortgage protection cover to individuals. VitalityLife is a top 5 market leader in the UK for protection business in the independent financial adviser market.



WHAT SETS VITALITYLIFE APART

VitalityLife promotes healthy living through our Shared-value model, allowing clients to access cover at the best risk rate upfront and maintain this over time by engaging in Vitality. Paired with unique and innovative products, this approach provides market-leading protection at competitive prices.

As our clients' needs change, VitalityLife is able to move away from a transactional insurance approach and adapt our products and services to meet clients' requirements. This will increasingly address broader societal issues by reducing the healthcare burden and integrating behaviour-change products and services with everyday life. Daily interactions that incentivise and reward healthy behaviour not only improve members' lives and deliver tangible value, but generate higher levels of engagement, thereby improving persistency.

OUR KEY PERFORMANCE INDICATORS

Normalised operating profit decreased by

▽ 27%

TO £15.9 MILLION

(R375 million)
(FY2023: £21.8 million/R468 million)

New business annualised premium income increased by

△ 4%

TO £83.1 MILLION

(R1 956 million)
(FY2023: £80.3 million/R1 721 million)

Value of new business margin decreased to

▽ -1.3%

(FY2023: -1.0%)
with a positive step change in the value generated in the second half of FY2024

Earned premiums increased by

△ 10%

TO £401.9 MILLION

(R9 464 million)
(FY2023: £365.6 million/R7 835 million)

New business from serious illness cover products increased to

△ 34%

while optimised new business decreased to

▽ 66%

(FY2023: 30%/68%)*

* The percentage of optimised new business is expressed as a percentage of new business where optimisation is possible.

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VITALITYLIFE *continued*

OUR PERFORMANCE AGAINST STRATEGY

VitalityLife's operating profit for FY2024 was significantly impacted by a lapse basis strengthening, particularly on the legacy Prudential Assurance Company (PAC) book of business. However, excluding the lapse basis strengthening, the business achieved an operating profit of £28.5 million (R671 million), representing an increase of 31% against FY2023. Despite the basis strengthening and a persistently challenging macroeconomic environment, VitalityLife delivered solid underlying business performance. Increases in lives covered and earned premiums demonstrate the business's robust retention and high indexation increases. Lapse and claims experience were also positive, reflecting clients' ongoing engagement in Vitality.

New business profitability improved in the second half of the year, mainly driven by enhancements in price optimisation. Notably, the profit margin on new business increased from 0.6% in the first half of the year to 5.6% in the second half. We expect this performance to be sustainable and provide a platform for further enhancements. The business continued to improve the quality of the portfolio through an enhanced business mix and an increase in the proportion of index-linked and whole of life policies.

The restated financial results include an accounting policy change relating to some elements of the PAC book. This change results in the collateralisation and capital components of the contractual arrangement with the Prudential Assurance Company being accounted for as advances under IFRS 17 rather than insurance-related cash flows. This will result in less volatile earnings going forward that better reflect the performance of the underlying business.

99.7% of life cover claims paid totalling
£83.5 million
and 87.8% of serious illness cover claims paid totalling
£32.7 million.*

Optimiser
offers members discounts on their life cover for making healthy lifestyle choices.

VitalityLife saved members more than
£43 million
(CY2022: £42 million)
on their insurance premiums through Optimiser.*

* In CY2023.



POSITIVE



NEGATIVE



NEUTRAL

✓ Lives covered increased by 5.9% to 810 050 (FY2023: 764 699) while growth in earned premiums was driven by strong retention, new business and the indexing up of client premiums.

○ Low lapses and positive claims experience demonstrate our clients' continued engagement in Vitality, with highly engaged clients, on average, 46% less likely to cancel their plans.

✓ The adoption of IFRS 17 enabled VitalityLife to remove the volatility of reported financial performance caused by **changes in economic assumptions**, providing a clearer long-term view of the business's performance.

✗ **Basis changes on onerous contracts** will impact earnings under IFRS 17. This type of earnings volatility is a feature of IFRS 17 and impacted VitalityLife during the year. In FY2024 the strengthening of lapses resulted in onerous contracts which reduced operating profit by £12.5 million (R294 million) in FY2024.

✓ VitalityLife's advanced capabilities in price optimisation allow targeted sales growth in more profitable product lines to achieve new business profitability targets while managing onerous business.

