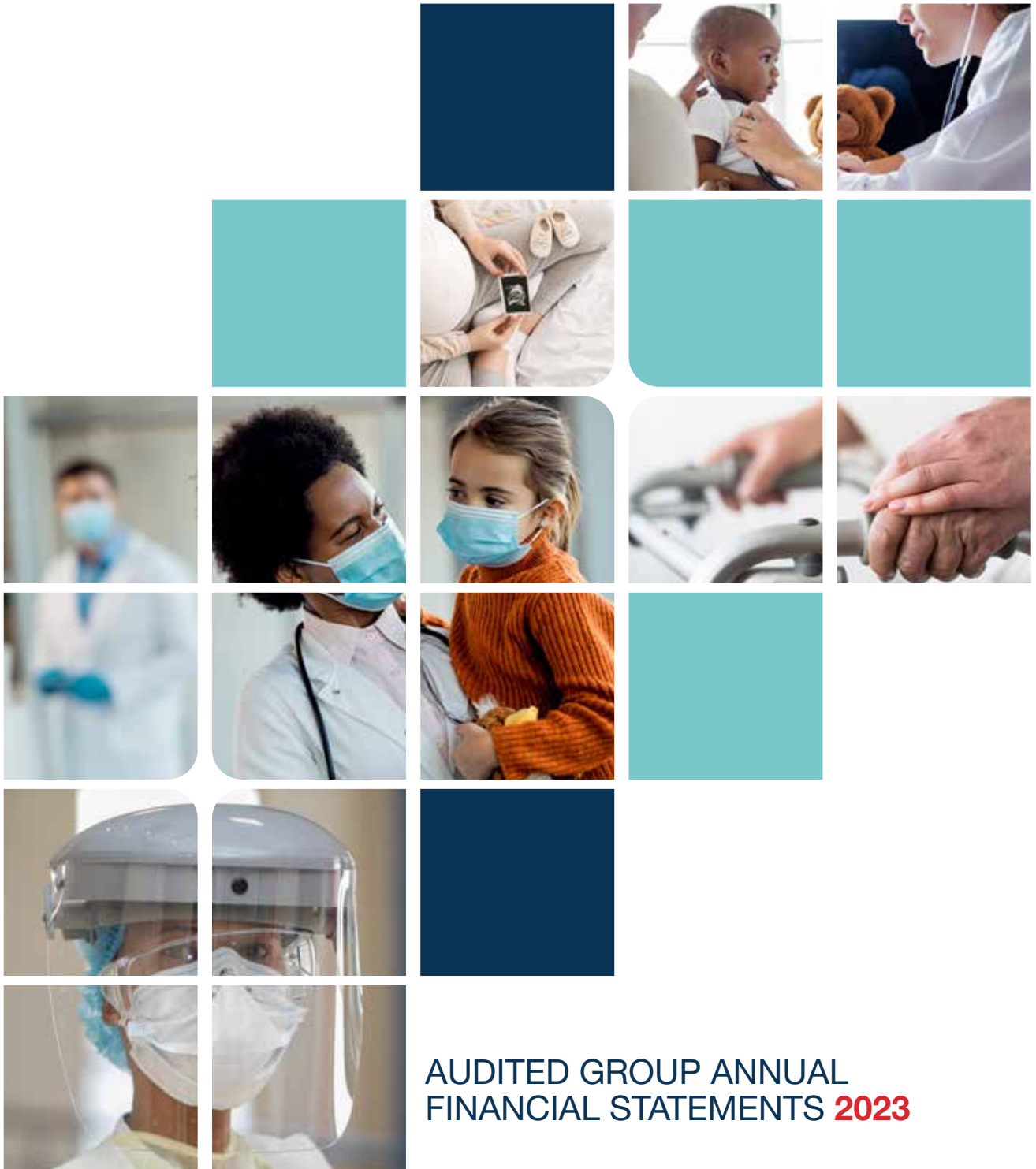




# Life Healthcare



AUDITED GROUP ANNUAL  
FINANCIAL STATEMENTS **2023**

# Contents

02	Administration
02	Preparation of the annual financial statements
03	Statement of directors' responsibility
04	Statement of Group Chief Executive and Group Chief Financial Officer
04	Statement of Company Secretary
05	Report of the Audit Committee
10	Directors' report
12	Independent auditor's report
16	Consolidated statement of profit or loss
17	Consolidated statement of comprehensive income
18	Consolidated statement of financial position
19	Consolidated statement of changes in equity
20	Consolidated statement of cash flows
21	Notes to the consolidated annual financial statements
78	Notes to the consolidated annual financial statements – risk management
90	Annexure A: Significant accounting policies
108	Annexure B: Simplified Group structure
109	Annexure C: Associate undertakings
110	Company statement of profit or loss and other comprehensive income
110	Company statement of financial position
111	Company statement of changes in equity
111	Company statement of cash flows
112	Notes to the Company annual financial statements
	<u>Other information</u>
114	Annexure D: Shareholder distribution
118	Annexure E: Consolidated statement of financial position per region





# Administration

<b>Company name:</b>	Life Healthcare Group Holdings Limited
<b>Registration number:</b>	2003/002733/06
<b>Date of incorporation:</b>	7 February 2003
<b>Country of incorporation:</b>	Republic of South Africa
<b>Registered business address:</b>	Building 2 Oxford Parks 203 Oxford Road Cnr Eastwood and Oxford Roads Dunkeld 2196
<b>Registered postal address:</b>	Private Bag X13 Northlands 2116
<b>Composition of Board of Directors:</b>	VL Lithakanyane (Chairman) PG Wharton-Hood (Group Chief Executive) PP van der Westhuizen (Group Chief Financial Officer) JE Bolger PJ Golesworthy CM Henry LE Holmqvist ME Jacobs TP Moeketsi (appointed 23 February 2023) AM Mothupi JK Netshitenzhe MP Ngatane (resigned 22 February 2023) M Sello GC Solomon RT Vice (retired 25 January 2023) F Tonelli (appointed 1 April 2023)
<b>Company Secretary:</b>	J Ranchhod
<b>Auditor:</b>	Deloitte & Touche (Deloitte) Johannesburg

## Preparation of the annual financial statements

for the year ended 30 September 2023

These financial statements have been audited by our external auditor Deloitte. The preparation of the annual financial statements was done under the supervision of the Group Chief Financial Officer, PP van der Westhuizen CA(SA).

# Statement of directors' responsibility

for the year ended 30 September 2023

The directors are responsible for the preparation, integrity and fair presentation of the consolidated and Company financial statements of Life Healthcare Group Holdings Limited (Company) and its subsidiaries, associates and joint ventures (Group) in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for the Group's financial year, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee as well as the Financial Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, No 71 of 2008 as amended (Companies Act).

The directors consider that the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the Company and Group financial statements and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the consolidated and separate financial position of Life Healthcare Group Holdings Limited at 30 September 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended. The directors are also responsible for reviewing the other information included in the integrated report and ensuring both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records disclose, with reasonable accuracy, the financial position of the Group and the Company and enable the directors to ensure that the financial statements comply with the relevant legislation.

The Group operated in a well-established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. The Group is committed to the continuous improvement of the control environment.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group and Company will not be a going concern in the foreseeable future, based on forecasts, available cash resources and available undrawn banking facilities (refer note 1.1 for assessment of going concern). These financial statements support the viability of the Group and Company.

The Code of Corporate Practices and Conduct has been adhered to.

The Group's external auditor, Deloitte, audited the Company and Group financial statements, and its unqualified audit report is presented on page 12.

## APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 10 and 11 and pages 16 to 119 were approved by the Board of Directors on 15 November 2023 and are signed by:



**VL Litlhakanyane**  
Chairman

Johannesburg



**PG Wharton-Hood**  
Group Chief Executive



# Statement of Group Chief Executive and Group Chief Financial Officer

for the year ended 30 September 2023

In terms of section 3.84(k) of the JSE Limited (JSE) Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

- ◆ the consolidated and Company financial statements set out on pages 10 to 11 and pages 16 to 119, fairly present in all material respects the financial position, financial performance and cash flows in terms of IFRS;
- ◆ to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated and Company financial statements false or misleading;
- ◆ internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the consolidated and Company financial statements;
- ◆ the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated and Company financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- ◆ where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- ◆ we are not aware of any fraud involving directors.

**PG Wharton-Hood**  
*Group Chief Executive*

**PP van der Westhuizen**  
*Group Chief Financial Officer*

# Statement of Company Secretary

for the year ended 30 September 2023

In terms of the Companies Act, all returns submitted as required by the Companies Act are true, correct and up to date and have been lodged with the Registrar.

**J Ranchhod**  
*Company Secretary*

# Report of the Audit Committee

## INTRODUCTION

In line with the requirements of King IV and the Companies Act, the Life Healthcare Group Holdings Limited's Audit Committee (the Committee) is pleased to present its report for the year ended 30 September 2023. Our report covers a review of the activities conducted over the past year as well as providing information on various key audit matters. We are pleased to advise that the Committee carried out its responsibilities as set out in its Terms of Reference.