✓ We made significant progress in our system modernisation programme to unlock improved system stability, performance and quicker deployment of product enhancements. Going forward, this will yield improved adviser sentiment and reduced unit costs per policy.

WHERE WE ARE HEADED

VitalityLife is focused on ensuring the fundamentals of a profitable and sustainable life insurance business are in place. This means delivering sufficient volumes of profitable new business while driving initial expense efficiencies. We will continue targeting sales growth in profitable products, including income protection, whole of life, serious illness, indexed and optimised business.

Our additional priorities include product innovation to integrate the Shared-value model into a larger portion of new business and reinsurance structures, optimising our reinsurance strategy and digitising key processes to increase expense efficiencies. We also continue to upgrade the VitalityLife legacy system architecture to improve stability and performance, lower third-party medical costs in underwriting through the use of machine learning, reduce underwriting turnaround times, and enhance adviser and operational team experience.

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Our business reviews

VITALITY NETWORK

Vitality Global

WHAT WE OFFER

Vitality Network, a distinct unit of Vitality Global, partners with and licenses shared-value insurance to major insurers and employers globally through related expertise, data and technology. Vitality Network operates in 38 markets globally.



WHAT SETS VITALITY NETWORK APART

Vitality Network strives to be the world's leading behaviour-change platform in the insurance and financial services industries. We collaborate to provide aspirational reward offerings and bring a dynamic, diverse perspective to our partnerships with the most forward-thinking insurers globally.

Vitality Network leverages Discovery's Shared-value Insurance model to drive global behaviour change, creating a new insurance category that positively disrupts the industry. Our shared-value insurance offering is underpinned by one of the world's largest and richest data sets, analytical expertise and proven solutions that make people healthier and transform insurance economics. Vitality Network's solutions are supported by the Vitality1 platform, which is scalable and easily deployed to multiple markets in multiple languages.

OUR KEY PERFORMANCE INDICATORS

Normalised operating profit increased by

△ 23%

TO US\$28.5 MILLION

(R533 million)

(FY2023: US\$23.1 million/R411 million)

Revenue increased by

△ 10%

TO US\$101.3 MILLION

(R1.9 billion)*

(FY2023: US\$91.7 million/R1.6 billion)

Integrated annualised premium income (API) by insurance partners increased by

△ 11%

TO US\$1.6 BILLION

(R29.5 billion)

(FY2023: US\$1.4 billion/R25.2 billion)

Insurance partner membership increased by

△ 17%

TO 5.3 MILLION

(FY2023: 4.5 million)**

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* Excluding solution revenue from internal clients and rewards income.

** Comprises enrolled members on the Vitality1 platform (net of cancellations/lapses).



VITALITY NETWORK *continued*

OUR PERFORMANCE AGAINST STRATEGY

Vitality Network's operating profit increased strongly during the year, driven by solid revenue growth from our insurance partners, an expanded profit margin and cost efficiency initiatives. The strength of the US dollar against Asian currencies, in particular relative to the Japanese yen, negatively impacted the business's total revenue. However, robust sales, increased membership and revenue growth in Asian markets partially offset this.

During the year, Vitality Network implemented several initiatives to position the business for future growth. This includes our work to secure new life insurance partners; further development of the Vitality1 platform, investment into which has now peaked; and the development of a new mobile app experience with a modular architecture that aims to enhance our technical capabilities and incorporates reward programmes with Adidas, Headspace and Expedia. We also added new reward and benefit partners to the Vitality programme in North America and explored opportunities with AIA to provide increased resources and services.

Our Shared-value model continues to positively impact our partner businesses by growing policy sales, reducing lapse rates and making people healthier – demonstrating its expanding global relevance. Among partners, longitudinal analyses have shown mortality improvements above expectations of over 40% for most engaged members. We are taking the Shared-value model to the next level through our collaboration with global reward partners, encouraging increased behaviour change through incentives and rewards.

The Vitality1 platform creates value

for our partners globally by offering continual product enhancements, new features readily available to all markets and better performance at reduced shared services and localisation costs.

✓ POSITIVE ✗ NEGATIVE ○ NEUTRAL

✓ Vitality Network enhanced user experience and introduced new features on the Vitality1 platform, including the Healthy Futures risk assessment and an upgraded Vitality Age calculation with personalised goals. We also launched a physical activity module to encourage healthier exercise habits and a mental wellbeing module, supported by our partnership with Headspace.