## ROLE OF THE AUDIT COMMITTEE

The Committee is an independent statutory committee constituted in terms of the Companies Act. Its primary role is to assist the Board in discharging its Group governance oversight responsibilities as enunciated in King IV, the Companies Act and the JSE Listings Requirements (JSE LR). In accordance with the Committee's Terms of Reference, these responsibilities relate to:

- ◆ the safeguarding of assets by managing financial risks;
- ◆ monitoring the adequacy and effectiveness of the Group's systems and control environment, including that the Group has appropriate financial reporting procedures and that those procedures are operating as intended; and
- ◆ oversight over the Integrated Annual Report preparation and fairly presented annual financial statements, in compliance with all applicable legal and regulatory requirements and accounting standards.

The Committee provides oversight of the Group and performs the Companies Act prescribed functions on behalf of the relevant South African subsidiary companies.

Reports on the Committee's deliberations and decisions are provided to the Board.

## STRUCTURE OF THE COMMITTEE AND MEETINGS

The Committee members are nominated by the Board for election at the Annual General Meeting (AGM). The individual members satisfy the requirements to serve as members of an audit committee, as provided in section 94 of the Companies Act, and they have the requisite level of knowledge and experience to fulfil their duties.

The Committee's composition in the year, attendance as well as qualifications are set out below:

Name	Qualifications	Date appointed	Attendance	Regular invitees
Peter Golesworthy (Chairman)	BA (Hons) Accountancy Studies, (Exeter University) CA	10 June 2010	8/8	◆ Chairman of the Board ◆ Group Chief Executive
Caroline Henry	BCom (Wits) BCompt Hons (UNISA) CA(SA)	1 September 2021	8/8	◆ Group Chief Financial Officer ◆ General Manager: Group Finance
Royden Vice*	BCom (Hons) (Rhodes) CA(SA)	1 February 2014	2/2	◆ CFO: SA ◆ CFO: International
Lars Holmqvist	BA Economics (Mid Sweden University) International Executive Program (Insead, France)	1 August 2022	7/8	◆ Senior finance management ◆ Chief Audit Executive ◆ Group Risk Manager ◆ External Audit
Fulvio Tonelli	BCom (Hons) (Wits)CA (SA)	1 April 2023	5/5	

\* Royden Vice resigned from the Committee on 25 January 2023.

Four (4) scheduled meetings and four (4) special meetings were held during the year. Two (2) of the special meetings were held in FY2023 to consider the implications of the proposed disposal of AMG.

In line with best practice, the internal and external auditors have unrestricted access to the Committee, where they can raise any matter that requires the Committee's attention, and they also have the opportunity to meet with the Committee without members of management being present. The Chairman of the Committee is also a member of the Risk, Compliance and IT Governance Committee, which ensures the flow of information between the two Committees.

The Committee welcomed Fulvio Tonelli as a new member to the Committee and looks forward to his contribution. The Committee also recognised, with thanks, the important role played by Royden Vice during his tenure on the Committee and would like to thank him for his invaluable contribution over the years.

The current members of the Committee continue to meet the independence requirements as assessed by the Nominations and Governance Committee, on behalf of the Board, in terms of the requirements of King IV and the Companies Act.



# Report of the Audit Committee continued

Save for Peter Golesworthy, who will be stepping down from the Board at the 2024 AGM, the current Committee members will be recommended to the shareholders at the next AGM for appointment for the financial year ending 30 September 2024.

## THE COMMITTEE'S MANDATE

The Committee's Terms of Reference, which are reviewed annually to ensure that they are aligned to any changes in the regulatory and operating environment, can be viewed on the Group's website at [www.lifehealthcare.co.za](http://www.lifehealthcare.co.za).

The Committee has discharged its responsibilities in line with its Terms of Reference, which has included reporting of financial information to stakeholders in accordance with legislation and the JSE LR. More specifically, the main functions performed by the Committee during the year under review were as follows:

- ◆ Monitored the proper operation of adequate and effective systems of internal controls, including receiving and reviewing reports, from both internal and external auditors, concerning the effectiveness of the internal control environment. This included all the entities in the consolidated Group annual financial statements, to ensure that the Group had access to all financial information to effectively prepare and report on the financial statements of the Group
- ◆ Considered whether there were significant weaknesses in the design or implementation of the internal financial controls
- ◆ Considered and satisfied itself on the appropriateness of accounting policies and material estimates, assumptions and judgements used in the preparation of the annual financial statements and ensured that they were adequately disclosed
- ◆ Considered the JSE's proactive monitoring of annual financial statements report, as issued in 2023, and the applicability of the issues raised, with the view to improving disclosure where applicable
- ◆ Considered the initiatives linked to Environment, social and governance (ESG) and reviewed the disclosure thereof
- ◆ Considered the reports of management and the internal and external auditors regarding compliance with legal and regulatory requirements, as well as relevant findings of the Risk, Compliance and IT Governance Committee
- ◆ Reviewed legal matters that could have a material impact on the Group
- ◆ Monitored the reporting processes and the preparation of fairly presented annual financial statements in compliance with the applicable legal and regulatory requirements and accounting standards, and recommended, for adoption by the Board, the financial information that is publicly disclosed, which for the year included the:
  - Interim results for the six months ended 31 March 2023
  - Annual results for the year ended 30 September 2023
  - Related SENS announcements for both interim and year-end, including trading updates and the trading statement
- ◆ Reviewed and confirmed the going concern status for the interim and annual financial statements
- ◆ Made recommendations to the Board in relation to distributions to shareholders
- ◆ Reviewed and recommended for approval by the Board the Integrated Annual Report
- ◆ Performed the functions required in terms of section 94(2) of the Companies Act on behalf of the Group's relevant South African subsidiary companies

An external evaluation of the performance of the Committee was conducted as part of the Board and its Committees' evaluation process. The evaluation found the performance of the Committee to be highly effective in delivering its mandate.

## KEY MATTERS CONSIDERED

### Impairments

In light of the global rise in inflation and interest rates, the Committee particularly focused on the risk of impairments to the carrying value of goodwill and intangible assets. The detailed calculations were reviewed, with external advice being obtained in relation to weighted average cost of capital (WACC) rates. The conclusion reached was that no material impairments were required in the southern African business or in Life Molecular Imaging (LMI).

### Proposed disposal of Alliance Medical Group (AMG)

It was announced on 5 October 2023, subject to shareholder approval and other conditions, that the Company had entered into binding agreements to sell its interest in AMG. AMG has been classified as an asset held for sale in terms of IFRS and disclosed as a discontinued operation in the 2023 annual financial statements. The Committee satisfied itself that this treatment was appropriate.

The carrying value of AMG was reduced to reflect the sale price less the costs to sell, resulting in an impairment charge of R822 million including transaction costs of R532 million. Transaction costs of R149 million were incurred before AMG was classified as held for sale, which does not form part of the impairment.

The disclosures around AMG in the annual financial statements were reviewed by the Committee and were audited by the external auditor, Deloitte, and deemed appropriate.

The Committee reviewed the circular to shareholders regarding the proposed disposal of AMG which constituted a Category 1 Transaction in terms of the JSE LR. This included a review of the carve-out historical consolidated financial information of AMG and the pro forma financial information of the Company included in the circular. Deloitte was appointed as the Independent Reporting Accountant to provide the required assurance on the financial information and the Committee engaged with both

Deloitte and management to confirm that the financial information was properly prepared in accordance with the relevant requirements.

### **IT systems**

On 5 March 2023, an IT infrastructure hardware failure occurred at a service provider when multiple hard drives failed during maintenance activities on the iMeds environment. iMeds is the billing engine for the South African hospitals. Impilo, the hospital information system, was also taken offline to preserve system and data integrity. The failure impacted all of the hospitals. Work by the IT, business and vendor teams on the restoration of iMeds for all facilities was completed by 24 April 2023. Alternative manual patient processes were required during this period and control checks were put in place to ensure that financial information reported was reliable, accurate and complete. The process of capturing the manual inputs into the system was only completed by 31 May 2023 and cash generated from operations was negatively impacted during this period due to delayed billing and more queries being raised on the bills. While at year-end an amount of R28 million was the value at risk of not being accepted by funders due to queries, there have been no actual losses recorded to date on items listed as being at risk. The value at risk was taken into consideration in the expected credit loss year-end calculations.

The Committee received regular updates on the process and controls for managing the capturing of the manual inputs and on how management satisfied themselves regarding the reliability of the financial information reflected in the annual financial statements. The risk of a further failure within the legacy iMeds environment will remain until the iMeds off project is substantially completed which is currently estimated to be 31 August 2024.

### **Contingent considerations**

The Committee reviewed the assessment of the contingent considerations balance of R521 million at year-end (2022: R503 million), of which the LMI contingent consideration value of R456 million comprised the bulk. The LMI calculations were reviewed, which included the model and assumptions used in reassessing the value of the contingent considerations, with external advice being obtained in relation to WACC rates. The Committee also considered events that had an impact on the assumptions. The undiscounted value of the LMI contingent consideration remained unchanged in euro when compared to FY2022.