✓ Vitality1 recorded more than 5.1 billion device readings and over 1.6 billion device workouts per annum. This demonstrates the robustness, scalability and efficiency of the platform.

○ AIA Vitality had mixed performance across its markets, with Thailand and Malaysia delivering solid results and continued growth during the year.

○ Generali reached a milestone of 100 000 members, with its in-force membership base increasing by 15%.

✓ John Hancock benefited from increased demand from affluent clients. The adoption of Manulife's Go Big products made good progress despite uptake being slower than expected. We continue to support stronger sales of Vitality at John Hancock and Manulife through organic growth initiatives.

✓ Sumitomo Life Insurance achieved a high engagement rate of 65% and a stable penetration rate of 69.5%.

✗ Exchange rate fluctuations and currency depreciation negatively impacted the performance fees of IGI Life in Pakistan.

✗ Prudential has sold the Prudential Argentina business. The programme is expected to continue with existing Prudential clients for the next six months and Vitality Network will monitor developments in this regard.

✓ Prudential Brazil has launched a new application, Fully, which integrates Vitality as part of the broader Fully wellness ecosystem. The application is showing good initial results and engagement will continue to be monitored. The Fully pipeline both within Brazil and the Latin American region is looking positive with excellent prospects and good growth projections.

✓ Tawuniya in Saudi Arabia embedded Vitality into its Tawuniya SuperApp, with registrations exceeding 700 000.

WHERE WE ARE HEADED

Vitality Network remains focused on revenue and profit growth. Our profit margin exceeded 30% in FY2024 and we expect further margin expansion as a result of continued revenue growth and a flat US dollar cost base. We plan to maintain this momentum by strengthening our relationships with our existing insurance partners, pursuing new insurance partnerships – specifically targeted towards expansion in the US – and driving operational efficiencies. In addition, we have seen encouraging engagement in our reward programmes and will continue to collaborate with more global reward partners to enable increased engagement and drive healthy habit formation.

Our wealth of health-related intellectual property and the Vitality Shared-value Insurance model underpin our strong growth. Our key partners are increasingly adopting the Group's Shared-value model, which continues to unlock further expansion opportunities across the insurance value chain. Enhancing Vitality products and leveraging the evolving model will remain a priority to ensure we provide greater value to our partners.

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VITALITY HEALTH INTERNATIONAL

Vitality
Global

WHAT WE OFFER

Vitality Health International (VHI), a distinct business unit of Vitality Global, leverages Discovery's health and Vitality intellectual property to create strategic partnerships through equity holdings in health insurance and health technology and solutions businesses.

VHI offers health insurance in China through a 24.99% equity stake in Ping An Health Insurance (PAHI) and provides health technology and wellness and care solutions through its 25% shareholding in Amplify Health Asia (a joint venture with AIA) and its 100% shareholding in Vitality US. VHI also owns 50% of Quantum Health, a data and analytics joint venture with Quantum Group, headquartered in Australia and with operations in the UK and South Africa. Vitality China, a business unit of VHI, manages Discovery's investment in PAHI, delivers value-adding, capability-enhancing projects in PAHI, and drives Discovery's relationship with Ping An Group (PAG).



WHAT SETS VHI APART

VHI houses all of Discovery Limited's international health interests outside of South Africa, Africa and the UK. VHI has strategic equity stakes in joint venture businesses, which combine Discovery and our partners' distinctive and complementary strengths, specifically Discovery's market-proven health insurance and Vitality assets. These joint ventures have been purposely deployed in markets with high growth potential, creating opportunities to utilise VHI's health-related intellectual property further. Similarly, VHI's wholly owned business in the US aims to capture a share in the world's largest healthcare market.

OUR KEY PERFORMANCE INDICATORS

Total VHI normalised operating profit increased by

△ 73%

TO US\$39.4 MILLION
(R738 million)
(FY2023: US\$22.8 million/
R414 million)

Normalised operating profit from PAHI (after tax) increased by

△ 82%

TO RMB434 MILLION
(R1.12 billion)
(FY2023: RMB239 million/R609 million)*

Administration, solution services and intellectual property revenue (excluding PAHI) decreased by

▽ 11%

TO US\$50 MILLION
(R935 million)
(FY2023: US\$55.9 million/R995 million)

VHI (Other) normalised operating loss increased by

▽ 88%

TO US\$20.7 MILLION
(R386 million)
(FY2023: US\$11.0 million/R195 million)

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PAHI specific key performance indicators

PAHI new business revenue (written premium) (PAHI own licence) increased by

△ 12%

TO RMB3.8 BILLION
(R9.9 billion)
(FY2023: RMB3.4 billion/R8.7 billion)

PAHI total revenue (written premium) (PAHI own licence) increased by

△ 13%

TO RMB16.1 BILLION
(R41.7 billion)
(FY2023: RMB14.3 billion/
R36.5 billion)

PAHI total earned premium increased by

△ 7%

TO RMB15.3 BILLION
(R39.7 billion)
(FY2023: RMB14.3 billion/
R36.4 billion)**

Number of lives insured increased by

△ 26%

TO 27.4 MILLION
(FY2023: 21.8 million)***

* After Discovery's costs to support the business.

** Total earned premium includes premiums earned on policies written on PAHI's own insurance licence and policies written on Ping An Life and Ping An P&C's licences directly reinsured to PAHI.

*** Excluding reinsured lives.



VITALITY HEALTH INTERNATIONAL *continued*

OUR PERFORMANCE AGAINST STRATEGY

VHI achieved significant profit growth during the year, largely attributable to PAHI's increased operating profit, which was supported by solid business fundamentals. This profit growth was partially offset by accelerated investment and an operating loss in Vitality US, slightly higher equity losses in Amplify Health and reduced revenue in Quantum Health.

Since inception over two years ago, Amplify Health has made excellent progress in developing integrated health solutions for the south-east Asian market (excluding China). It has deployed three key products to six AIA markets to date, focusing on claims payment integrity, provider management and chronic disease management, with various consulting engagements to support these products. While product sales have continued to increase, both to AIA markets and third-party clients, and the emerging pipeline is robust, revenue generation remains a challenge, although not unexpected given the early stage of the business. During the year the business therefore focused on expense management while preserving its capabilities. In future, the significant and upfront costs of new product development and builds will not be incurred due to the reusability of modules built and efficiencies of scale.

Vitality US is targeting a larger addressable market through expansion beyond wellness to integrated digital health and care. In FY2024, this enabled it to deliver increased sales to its existing employer groups client base, and now to health plans – a significant new opportunity. The business continued to enhance its Vitality 3.0 proposition with the launch of the Personal Health Pathways product and the addition of specialised modules to its product suite. Furthermore, it is actively investigating collaborations and partnership opportunities to strengthen the Vitality 3.0 proposition and expand the business's scale and market access. The business's increasing sales and strong pipeline of sales prospects position it well to achieve accelerated growth in the evolving US market.

During the year, PAHI demonstrated high-quality operating metrics, with consistently high operating margins and superior premium income growth compared to the industry. The business improved its combined operating ratio by 4.7% for individual business lines (for the six months ending 30 June 2024), while maintaining a stable combined operating ratio for group business lines. In addition, PAHI maintained a robust balance sheet, with a comprehensive solvency ratio of 320% and stable investment income through a conservative investment strategy. The increase in new business on the PAHI insurance licence was driven by growth in sales via non-Ping An Life (PAL) channels and strong performance by PAHI's Group insurance business. PAHI's market share of indemnity health insurance in China is now above 11%. Reinsurance premiums grew by 25%, with new reinsurance business up 87%.

Quantum Health's revenue remains under pressure following the conclusion of its COVID-19 support work and significantly reduced consulting work from the Australian Federal Government. The business continues to focus on building its sales pipeline by diversifying its footprint geographically and across client segments, while actively managing expenses, and is now showing early signs of recovery.

Highly engaged Vitality US members experience a **14.9% to 19.4% reduction in medical claims costs compared to least engaged members in CY2022.**

53% of Vitality US members are highly engaged, reaching silver status or above, compared to an average benefits engagement of c5% to 10% in the US market.*

* at 1 August 2024.



POSITIVE



NEGATIVE



NEUTRAL

Discovery is collaborating with Amplify Health to support the rollout of Amplify Health's solutions and the transfer of technological capabilities, including providing guidance and training based on Discovery's expertise across the health insurance value chain.