### **Oversight of key tax matters**

During the year, the Company finalised its dispute with the tax authorities in South Africa, South African Revenue Services (SARS), on the interpretation of the management contract between the Company and its subsidiaries related to payroll services and the resultant VAT treatment. The Company had engaged legal and tax advisers on the matter and the Committee was regularly updated on this issue. The Company reached a settlement with SARS on 31 March 2023 and the matter was closed and reported accordingly.

### **ASSESSMENT OF THE APPROPRIATENESS OF THE EXPERTISE AND ADEQUACY OF RESOURCES AND EXPERIENCE OF THE GROUP'S FINANCE FUNCTION AND THE GROUP CHIEF FINANCIAL OFFICER**

The Committee received regular reports on the key finance initiatives, which included aspects related to financial reporting, digital automation including robotics, improved controls and efficiencies. The finance team continues to explore optimal use of both SAP and Onestream systems implemented in previous years, to increase efficiencies in reporting.

In the course of the year, the Committee received reports on the structure and qualifications of the finance function. The finance team continues to operate using the hybrid working model, namely working from home as well as coming into the office on a regular basis, which is now business as usual.

The Committee considered the appropriateness and adequacy of resources and experience of the finance function and confirmed its satisfaction.

The Group Chief Financial Officer (Group CFO) is Pieter van der Westhuizen, who is a qualified chartered accountant and has practised for over 26 years. Pieter has been in the employ of the Company for over 21 years and has been employed in the role of Group CFO since 2013. Pieter's skills, qualifications, experience and expertise were reviewed by the Committee and it is satisfied that these were appropriate to meet the requirements of the position.

### **INTERNAL AUDIT AND INTERNAL CONTROLS**

The internal audit function continues to provide a professional independent service, with due regard to the tenets of its charter, and has the full support of the Group Chief Executive and Group CFO.

The internal audit function is independent and has the necessary resources to enable it to fulfil its mandate. The Chief Audit Executive reports functionally to the Committee's Chairman and administratively to the Group CFO. A co-sourced internal audit function operates across the Group, with PricewaterhouseCoopers (PwC) being the outsourced partner. The Chief Audit Executive is responsible for coordinating the internal audit planning, implementing and reporting thereon. Given that various other services may be provided by PwC, care has been taken to ensure that the necessary policies are in place so that matters are objectively assessed by PwC.





# Report of the Audit Committee continued

The Committee:

- ◆ Reviewed the internal audit charter and recommended it to the Board for approval
- ◆ Approved the risk-based internal audit plans for the 2023 financial year and changes thereto during the year to take account of changing circumstances
- ◆ Considered the effectiveness and the performance of the internal audit function and the Chief Audit Executive for the year under review; both were found to be satisfactory
- ◆ Reviewed the combined assurance model and its effectiveness
- ◆ Received risk updates, particularly in relation to matters concerning financial reporting
- ◆ Reviewed and evaluated reports in relation to internal audit and risk management and the appropriateness and adequacy of management's responses in relation thereto, as well as progress in closing out matters identified by internal audit
- ◆ Reviewed arrangements made by the Company to enable employees and outside whistle blowers to report any concerns and the reports received from the tip-off line, as well as the consequent corrective action implemented
- ◆ Reviewed internal audit's assessment of the internal control environment

## EXTERNAL AUDIT

Deloitte served as the Group's external auditor for a fourth year. The reappointment was approved by shareholders at the 2023 AGM and Mr James Welch was approved as the designated partner.

For the year under review the Committee:

- ◆ Approved the auditor's remuneration for audit services and approved the terms of engagement and the scope of the audit. The total external audit fee for the 2023 financial year as approved by the Committee was R56.9 million (2022: R54.6 million).
- ◆ Reviewed and approved the external audit plan and ensured no limitations were imposed on the scope of the external audit. Notwithstanding the continuing improvements made to the South African IT control environment, the IT control environment has not yet evolved to a standard for the full year where Deloitte was able to fully rely on the IT General Control environment and accordingly adopted a substantive audit approach
- ◆ Reviewed the external auditor's report and confirmed that there were no material unresolved issues between the Group and the external auditor
- ◆ Reviewed the key audit matters identified by Deloitte, as set out in its report
- ◆ Obtained assurance from the external auditor that appropriate and adequate accounting records were being maintained
- ◆ Reviewed the quality and effectiveness of the external audit function, including the audit process, which management, the Committee and Deloitte found to be satisfactory
- ◆ Considered the external auditor's suitability in terms of paragraph 3.84 (g) (iii) of the JSE LR
- ◆ Confirmed that Deloitte's independence was not impaired and received assurance that its internal governance processes supported and demonstrated its claim to independence
- ◆ Reviewed and confirmed the non-audit services provided by Deloitte in terms of the approved non-audit services policy, which amounted to R2.1 million, being 3.7% of the Group audit fee in the current year
- ◆ Confirmed that no reportable irregularities had been identified or reported by the external auditor under the Auditing Profession Act

The Committee resolved to recommend to the shareholders that Deloitte be appointed as the Group's registered external auditor for the 2024 financial year and Mr James Welch as the designated partner.

## GROUP CHIEF EXECUTIVE AND GROUP CHIEF FINANCIAL OFFICER ATTESTATION

The Group Chief Executive and Group CFO reviewed the controls over financial reporting with management and presented the findings to the Committee. This evaluation included:

- ◆ The identification and classification of risks, formulation of a risk assessment control matrix and the determination of materiality
- ◆ Assessment of controls for material account balances and identification of material deficiencies in the design and implementation of internal controls
- ◆ Review of internal audit reports relating to the 2023 financial year to further identify material weaknesses in internal controls
- ◆ Consideration of control feedback provided by the external auditor and other assurance providers through the audit process
- ◆ Obtaining control declarations from managers on the operating effectiveness of key controls, done on an annual basis
- ◆ The use of experts where appropriate to provide assurance on certain judgements, estimates and assumptions

As highlighted by internal audit and based on this evaluation, management identified certain deficiencies relating to the IT general control environment, which included a number of high, medium and low risk areas. While there continues to be improvement, there remains a number of material matters which are primarily dependent on the replacement of iMeds and the completion of the cloud migration, together with other aspects. A remediation plan is in place and is being implemented by management in stages, especially as it relates to control improvements associated with control disciplines and the implementation of new computer systems. The evaluation also identified gaps in certain financial controls, but these were largely mitigated by compensating controls and did not lead to any material misstatements in the financial reporting process.

The Committee received regular reports on the actions and mitigating controls and considered the impact on reporting.

This process has enabled the Group Chief Executive and Group CFO to conclude and sign-off on the effectiveness of the internal controls over financial reporting, in accordance with the JSE LR.

The Committee has reviewed the documented basis for management's conclusion, including discussions with the internal and external auditors as well as management. The Committee believes that the organisation's internal controls can be relied upon as a reasonable basis for the preparation of the annual financial statements.

### KEY OUTCOMES FOR 2023

The key focus areas for 2023 that were set out in last year's report are set out below with the objectives having been met.

Continued oversight of the key finance initiatives across the Group, particularly those that impact the efficiency of the finance function and the integrity of the reporting processes	The IT environment was continually evaluated in consultation with the Risk, Compliance and IT Governance Committee, especially in so far as such systems related to internal controls and financial reporting	There was continued monitoring of the process to enhance the assessment of the internal controls to enable the Group Chief Executive and Group CFO to comply with the JSE attestation process requirements	Considered the Group's approach to the evolving ESG-related reporting requirements and form of assurance of the ESG baseline and target setting
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### FOCUS AREAS FOR 2024

For the 2024 financial year, the Committee will continue to focus on the basics of ensuring a strong risk and control environment that supports the quality of financial reporting. Key areas of focus will include:

- ◆ The finalisation of the reporting on the disposal of AMG and the impact on the Group
- ◆ Revisiting the combined assurance model to ensure that it is appropriate and effective
- ◆ Assessing the "tone" of the organisation, and particularly the finance function
- ◆ The progress on getting off legacy systems and ensuring the new systems have appropriate controls and efficiencies
- ◆ Enhancing the value received from the internal audit function in improving the business
- ◆ Monitoring the impact of any changes as a result of the disposal of AMG

The Committee confirms that, for the 2023 financial year, it has discharged its responsibilities in accordance with its Terms of Reference and in compliance with the requirements of the Companies Act, the JSE LR and all other relevant legislation.

In line with Board succession plans, I will be stepping down from the Board at the 2024 AGM. I would like to record my appreciation to the Group CFO and the finance team for the support they have provided during my time on the Committee and for the professionalism and excellence they have demonstrated. I would also like to thank my colleagues on the Committee, as well as the management team and the internal and external auditors, for all the hard work and dedication through the year.

For and on behalf of the Committee



**P Golesworthy**  
Chairman: Audit Committee

Johannesburg

13 November 2023



# Directors' report

for the year ended 30 September 2023

The directors have pleasure in submitting their report on the annual financial statements of the Group and the Company for the year ended 30 September 2023. The directors are of the opinion that stakeholders' interests are best served by presenting the Group's annual financial statements separately from those of the Company. The latter financial statements appear on pages 110 to 113.

## NATURE OF THE BUSINESS

Life Healthcare Group Holdings Limited is an investment holding company and through its subsidiaries, associates and joint ventures operates and has extensive interests in private healthcare facilities and healthcare services companies in southern Africa and provides diagnostic-related services (discontinued operations refer note 29) and sells radiopharmaceuticals in the United Kingdom (UK), various European countries and United States of America (US). The Group is listed in South Africa on the main board of the JSE and its ordinary shares were listed for trade on the A2X exchange with effect from 1 December 2022.

## PROPOSED DISPOSAL OF ALLIANCE MEDICAL GROUP (AMG)

On 5 October 2023, the Group announced on the Stock Exchange News Service of the JSE the proposed disposal of AMG to Andromeda Bidco Limited, an indirectly wholly owned subsidiary of iCON Infrastructure Partners VI (iCON Infrastructure). The disposal is subject to shareholder approval and other conditions precedent. AMG has been classified as a disposal group held for sale and is disclosed as a discontinued operation in these annual consolidated financial statements. Refer note 29.

## SUMMARY OF FINANCIAL PERFORMANCE AND OVERVIEW

The Group has delivered a strong operating performance for the year ended 30 September 2023. Group revenue from continuing operations grew by 10.3% compared to the prior year, while normalised EBITDA\* from continuing operations grew by 4.4%.

The Group's southern African operations experienced strong demand for their services in the current year, with normalised EBITDA\* increasing to R3 707 million (2022: R3 478 million). Life Molecular Imaging (LMI) contributed a loss to normalised EBITDA\* of R113 million (2022: loss of R35 million), due to increased headcount. This headcount increase is required to prepare the business adequately to drive increased sales of NeuraCeq® following the approval of an Alzheimer's Disease Modifying Drug (DMD) in the US, and potential approvals in other geographies during FY2024.

In line with our SA imaging strategy, the Group acquired the non-clinical operations of TheraMed (1 June 2023) and PetVision (1 August 2023), both Gauteng-based nuclear imaging businesses.

Earnings per share (EPS) from continuing and discontinued operations decreased by 82.7% to 18.3 cents (2022: 105.8 cents) while headline earnings per share (HEPS) decreased by 16.9% to 88.2 cents (2022: 106.1 cents). Normalised earnings per share (NEPS\*) from continuing operations, which excludes the non-trading related items grew by 11.4% to 89.1 cents (2022: 80.0 cents).

The Group's overall earnings have been impacted by higher interest costs, given the significant interest rate increases experienced in both South Africa and internationally, and by a number of non-trading items. The most significant non-trading items are:

- ◆ the total loss relating to the proposed disposal of AMG:
  - the impairment of AMG to its fair value less costs to sell in terms of International Financial Reporting Standards (IFRS 5). The total impairment amounted to R822 million, which includes transaction costs of R532 million;
  - transaction costs of R149 million incurred before AMG was classified as held for sale and therefore not included as part of the impairment
- ◆ the release of LMI contingent consideration to the value of R437 million in the prior year; and
- ◆ R152 million net positive impact compared to the prior year relating to the SARS VAT matter (refer note 22).

The Group had good working capital management. The cash generation from operations represented 101.6% of normalised EBITDA (FY2022: 97.0%)

The capital expenditure (capex) from continuing operations for the year was R1.6 billion (2022: R1.8 billion), comprising mainly of capital projects of R1.5 billion (2022: R1.4 billion) and new acquisitions (net of cash acquired) of R76 million (2022: R360 million). The maintenance capital expenditure (capex) for the year was R1.2 billion (2022: R1.1 billion).

The financial statements on pages 16 to 119 fully set out the financial results of the Group and Company.

\* Normalised EBITDA and NEPS are non-IFRS measures.

## SPECIAL RESOLUTIONS

The following special resolutions were passed during the course of the year:

- ◆ General authority to repurchase Company shares
- ◆ General authority to provide financial assistance to related and inter-related companies
- ◆ Approval of non-executive directors' remuneration

## DISTRIBUTIONS TO SHAREHOLDERS

The Company considers an interim and final distribution in respect of each financial year.

The Company paid the following cash dividends during the current financial year:

Date dividend paid	R'm	Cents per share	Type of distribution
12 December 2022	367 <sup>1</sup>	25.0	Final 2022
19 June 2023	249 <sup>1</sup>	17.0	Interim 2023

<sup>1</sup> A dividend withholding tax of 20% is applicable to all shareholders not exempted therefrom.

### Final 2023 dividend

The Board approved a final gross cash dividend of 27.00 cents per ordinary share for the year ended 30 September 2023. The dividend has been declared from income reserves. The dividend is subject to South African dividend withholding tax of 20%, which will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 21.60 cents per share.

The Company's total number of issued ordinary shares is 1 467 349 162 as at 16 November 2023. The Company's income tax reference number is 9387/307/15/1.

In compliance with the requirements of the JSE, the following salient dates are applicable:

Last date to trade cum dividend	Monday, 11 December 2023
Shares trade ex the dividend	Tuesday, 12 December 2023
Record date	Thursday, 14 December 2023
Payment date	Monday, 18 December 2023

Share certificates may not be dematerialised or rematerialised between Tuesday, 12 December 2023 and Thursday, 14 December 2023, both days inclusive.

### COMPLIANCE

The Board confirms its compliance with the South African Companies Act and that the Company is operating in conformity with its Memorandum of Incorporation.

### BOARD OF DIRECTORS

The names of the directors in office at the date of this report are set out on page 2. The remuneration and interests of the directors are set out in note 30 to the annual financial statements.

### Changes to Board of Directors

Shareholders and noteholders are referred to the announcement released on SENS on 23 February 2023, in which, in keeping with the Board's succession and diversity plans and strategy, the Group announced the appointments of Mr Paul Moeketsi and Mr Fulvio Tonelli as independent non-executive directors of the Board, with effect from 23 February 2023 and 1 April 2023 respectively. The Group also announced that Mr Peter Golesworthy stepped down as the Lead Independent Director of the Company, from 23 February 2023 and Advocate Mahlape Sello was appointed as the Lead Independent Director for the Company, from 23 February 2023. The Board acknowledges the exceptional guidance and support provided by Mr Golesworthy as the Lead Independent Director and thanks him for his invaluable contribution during his tenure.

Mr Royden Vice formally retired from the Board with effect from the date of the Company's AGM on 25 January 2023. Mr Vice, who joined the Board in 2014, served as a member of the Audit and Investment Committees and previously chaired the Human Resources and Remuneration Committee. The Board wishes to thank him for his significant contribution over the years and wishes him the very best in his retirement.

In addition, the Group also announced that Dr Malefetsane Ngatane formally resigned as an independent non-executive director of the Board, with effect from 22 February 2023, having been with the Company prior to its listing in 2010. The Board wishes to thank Dr Ngatane for his dedicated service and outstanding contribution to the Board during his tenure and wishes him the very best during his well-deserved retirement.

With effect from the date of their appointments, Mr Moeketsi serves on the Investment, Human Resources and Remuneration and Risk, Compliance and IT Governance Committees and Mr Tonelli serves on the Audit, Human Resources and Remuneration and Nominations and Governance Committees of the Company.

### INTERESTS OF DIRECTORS

There have been no changes in the interests as set out in note 30 between 30 September 2023 and the date of this report.

No arrangements to which the Company is a party existed at year-end that would enable the directors or their families to acquire benefits by means of the acquisition of shares in the Company, other than the long-term incentive schemes (including the co-investment policy) in respect of executive directors.

There were no contracts of any significance during or at the end of the financial year in which any director of the Company had a material interest.

### SECRETARY

The address of the Company Secretary is the same as the Company's registered address.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIFE HEALTHCARE GROUP HOLDINGS LIMITED

### REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated and separate financial statements of Life Healthcare Group Holdings Limited (the Group and Company) set out on pages 16 to 113, which comprise the consolidated and separate statements of financial position as at 30 September 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Life Healthcare Group Holdings Limited and its subsidiaries as at 30 September 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### BASIS FOR OPINION

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter

#### How the matter was addressed in the audit

##### *Disposal of Alliance Medical Group (AMG)*

Refer to note 29 to the consolidated financial statements.

On 5 October 2023, Life Healthcare advised that it had entered into a binding agreement to dispose of its interest in AMG subject to shareholder approval and certain other conditions precedent. The sale excludes the Group's interest in Life Molecular Imaging (LMI) which will be retained.

AMG represented approximately 27% of the Group's revenue for the financial year ended 30 September 2022, and a significant part of the international operations.

AMG's operating results, assets and liabilities have accordingly been disclosed in the current financial statements in accordance with requirements of IFRS 5 "Non-current asset held for sale and discontinued operations".

We have identified the disposal of AMG as a key audit matter because of its financial significance to the consolidated financial statements, the transaction is non routine and involves management judgment relating to the application of IFRS5 requirements.