Quantum Health's strategy is gaining traction, with several pilot projects secured with the National Health Service in the UK. The business has successfully deployed its Vitality AI platform in Vitality UK and will be expanding the use cases for implementation. Furthermore, the business is developing the Personal Health Pathways platform for Discovery Health and Vitality US.

VHI's investment in the technology and capabilities of Vitality US is showing early signs of success. In FY2024, Vitality US signed multiple new employer clients and initiated important initial contracts with some smaller health plans.

Vitality US continues to expand its product proposition. It launched a coaching module that provides support for chronic conditions and care management, with a focus on weight management interventions. The integrated module incorporates partnerships with healthy food providers and clinical and lifestyle coaches.

In June 2024, PAHI paid a dividend to shareholders for the first time, representing 30% of CY2023 distributable profits. Discovery's share after withholding tax was R255 million.

Amid challenges from a shrinking PAL agency force, PAHI's investment in diversifying its distribution channels is paying off, with improved business growth and quality, including diversification of products sold. While good progress has been made, PAHI needs to further diversify channels and products, as the PAL channel still accounts for 71% of individual new business premiums (for the six months ended 30 June 2024).

PAHI's investment strategy has resulted in relatively stable investment returns, with increased non-taxable investment income further enhancing the business's performance.

For the five months ended 31 May 2024, PAHI's premium growth exceeded the growth of the market by 4.8%.

WHERE WE ARE HEADED

VHI remains focused on leveraging emerging healthcare ecosystems to expand its footprint through equity partnerships in key markets with high growth potential. In doing this, VHI aims to globalise Discovery Group's intellectual property by creating profitable businesses in attractive markets, supported by the experience gained from existing Group businesses.

VHI is supporting Amplify Health to expand its product offering and advance business development, with a claims administration solution planned to be deployed in the near future. VHI will continue to pursue opportunities to diversify Quantum Health's business and expand its footprint to the UK, US, India and the Middle East, while Vitality US is focusing on leveraging the evolving US market and exploring new acquisitions and partnerships to drive growth.

PAHI has developed as a specialist health insurer of scale, and projects jointly delivered by Vitality China and PAHI will support further business growth. These projects focus on developing advanced automated claims management, fraud detection techniques, and predictive clinical interventions; data-driven actuarial risk prediction tools to enhance sales, pricing, and retention; data-based monitoring tools to identify, alert, and recommend remedial action; and health and wellness products, capabilities, and interventions through the LejianKang ('Fun Health') platform and HuoLiGO ('VitalityGO') programme. Vitality China and Ping An Group continue to explore opportunities for further collaboration.

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SUPPLEMENTARY INFORMATION



Integrated Reporting
Framework
application register

Glossary

Integrated Reporting Framework application register

By applying the requirements of the Integrated Reporting Framework, our Integrated Annual Report provides insight into the resources and relationships we use and impact in pursuit of sustainable value. In the framework, these are referred to as the six capitals. We explain what these capitals mean for our business alongside.

OUR RESOURCES AND RELATIONSHIPS (CAPITALS) AND WHAT THEY MEAN FOR US

FC Financial Capital

The pool of funds, including equity and debt, used to support our global expansion, scaling existing business for future growth and investments in new products, services and technology.

HC People

The human capital we depend on, including their diversity, skills, experience and expertise.

IC Data and innovation

The intellectual capital we leverage to enhance our data and actuarial science capabilities to drive innovation – supported by big data, machine learning, automation and artificial intelligence.