Our procedures in relation to the AMG disposal included the following:

- ◆ participated in various meetings and discussions with group management and external parties to understand the details and obligations of the transaction,
- ◆ evaluated the sales agreements and related announcements by the Group to assess the accounting implications of the transaction on the consolidated financial statements;
- ◆ performed a full scope year end audit of the AMG business component for the purposes of group reporting;
- ◆ considered management judgement relating to the application of the IFRS5 requirements and the validity of the related disclosures, and
- ◆ assessed the recoverable value of AMG, based on the higher of sale proceeds less cost to sell, and the recognition of an impairment at year end.

Based on our audit procedures, we found the accounting for the disposal to be appropriate and supportable.

## Key Audit Matter

## How the matter was addressed in the audit

### *Impairment assessment of goodwill (Group)*

As disclosed in note 11 to the consolidated financial statements, the carrying value of goodwill is R1 879 million and comprises 4.1% of the total assets of the Group. The directors conduct an annual impairment assessment to test the recoverability of the carrying value of goodwill in accordance with IAS 36: Impairment of assets ("IAS 36"). The directors' assessment of the impairment of goodwill is performed by determining the recoverable amount of goodwill with reference to the higher of value in use or fair value less cost to sell for each cash generating unit.

The directors applied judgments in the estimation of the value in use including the determination of the values of the following key assumptions:

- ◆ Growth rates;
- ◆ Tariff increases and Inflation rates;
- ◆ Discount rates; and
- ◆ Terminal growth rate.

These key assumptions impacts the value in use calculation and their values are estimated on the basis of expected future market conditions, which are also subject to change.

As a result of the level of judgement involved, the impairment assessment of goodwill was considered a key audit matter.

In evaluating the impairment of goodwill, we reviewed the value in use calculations prepared by the directors and the judgments applied in these calculations. We performed various procedures, including the following:

- ◆ Assessing the appropriateness of the cash generating units;
- ◆ Analysing the future projected cash flows used in the directors' value in use calculation to determine whether they are reasonable;
- ◆ We evaluated whether the directors' model complies with the requirements of IAS 36;
- ◆ Involving our specialists to independently recalculate the weighted average cost of capital rates for each CGU.
- ◆ Re-computation of the value in use of key cash generating units;
- ◆ Performing an assessment of historical forecasts against actual performance;
- ◆ Performing sensitivity analyses on the key assumptions to evaluate the impact on the value in use calculation and the appropriateness of the directors' disclosures; and
- ◆ Assessing the presentation and disclosure of goodwill in the consolidated financial statements.

We found the assumptions used in the calculations of the value in use to be acceptable.

Based on the testing undertaken, the presentation and disclosures in respect of the impairment assessment of goodwill are consistent with the requirements of IFRS.

### *Information Technology controls (Group)*

The Group's operations are heavily dependent on the use of technology and various financial reporting systems. The IT environment is complex and pervasive to operations due to:

- ◆ The large volume of transactions processed in numerous locations daily; and
- ◆ A strong reliance on automated controls as well as IT dependent manual controls.

Consequently, appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Such controls contribute to mitigating the risk of potential fraud or errors.

During our current and prior year audit we identified vulnerabilities in the IT control environment in the southern Africa operations around user access, developer access and change management controls on key financial accounting and reporting systems. There is a risk that exploitation of these vulnerabilities could result in the financial accounting and reporting records being materially misstated.

Our audit required extensive involvement from our senior audit personnel, IT specialists and individuals with specialised knowledge.

Due to the fact that we were unable to rely on the IT general controls in southern Africa, we were required to adopt a fully substantive based approach, incorporating:

- ◆ Increased detailed testing, which increased our sample sizes and resulted in a largely manual testing approach;
- ◆ Increased procedures over assessing the completeness and accuracy of reports produced by the systems before reliance could be placed on them; and
- ◆ Extensive data analytics were performed on journal entries throughout the period in order to extract entries that might exhibit characteristics of fraudulent entries.

Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were



# Independent Auditor's Report continued

## Key Audit Matter

## How the matter was addressed in the audit

The weakened IT environment relating to the southern African operations was therefore considered a key audit matter.

sufficient to mitigate the impact of the weakened IT controls identified over financial reporting.

Significant audit effort was therefore spent to understand, document and test controls to mitigate the risk of misstatements as a result of the vulnerabilities identified in the IT environment in the southern African operations.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Life Healthcare Group Holdings Limited Audited Group Annual Financial Statements 2023", which includes the Directors' Report, the report of the Audit Committee and the statement of the Group Company Secretary as required by the Companies Act of South Africa and the Statement of Group Chief Executive and Group Chief Financial Officer, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

- ◆ Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

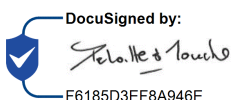
We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Life Healthcare Group Holdings Limited for 4 years.

DocuSigned by:  
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#### **Deloitte & Touche**

Registered Auditor  
Per: James Welch  
Partner

15 November 2023





# Consolidated statement of profit or loss

for the year ended 30 September 2023

	Notes	2023 R'm	2022* R'm
<b>Continuing operations</b>			
Revenue	2	22 641	20 526
Other income	2	262	244
Drugs and consumables		(5 891)	(5 302)
Employee benefits expense	3	(9 014)	(8 262)
Retirement benefit asset and post-employment medical aid income		34	33
Depreciation on property, plant and equipment		(968)	(862)
Amortisation of intangible assets		(158)	(118)
Repairs and maintenance expenditure on property, plant and equipment		(375)	(314)
Occupational expenses		(776)	(654)
Hospital service expenses		(898)	(815)
Communication expenses		(456)	(390)
Radiopharmaceutical manufacturing and distribution expenses		(265)	(217)
Professional, legal and secretarial fees		(548)	(536)
Expected credit losses		(198)	(148)
Other expenses	6	(888)	(846)
Fair value adjustments to contingent consideration	23	(7)	406
Fair value (loss)/gain on financial instruments	4	(38)	21
Gain on derecognition of lease asset and liability		3	–
Loss on disposal of property, plant and equipment	10	(9)	(3)
Transaction costs relating to acquisitions		(12)	(1)
<b>Operating profit</b>		<b>2 439</b>	2 762
Finance income	5	159	54
Finance cost	5	(696)	(635)
Share of associates' and joint ventures' net profit after tax	12	9	10
<b>Profit before tax</b>	6	<b>1 911</b>	2 191
Tax expense	7	(483)	(703)
<b>Profit after tax from continuing operations</b>		<b>1 428</b>	1 488
<b>Discontinued operations</b>			
(Loss)/profit from discontinued operations	29	(990)	226
<b>Profit after tax</b>		<b>438</b>	1 714
<b>Profit after tax attributable to:</b>			
Ordinary equity holders of the parent		264	1 531
Non-controlling interest		174	183
		<b>438</b>	1 714
<b>Earnings per share (cents)</b>			
From continuing operations			
Basic	8	87.0	90.2
Diluted	8	86.3	89.8
From continuing and discontinued operations			
Basic	8	18.3	105.8
Diluted	8	18.2	105.3

\* Restated in terms of IFRS 5 as AMG is disclosed as a discontinued operation – refer note 29.

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated statement of comprehensive income

for the year ended 30 September 2023

	Note	2023 R'm	2022 R'm
<b>Profit after tax</b>		<b>438</b>	1 714
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Movement in foreign currency translation reserve (FCTR) of continuing foreign operations, net of tax		<b>(61)</b>	(41)
Movement in FCTR of discontinued operations, net of tax	29	<b>1 728</b>	(109)
<b>Items that will not be reclassified to profit or loss</b>			
Retirement benefit asset and post-employment medical aid income, net of tax <sup>1</sup>		<b>36</b>	(14)
<b>Total comprehensive income for the year</b>		<b>2 141</b>	1 550
<b>Total comprehensive income attributable to:</b>			
Ordinary equity holders of the parent		<b>1 960</b>	1 363
Non-controlling interest		<b>181</b>	187
		<b>2 141</b>	1 550
<b>Total comprehensive income attributable to ordinary equity holders of the parent arises from:</b>			
Continuing operations		<b>1 364</b>	1 295
Discontinued operations		<b>596</b>	68
		<b>1 960</b>	1 363

<sup>1</sup> Includes tax charge of R12 million (2022: R10 million income).

The accompanying notes are an integral part of these consolidated financial statements.