MC Technology and digital assets

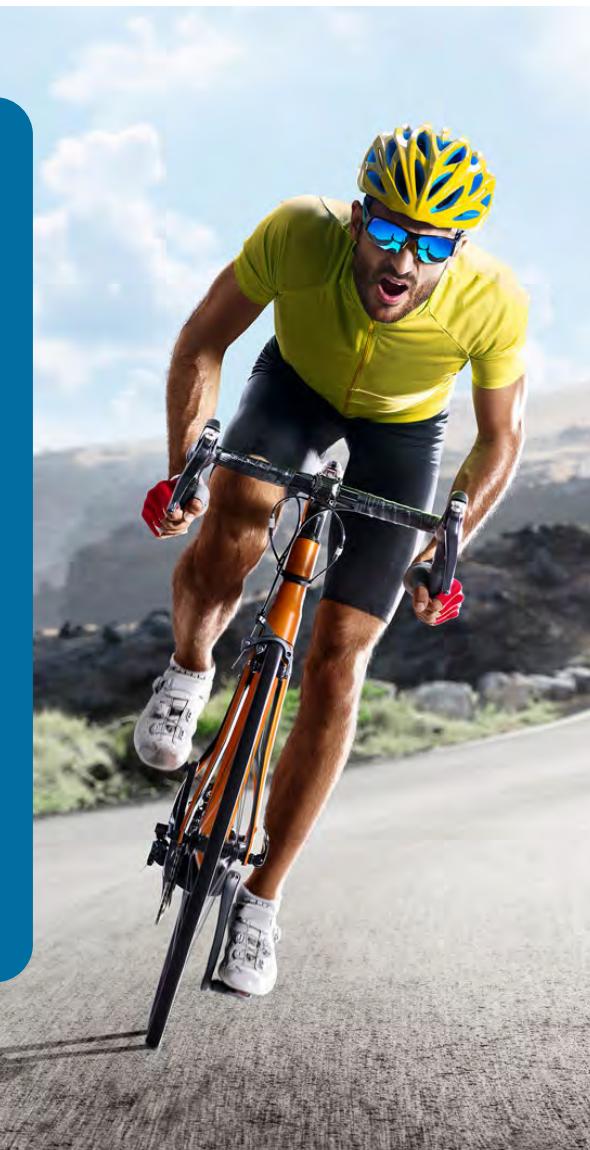
Our manufactured capital, including the Shared-value model and Vitality¹ platform, as well as the assets developed through the model such as behaviour-change programmes.

SC Relationships

The social and relationship capital we rely on to establish equity and credibility in the market, including global partnerships and relationships with clients, governments and communities, and brand assets.

NC Environmental resources

The natural capital used during normal business activities, including energy consumption and water usage.



Integrated Reporting Framework application register

Glossary



In preparing our FY2024 Integrated Annual Report, we were guided by the requirements of the Integrated Reporting Framework. Our Board of Directors assumes responsibility for the integrity of this report and confirms that it complies with these requirements. We describe and reference the application of the framework's guiding principles and content elements in the sections that follow.

GUIDING PRINCIPLES

STRATEGIC FOCUS	CONNECTIVITY OF INFORMATION	STAKEHOLDER RELATIONSHIPS	MATERIALITY
<p>An integrated report should provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short, medium and long term, and to its use of and effects on the capitals.</p> <p>Our Integrated Annual Report sets out our medium-term ambition statement and long-term strategic objectives, along with the key performance indicators we measure in the short term to ensure we deliver on our core purpose. We also consider the Group's significant risks and opportunities stemming from our market position and global footprint, along with how the six capitals contribute to our ability to achieve the Group's strategic objectives.</p>	<p>An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time.</p> <p>Discovery continues to embody the philosophy of integrated thinking, and our Integrated Annual Report aims to provide a comprehensive but concise overview of how the Group creates, preserves and/or erodes value for its stakeholders. We compiled this report to tell our value creation story by following a logical structure and using effective navigation devices. Furthermore, the report shows the linkage between the six capitals, our stakeholder groups, risks and opportunities, and material themes to explain how they impact our ability to create and preserve sustainable value.</p>	<p>An integrated report should provide insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests.</p> <p>This report reflects on Discovery's relationships with its stakeholder groups, including how we perceive and measure the quality of these relationships. We provide useful information relating to our stakeholder groups' legitimate needs, interests and expectations, as well as how we create value. We also discuss the risks and opportunities, and material themes that impact these groups.</p>	<p>An integrated report should disclose information about matters that substantively affect the organisation's ability to create value over the short, medium and long term.</p> <p>In compiling this report, we applied our judgement to only include information that has the ability to affect value creation. We followed a structured double-materiality process – which is integrated into our management processes – to identify and prioritise the material themes and material matters we believe could have direct implications for Discovery or our stakeholder groups.</p>
			<p>Integrated Reporting Framework application register</p> <p>Glossary</p>



GUIDING PRINCIPLES *continued*

CONSISTENCY AND COMPARABILITY

The information in an integrated report should be presented:

- On a basis that is consistent over time
- In a way that enables comparison with other organisations to the extent it is material to the organisation's own ability to create value over time

We ensure that we report on information that is comparable year on year, including the key performance indicators used to measure our performance at a business unit and Group level. We also follow industry and global reporting best practice.

CONCISENESS

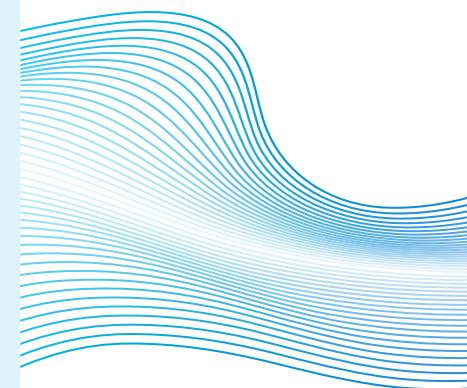
An integrated report should be concise.

Our Integrated Annual Report follows a logical structure, using cross-referencing and links to external sources to avoid repetition of information. While maintaining conciseness, we also ensure that we include the necessary information relating to our strategy, governance practices and performance to enable our stakeholder groups to make informed decisions on our prospects.

RELIABILITY AND COMPLETENESS

An integrated report should include all material matters, both positive and negative, in a balanced way and without material error.

Our reporting process is subject to a rigorous internal review as part of our commitment to providing accurate information. Following an extensive review by our Group Internal Audit function, we believe that the quantitative information in this report – which includes both positive and negative information – is an accurate representation of Discovery's FY2024 performance. The report is also reviewed by our Group Audit Committee and, in turn, approved by our Board.



Integrated Reporting
Framework
application register

Glossary



CONTENT ELEMENTS

ORGANISATIONAL ELEMENTS	GOVERNANCE	BUSINESS MODEL	RISK AND OPPORTUNITIES
<p>What does the organisation do and what are the circumstances under which it operates?</p> <p>We unpack who we are as a South African-founded diversified financial services organisation and global leader in shared-value insurance. We explain why we are in business, how we operate and what we do, and include key quantitative information to provide a holistic overview of our business and performance. We also disclose the material trends impacting our operating environment and our ability to create and preserve value in the short, medium and long term.</p>	<p>How does the organisation's governance structure support its ability to create value in the short, medium and long term?</p> <p>Our report provides insight into our leadership structure, including our Board members' backgrounds, qualifications, skills, experience and expertise. We also disclose key indicators of our Board composition, including race, gender, independence and tenure. Furthermore, we explain how our governance structures support value creation for our stakeholder groups by monitoring the Group's strategic direction.</p>	<p>What is the organisation's business model?</p> <p>This report includes a detailed section to explain how we create value including how our business activities transform our inputs into outputs – our products and services – and outcomes in pursuit of our medium-term strategic focus, Ambition 2026 and our long-term objectives.</p> <p>Our WHY, HOW and WHAT are fundamentally linked to our integrated thinking and the resources and relationships we rely on to create and preserve value for our stakeholders.</p> <p>Our Shared-value model incentivises positive behaviour change – delivering better value for clients, superior actuarial dynamics for the insurer, and a healthier society.</p>	<p>What are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium and long term, and how is the organisation dealing with them?</p> <p>This report identifies Discovery's current and emerging risks, along with the steps we are taking to mitigate these and capture any opportunities that may arise.</p>

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CONTENT ELEMENTS *continued*

STRATEGY AND RESOURCE ALLOCATION	PERFORMANCE	OUTLOOK	BASIS OF PREPARATION AND PRESENTATION
<p>Where does the organisation want to go and how does it intend to get there?</p> <p>We detail our purpose-driven strategy, including our long-term strategic objectives across market-specific composites along with our performance against Ambition 2026 and the short-term key performance indicators that will help us get to where we want to be.</p>	<p>To what extent has the organisation achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?</p> <p>Throughout this report, we disclose both quantitative and qualitative information on Discovery's performance during FY2024. We report on our progress against key performance indicators across our three strategic objectives, as well as how our performance impacted the six capitals. We also unpack the performance of each of our business units during the year.</p>	<p>What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?</p> <p>We highlight Discovery's expectations for the short and medium term, as well as how we plan on achieving our long-term strategic objectives. We explain how we respond to changes in our operating environment to ensure the sustainability of our business, as well as the current and emerging risks we are likely to face in the short, medium and long term. Furthermore, we provide information on whether we are equipped to respond to future challenges given the difficult macroeconomic environment.</p>	<p>How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?</p> <p>The content in this Integrated Annual Report is guided by issues that could substantively impact our ability to create or preserve value for our stakeholder groups over time, as well as those issues that could erode value if not managed effectively. As such, we outline a summary of the double materiality determination process followed during FY2024, as well as the material themes and material matters that arose from this process. During the preparation of this report, we were also guided by specific principles, requirements and legislation.</p>