# Consolidated statement of financial position

at 30 September 2023

	Notes	2023 R'm	2022 R'm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	16 201	34 454
Intangible assets	11	10 572	15 566
Investment in associates and joint ventures	12	3 287	16 514
Employee benefit assets	13	6	56
Deferred tax assets	14	416	415
Other assets		1 733	1 739
		187	164
<b>Current assets</b>			
Cash and cash equivalents	15	4 971	7 784
Trade and other receivables	16	846	2 802
Inventories	17	3 625	4 319
Income tax receivable		451	583
Other assets		33	64
		16	16
<b>Assets held for sale</b>	29	24 443	–
<b>Total assets</b>		45 615	42 238
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	18	13 294	13 342
Reserves		6 920	5 404
Non-controlling interest		1 075	1 114
<b>Total equity</b>		21 289	19 860
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing borrowings	20	13 128	14 729
Employee benefit liabilities	13	11 010	12 124
Deferred tax liabilities	14	–	131
Trade and other payables	21	1 535	1 770
Provisions	22	27	85
Contingent consideration liabilities	23	–	120
Cash-settled share-based payment liability	24	504	378
Other liabilities		3	74
		49	47
<b>Current liabilities</b>			
Bank overdrafts	15	6 135	7 649
Trade and other payables	21	187	335
Interest-bearing borrowings	20	3 743	5 482
Provisions	22	1 992	1 226
Contingent consideration liabilities	23	139	348
Cash-settled share-based payment liability	24	17	125
Income tax payable		1	33
Other liabilities		41	85
		15	15
<b>Liabilities directly associated with assets classified as held for sale</b>	29	5 063	–
<b>Total liabilities</b>		24 326	22 378
<b>Total equity and liabilities</b>		45 615	42 238

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

for the year ended 30 September 2023

	Attributable to equity holders of the Company						
	Stated capital R'm	Other reserves R'm	FCTR R'm	Retained earnings R'm	Reserves R'm	Non-controlling interest R'm	Total equity R'm
<b>Balance at 1 October 2022</b>	<b>13 342</b>	<b>(574)</b>	<b>1 314</b>	<b>4 664</b>	<b>5 404</b>	<b>1 114</b>	<b>19 860</b>
Total comprehensive income for the year	-	36	1 660	264	1 960	181	2 141
Profit for the year	-	-	-	264	264	174	438
Other comprehensive income	-	36	1 660	-	1 696	7	1 703
Transactions with non-controlling interests	-	(6)	-	-	(6)	(22)	(28)
Distributions to shareholders	-	-	-	(616)	(616)	(198)	(814)
Purchase of treasury shares for staff benefit schemes (refer note 18)	(121)	-	-	-	-	-	(121)
Vesting of treasury shares for staff benefit schemes (refer note 18)	73	(77)	-	-	(77)	-	(4)
Transferred in terms of co-investment scheme (CIP)	-	17	-	-	17	-	17
Long-term incentive schemes and CIP charge from continuing operations	-	169	-	-	169	-	169
Long-term incentive schemes and CIP charge from discontinued operations	-	21	-	-	21	-	21
Life Healthcare employee share trust charge	-	48	-	-	48	-	48
<b>Balance at 30 September 2023</b>	<b>13 294</b>	<b>(366)</b>	<b>2 974</b>	<b>4 312</b>	<b>6 920</b>	<b>1 075</b>	<b>21 289</b>
Note		19					
<b>Balance at 1 October 2021</b>	13 565	(687)	1 468	3 720	4 501	1 105	19 171
Total comprehensive income/(loss) for the year	-	(14)	(154)	1 531	1 363	187	1 550
Profit for the year	-	-	-	1 531	1 531	183	1 714
Other comprehensive income/(loss)	-	(14)	(154)	-	(168)	4	(164)
Transactions with non-controlling interests	-	3	-	-	3	15	18
Distributions to shareholders	-	-	-	(587)	(587)	(193)	(780)
Purchase of treasury shares for staff benefit schemes (refer note 18)	(302)	-	-	-	-	-	(302)
Vesting of treasury shares for staff benefit schemes (refer note 18)	79	(82)	-	-	(82)	-	(3)
Transferred in terms of co-investment scheme (CIP)	-	22	-	-	22	-	22
Long-term incentive schemes charge	-	140	-	-	140	-	140
Life Healthcare employee share trust charge	-	44	-	-	44	-	44
<b>Balance at 30 September 2022</b>	<b>13 342</b>	<b>(574)</b>	<b>1 314</b>	<b>4 664</b>	<b>5 404</b>	<b>1 114</b>	<b>19 860</b>
Note		19					

The accompanying notes are an integral part of these consolidated financial statements.



# Consolidated statement of cash flows

for the year ended 30 September 2023

	Notes	2023 R'm	2022* R'm
<b>Cash flows from operating activities</b>			
Cash generated from continuing operations	27	3 653	3 340
Transaction costs relating to acquisitions		(12)	(1)
Finance income received		75	35
Tax paid		(596)	(765)
Net cash generated from operating activities from discontinued operations		1 550	1 575
<b>Net cash generated from operating activities</b>		<b>4 670</b>	4 184
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1 213)	(1 263)
Purchase of intangible assets		(310)	(164)
Proceeds from sales of property, plant and equipment	10	22	15
Acquisition of subsidiaries, net of cash acquired	28	(76)	(360)
Acquisition of investment in joint venture	12	(3)	–
Contingent consideration paid	23	(94)	–
Other cash payments received <sup>1</sup>		10	7
Other cash payments made <sup>2</sup>		(71)	(23)
Net cash utilised from investing activities from discontinued operations		(1 198)	(929)
<b>Net cash utilised in investing activities</b>		<b>(2 933)</b>	(2 717)
<b>Cash flows from financing activities</b>			
Proceeds from bank loans	20	446	5 145
Repayment of bank loans	20	(566)	(3 887)
Repayment of lease liabilities	20	(121)	(81)
Repayment of preference shares	20	–	(500)
Distributions to non-controlling interests		(198)	(193)
Cash flow on increases in ownership interests	28	(98)	(96)
Proceeds on decreases in ownership interests	28	70	107
Contingent considerations paid	23	(39)	–
Finance cost paid		(618)	(465)
Treasury shares acquired for delivery to staff trust and long-term incentive schemes	18 and 19	(121)	(302)
Dividends paid to Company's shareholders		(616)	(587)
Net cash utilised from financing activities from discontinued operations		(767)	(500)
<b>Net cash utilised in financing activities</b>		<b>(2 628)</b>	(1 359)
Net (decrease)/increase in cash and cash equivalents		(891)	108
Cash and cash equivalents – beginning of the year		2 467	2 347
Effect of foreign currency rate movements		179	12
Cash balances reclassified as held for sale	29	(1 096)	–
<b>Cash and cash equivalents at the end of the year</b>	15	<b>659</b>	2 467

\* Restated in terms of IFRS 5 as AMG is disclosed as a discontinued operation – refer note 29.

<sup>1</sup> Includes dividends and capital distributions received from associates and joint ventures – refer note 12.

<sup>2</sup> Includes loans to doctors and investment in first-party Cell Captive.

The accompanying notes are an integral part of these consolidated financial statements.

# Notes to the consolidated annual financial statements

for the year ended 30 September 2023

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

### 1.1 Basis of preparation

The Group annual financial statements present the consolidated financial position and changes therein, operating results and cash flow information of Life Healthcare Group Holdings Limited, its subsidiaries, associates and joint ventures, and have been prepared on a historical cost basis, unless otherwise stated.

#### Basis of preparation

##### Prepared in accordance with

- ◆ International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for the Group's financial year, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council
- ◆ JSE Listings Requirements
- ◆ South African Companies Act, 71 of 2008 (as amended)

##### Going concern principles

The Group performs regular assessments on the going concern status of the Group. These assessments take into consideration:

- ◆ current solvency of the Group;
- ◆ current liquidity position;
- ◆ available committed and uncommitted bank facilities;
- ◆ cash commitments for the next 12 months;
- ◆ budgets and forecasts;
- ◆ bank covenants; and
- ◆ debt maturities.

The assessments are reviewed by the Board of Directors. The forecasts for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these consolidated financial statements, including performing sensitivity analyses.

The Group had a strong trading performance for the year ended 30 September 2023 and generated R3.7 billion (2022: R3.3 billion) cash from continuing operations.

The Group is in a strong financial position with net debt to normalised EBITDA (calculated as defined in the debt agreements) at 2.00 times as at 30 September 2023 (2022: 1.89 times).

#### Net debt to normalised EBITDA

	2023
Total (times)	2.00
From continuing operations (times) <sup>1</sup>	1.09
From discontinued operations (times) <sup>2</sup>	3.90

<sup>1</sup> This will further reduce after the repayment of international debt attributable to LMI of R1.1 billion with the proceeds from the disposal of AMG.

<sup>2</sup> Including debt directly attributable to AMG.

The Group is expected to remain within bank covenants for the next reporting period based upon current forecasts. The Group's available undrawn bank facilities as at 30 September 2023 are R4.1 billion (2022: R4.4 billion) (refer note 20).

Based on the going concern assessment and sensitivity analysis, the Board of Directors is of the view that the Group and Company:

- ◆ have adequate resources to continue in operation for the foreseeable future; and
- ◆ have sufficient accessible capital and liquidity to continue to meet its obligations as they fall due and as a result it is appropriate to prepare these consolidated and Company financial statements on a going concern basis.

#### Presentation and functional currency

South African rand

#### Rounding principles

Rounded to the nearest million, unless otherwise stated. The Group has a policy of rounding in increments of R500 000. Amounts less than R500 000 will therefore round down to Rnil and are presented as a dash.



# Notes to the consolidated annual financial statements *continued*

for the year ended 30 September 2023

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS *continued*

### 1.1 Basis of preparation *continued*

#### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at reporting date closing rates are recognised in the statement of profit or loss.

Foreign exchange gains or losses are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain and loss.