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Glossary





Glossary

AGM	Annual General Meeting
AI	Artificial intelligence
API	Annualised Premium Income
ASISA	Association for Savings and Investment South Africa
B-BBEE	Broad-based Black Economic Empowerment
CAGR	Compound annual growth rate
CEB	Corporate & Employee Benefits
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂ e	Carbon dioxide equivalents
Companies Act	South African Companies Act, 71 of 2008, as amended
CPI	Consumer Price Index
CSM	Contractual Service Margin (unearned profit)
CY	Calendar Year
DBI	Discovery Business Insurance
DHMS	Discovery Health Medical Scheme
Discovery	Discovery Limited Group consisting of Discovery SA and Vitality composites
Discovery SA	Consists of Discovery Health, Discovery Life, Discovery Invest, Discovery Insure and Discovery Bank business units in South Africa including other initiatives and central costs (such as Umbrella Funds, Vitality SA etc)
DMTN	Domestic Medium Term Note
EE	Employment equity
eNPS	Employee net promoter score
ESG	Environmental, Social and Governance
FLR	Financial Leverage Ratio
FY	Financial Year
GDP	Gross Domestic Product
GHG	Greenhouse gas

GNU	Government of National Unity
Group	Discovery Limited Group consisting of Discovery SA and Vitality composites
HE	Headline earnings
HEPS	Headline earnings per share
IFIE	Insurance finance income and expense comprises the change in the carrying amount of the group of insurance contracts arising from: - the effect of the time value of money and changes in the time value of money, and - the effect of financial risk and changes in financial risk
IFRS	International Financial Reporting Standards
IFRS 17 margins	Refers to the contractual service margin plus the risk adjustment
IFRS 17	IFRS 17 <i>Insurance Contracts</i> (effective for Discovery post 1 July 2023)
JSE	JSE Limited
LTIP	Long-term Incentive Plan
Morbidity	Morbidity claims are claims which arise as a result of an impairment of life due to an illness or disability event insured by the policyholder
Mortality	Mortality claims are claims which arise from the death of an insured life
NHE	Normalised headline earnings
OCI	Other Comprehensive Income
ORSA	Own Risk and Solvency Assessment
NEFCF	Net expected future cash flows
NHI	National Health Insurance
NHS	National Health Service
PAC	Prudential Assurance Company Limited
PAHI	Ping An Health Insurance Company of China, Ltd
PAG	Ping An Insurance (Group) Company of China, Ltd

PAL	Ping An Life Insurance Company of China, Ltd
PMI	Private Medical Insurance
RA	Risk adjustment
RAF	Road Accident Fund
RemCo	Remuneration Committee
ROE	Return on equity
ROEV	Return On Opening Embedded Value
SA	South Africa
SCR	Solvency Capital Requirement
SDG	Sustainable Development Goal
SIP	Single Incentive Plan
TCF	Treating Customers Fairly
TCFD	Task Force on Climate-related Financial Disclosure
TWG	Technology Working Group
UK	United Kingdom
UN	United Nations
US	United States of America
VHI	Vitality Health International
Vitality	Our single composite consisting of Vitality UK and Vitality Global
Vitality Global	Our composite consisting of Vitality Network and VHI business units
Vitality behaviour-change platform	Our Shared-value model is built on this platform, which guides and incentivises people towards better health, driving and financial behaviour.
Vitality Shared-value model	Our unique Shared-value model that is built on the Vitality behaviour-change platform, which guides and incentivises people towards better health, driving and financial behaviour.
Vitality UK	Our composite consisting of VitalityHealth and VitalityLife business units
VNB	Value of new business



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