Foreign exchange gains or losses that relate to borrowings are presented in the statement of profit or loss, within finance income/(costs). All other foreign exchange gains or losses are presented in the statement of profit or loss on a net basis within other income/(expenses).

### 1.2 Critical judgements, accounting estimates and assumptions

The preparation of the annual financial statements requires the use of critical accounting estimates and assumptions (refer 1.2.2) and requires management to exercise judgements (refer 1.2.1) in the process of applying the Group's accounting policies. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. A description of the accounting estimates, assumptions and judgements that were critical to preparing specific financial statement items as well as the processes employed to do so, are set out as follows:

#### 1.2.1 Critical judgements

##### Non-financial assets

##### *Impairment – goodwill*

The recoverable amounts of cash-generating units (CGUs) have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates. An impairment loss is recognised for CGUs if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A level of judgement is required in estimating future activities, and the related cash flows. The southern African operations experienced strong demand for their services which led to higher utilisation of the Group's diversified hospital and complementary services. Admissions grew 8.1% year-on-year and strong activities growth was seen across all business lines. Occupancy levels were 67.6% (2022: 61.1%) and are estimated to be between 69% and 71% in FY2024.

The recoverable amounts of most southern African, as well as for Life Molecular Imaging (LMI), CGUs, were determined based on value-in-use. The recoverable amounts of AMG (due to proposed disposal - refer note 29), as well as some CGUs in southern Africa, were determined based on fair value less cost to sell.

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

### 1.2 Critical judgements, accounting estimates and assumptions continued

#### 1.2.1 Critical judgements continued

##### Non-financial assets continued

##### *Impairment – goodwill* continued

##### *Recoverable amounts based on value in use*

The value-in-use calculations for the southern Africa CGUs were determined by discounting the expected future cash flows over a period of five years after which a terminal growth rate is applied.

For LMI the value-in-use calculation was determined by discounting the expected future cash flows over a period of 10-years. A 10-year period was used on the basis that the registered intellectual property for some products starts to expire after 2031, alongside the assumed level of growth being significant over the 10-year period both in NeuraCeq® and pipeline products. No terminal growth rate is applied for LMI.

The key assumptions used in the value-in-use calculations are:

Average discount rates	The weighted average cost of capital (WACC) was determined by considering the respective debt and equity costs and ratios. To determine the discount rates, the local risk-free rate was used based on the in-country government bond yield adjusted for a risk premium to reflect the increased risk of investing in equities. The discount rates used are pre-tax and reflect the specific risks relating to the industry and the countries in which we operate.
Growth rates in activities/volumes	Based on historical experience, capacity availability and the expected developments in the market.
Tariff and inflation increases	Based on the latest available economic forecasts and management's expectations of the outcome of annual tariff negotiations.
Growth in overhead costs	Based on management knowledge, prior history or trends and latest available economic forecasts.
Terminal growth rates	These rates are country specific and determined based on the forecast market growth rates.

##### *Southern Africa*

The key assumptions used in the value-in-use calculations were as follows:

	2023 %	2022 %
Growth rate in activities <sup>1</sup>	<b>0.0 – 6.0</b>	0.0 – 8.5
Average discount rate		
Pre-tax	<b>16.97</b>	17.69
Post-tax	<b>13.99</b>	14.50
Tariff and inflation increases <sup>2</sup>	<b>0.0 – 6.0</b>	0.0 – 7.5
Terminal growth rate	<b>4.5</b>	4.0

<sup>1</sup> The quoted growth rate in activities constitutes growth on FY2023 and forms part of the assumed recovery process in southern Africa with higher growth initially.

<sup>2</sup> Inflationary increases of 6.0% (2022: 7.5%) have been applied for the 2024 financial year, but 4.5% (2022: 4.7%) thereafter for the remainder of our forecast.





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

### 1.2 Critical judgements, accounting estimates and assumptions continued

#### 1.2.1 Critical judgements continued

##### Non-financial assets continued

##### *Impairment – goodwill continued*

##### *Recoverable amounts based on value-in-use continued*

##### *International – LMI*

Key assumptions used in the value-in-use calculation include the probabilities of success of a Disease Modifying Drug (DMD) gaining regulatory approval and reimbursement as well as growth in volumes and increase in price and cost per dose, which are reflective of new pharmaceutical products.

An Alzheimer's DMD received full US Food and Drug Administration (FDA) approval in July 2023 along with reimbursement approved during October 2023.

Another DMD delivered positive results in its Phase 3 trials in July 2023 and waiting feedback regarding full FDA approval on the back of these results.

Key drivers:

	2023		2022	
	% chance	Assumed year approval/reimbursement obtained	% chance	Assumed year approval/reimbursement obtained
<b>US</b>				
<b>Probability of success of a DMD gaining</b>	<b>100.0</b>		75.0	
Regulatory approval	<b>100.0</b>	<b>2024</b>	75.0	2024
Reimbursement	<b>100.0</b>	<b>2024</b>	100.0	2024
<b>Europe</b>				
<b>Probability of success of a DMD gaining</b>	<b>81.0</b>		56.3	
Regulatory approval	<b>90.0</b>	<b>2024</b>	75.0	2024
Reimbursement	<b>90.0</b>	<b>2026</b>	75.0	2026

Other key assumptions were:

	2023 %	2022 %
Growth in overhead costs (due to volume increase)	<b>4.0</b>	8.0
Average discount rate		
Pre-tax	<b>18.76</b>	17.89
Post-tax	<b>13.90</b>	13.50
Terminal growth rate	<b>n/a<sup>1</sup></b>	n/a <sup>1</sup>

<sup>1</sup> 10-year time horizon is used in line with registered intellectual property expiry and to recognise the significant growth in cashflows in outer years.

Assumptions used in the forecast also include a percentage of PET-CT adoption rate (45%), an increase in sales volumes as utilisation increases of 45% to 50% (2022: 30% to 50%) after reimbursement, and a corresponding annual reduction in price and cost per dose of -1.5% (2022: -1.5%).

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

### 1.2 Critical judgements, accounting estimates and assumptions continued

#### 1.2.1 Critical judgements continued

##### Non-financial assets continued

##### *Impairment – goodwill* continued

##### *Recoverable amounts based on value-in-use* continued

##### *Sensitivity analysis*

Sensitivity analysis included fluctuations in activity/volume growth, discount rates and tariffs. For the different operations, the assumption with the most significant impact on the value-in-use calculation is tabled below.

<b>Territory</b>	<b>Significant assumption</b>	<b>Impact</b>
Southern Africa	Average discount rate	◆ If the average pre-tax discount rate increases to 17.37%, the first CGU's carrying amount will exceed its recoverable amount <sup>1</sup>
LMI	Average discount rate	◆ If the average pre-tax discount rate increases to 44.87%, the carrying amount will exceed its recoverable amount

<sup>1</sup> If the average discount rate increases by 1%, it would result in an impairment of R30 million.

##### *Recoverable amounts based on fair value less costs to sell*

##### AMG

On 5 October 2023, the Group concluded binding transaction agreements with iCON Infrastructure for the sale of 100% of the Group's interest in AMG. The transaction is subject to shareholder approval and to the fulfilment or waiver (to the extent permissible) of conditions precedent typical of a transaction of this nature. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale. The Group impaired the carrying value at 30 September 2023 to the fair value less costs to sell. The impairment for the year amounted to GBP36.8 million (R822 million), which includes transaction costs of R532 million. Refer note 29.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

### 1.2 Critical judgements, accounting estimates and assumptions continued

#### 1.2.1 Critical judgements continued

##### Financial instruments

##### *Impairment of financial assets*

##### *Trade receivables*

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables (ECL model).

The ECL model is based on days past due for groupings of various customer segments that have similar loss patterns (mainly by customer type).

The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions.

The fundamental assumption in the ECL model is that the default definition can be applied when one or more of the following are true:

- ◆ Days past due (DPD) are greater than 90 days
- ◆ Default is considered likely, namely those accounts handed over to attorneys or under debt review or administration
- ◆ An account has been flagged as being high risk, but not yet formally handed over or placed under administration

The Group established an ECL model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment affecting the ability of the customer to settle outstanding balances. For trade receivables, the Group is unlikely to experience significant change in economic conditions over the credit risk exposure period, therefore the forward-looking factors do not have a material impact on the Group. The Group does not track significant increases in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Credit losses are included as a separate line item in the statement of profit or loss.

Information regarding the ECLs is disclosed in note 16, note 34 and annexure A – significant accounting policies (section 1.11 financial instruments).

##### Lease accounting

##### *Extension options*

Extension options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

Consideration of whether extension options should be included in determining the lease term is a critical judgement. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The Group has assessed that it is reasonably certain that all extension options on property leases for hospitals will be exercised and therefore has included all renewal periods as part of the lease term as hospital buildings are integral to the Group's operations and cost of relocation will be significant. Due to the medical equipment being highly technical in nature, and the possibility that new technology may be developed, extension options have not been taken into account for medical equipment.

As at 30 September 2023, potential future cash outflows of R1.3 billion (2022: R1.3 billion) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

### 1.2 Critical judgements, accounting estimates and assumptions continued

#### 1.2.1 Critical judgements continued

##### Employee benefits

##### *Defined benefit plans*

Determining the present value of the defined benefit obligation	The value of the defined benefit obligations is discounted using appropriate interest rates. The cost of providing the benefits is determined using the projected unit credit method. Refer note 13.
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##### *Long-term incentive schemes effective from 2019*

##### *Determining the fair value*

1. Southern Africa – equity-settled shared-based payments	The fair value of awards granted during the period was determined using financial forecasts over the vesting period. This methodology takes into consideration the number of active awards, the Life Healthcare Group Holdings Limited (Life Healthcare) share price, expected forfeiture rates and the expected vesting of the awards based on performance conditions.
2. International – cash-settled share-based payment (2020 – 2022 schemes) and equity-settled share-based payments (2023 scheme)	Vesting in terms of these schemes takes place in three years from allocation.

The key assumptions used in the model were as follows:

	2023	2022
Average consumer price index (CPI)	5.66%	7.41%
Expected forfeiture rates	4.00%	4.00%
Average discount rate	9.70%	7.10%
Life core purposes	100% <b>achievement</b>	100% achievement

##### *Co-investment policy (CIP)*

##### *Determining the fair value*

##### **Effective from 2022**

CIP – equity-settled shared-based payments	<p>In terms of the CIP, participants elected to invest in the Company's securities in lieu of a portion of their performance bonus relating to the 2021 financial year (bonus shares).</p> <p>Additional participants joined the scheme during the current year and elected to invest in the Company's securities in lieu of a portion of their performance bonus relating to the 2022 financial year (bonus shares).</p> <p>The Company matched each bonus share awarded with the purchase of three matching shares (Company matched shares). The bonus shares and Company matched shares will be restricted and will vest in the 2025 financial year.</p> <p>In addition, the participants were awarded Company performance shares, which will be restricted and vest in the 2025 financial year, subject to specified performance conditions being achieved over a specific period of time. Refer note 19.</p> <p>The bonus and matching shares methodology is based on the Life Healthcare share price at grant date multiplied by an attrition factor to allow for expected forfeitures over the vesting period.</p> <p>The fair value of performance shares is determined using a Monte-Carlo valuation model. This methodology takes into consideration risk-neutral principles, independent volatility assumptions, the Life Healthcare share price and expected dividends over the vesting period. The attrition factor is applied outside of the Monte-Carlo model.</p>
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# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

### 1.2 Critical judgements, accounting estimates and assumptions continued

#### 1.2.1 Critical judgements continued

The key assumptions used in the model were as follows:

	2023 allocation	2022 allocation
Risk-free rates	<b>Zero-coupon RSA spot swap curve<sup>1</sup></b>	Zero-coupon RSA spot swap curve <sup>1</sup>
Expected forfeiture rates	<b>4.00%</b>	2.00%
Volatility <sup>2</sup>	<b>32.40%</b>	32.63%

<sup>1</sup> Zero-coupon RSA spot swap curve was 8.0% (2022 allocation: 4.66%).

<sup>2</sup> The volatility is based on the average historical data over the last five years of the annualised share price of Life Healthcare and two comparator companies. Based on our assessment of the performance target, the target is expected to be achieved, with probability of 70% which is incorporated in the grant date fair value.

Refer notes 19 and 24 and annexure A under 1.2 – Share-based payments

#### Other

##### *Deferred tax assets*

The Group recognises the future benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the Group to make estimates related to expectations in future taxable income. Estimates of future taxable income are based on five-year cash flow forecasts, assumptions regarding economic growth, interest rates, inflation rates and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the deferred tax assets recorded at the reporting date could be impacted. The deferred tax asset is reviewed at the end of the reporting period and adjusted if required. Additionally future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods. Refer note 14.

##### *Uncertain tax position*

All uncertain tax positions that were challenged by tax authorities and that materially affected the disclosures in the consolidated financial statements are disclosed in full by the Group, except where management assessed the likelihood of an outflow of resources as remote. The raising of a corresponding provision for the tax position will be dependent on management's best judgement of the probable outcome of the uncertain tax position.

##### *Insurance provision*

In the ordinary course of business the Group, from time to time, receives potential litigation and claims. Such claims are assessed by management and legal counsel and dealt with on a case-by-case basis taking into consideration applicable excess levels per claim and external legal advice on the merits and probability of the success of the claim. Based on past experience, the southern African provision has a historical reserve exposure, of 18.1% of the claim (lower of claim/deductible). The southern Africa provision is discounted at a pre-tax average cost of debt rate of 9.7% (2022: 7.1%), where applicable.

## 1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

### 1.2 Critical judgements, accounting estimates and assumptions continued

#### 1.2.2 Critical accounting estimates and assumptions

##### Business combinations

##### *Contingent consideration*

The calculation of contingent consideration requires the use of estimates and assumptions. This includes estimates and assumptions on future cash flows as well as determining an appropriate discount rate.

The largest contingent consideration payable (R456 million) relates to a potential amount payable to the previous owners of LMI that was acquired during June 2018.

The fair value of the contingent consideration was calculated using the discounted cash flow method. The LMI contingent consideration will become payable when the acquired business generates a positive cash contribution, measured on a cumulative basis from the date of acquisition. The contingent consideration is a 50% share of pre-tax cash generated for a period of 10 years post-acquisition or a maximum amount payable of USD200 million. The amount included is the calculated payment, based on long-term forecasts adjusted for probabilities associated with the success of the product developed, cost incurred and timing of reimbursement, discounted to present value using a post-tax discount rate of 13.90% (2022:13.50%).

Key assumptions used in the forecast also include a percentage of PET-CT adoption rate (45%), an increase in sales volumes as utilisation increases of 45% to 50% (2022: 30% to 50%) after reimbursement, and a corresponding annual reduction in price and cost per dose of -1.5% (2022: -1.5%).

An Alzheimer's DMD received full US FDA approval in July 2023 along with reimbursement approved during October 2023.

Another DMD delivered positive results in its Phase 3 trials in July 2023 and waiting feedback regarding full FDA approval on the back of these results.

Key drivers:

	2023		2022	
	% chance	Assumed year approval/ reimbursement obtained	% chance	Assumed year approval/ reimbursement obtained
<b>US</b>				
<b>Probability of success of a DMD gaining</b>	<b>100.0</b>		90.0	
Regulatory approval	<b>100.0</b>	<b>2024</b>	90.0	2024
Reimbursement	<b>100.0</b>	<b>2024</b>	100.0	2024
<b>Europe</b>				
<b>Probability of success of a DMD gaining</b>	<b>81.0</b>		90.0	
Regulatory approval	<b>90.0</b>	<b>2024</b>	90.0	2024
Reimbursement	<b>90.0</b>	<b>2026</b>	100.0	2026

##### *Sensitivity analysis based on most significant assumption used*

The current LMI contingent consideration value is based on the assumption that the PET-CT adoption rate as a proportion of patients eligible for investigation grows annually by 45% (initially at 15% and growing up to 60% in the EU; 25% and growing to 70% in the US) as the benefits of PET-CT as a diagnostic tool are more widely utilised.

Significant unobservable inputs	Sensitivity of the input to fair value		
	% Change	Current value R'm	Value if input change R'm
PET-CT adoption rate	+10	456	923
	-10	456	-
Discount rate	+2	456	421
	-2	456	482
Reimbursement delay	+2 years	456	221

Refer note 23.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 2. REVENUE AND OTHER INCOME

### Revenue

The table below illustrates the disaggregation disclosure by primary geographical areas, type of customer and timing of revenue recognition, including a reconciliation of how the disaggregated revenue ties into the segment report (disclosed in note 9).

Management believes that the disaggregations depict how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

Segments	Hospitals and complementary services R'm	Healthcare services R'm	Radiopharma- ceutical products R'm	Total R'm
<b>2023</b>				
<b>Primary geographical areas</b>				
Southern Africa	20 665	1 320	–	21 985
International	–	–	656	656
UK	–	–	19	19
Europe	–	–	60	60
USA	–	–	542	542
Other	–	–	35	35
	<b>20 665</b>	<b>1 320</b>	<b>656</b>	<b>22 641</b>
<b>Type of customer</b>				
<b>Contract from customers</b>				
Private (including private medical aids and cash paying patients)	19 981	–	–	19 981
Government and public healthcare facilities	323	696	–	1 019
Corporate institutions	254	624	656	1 534
<b>Rental revenue</b>				
Rental income related to auxiliary services	107	–	–	107
	<b>20 665</b>	<b>1 320</b>	<b>656</b>	<b>22 641</b>
<b>Timing of revenue recognition</b>				
Over time	15 266	1 320	–	16 586
At a point in time	5 399	–	656	6 055
	<b>20 665</b>	<b>1 320</b>	<b>656</b>	<b>22 641</b>
<b>2022</b>				
<b>Primary geographical areas</b>				
Southern Africa	18 615	1 356	–	19 971
International	–	–	555	555
UK	–	–	21	21
Europe	–	–	58	58
USA	–	–	444	444
Other	–	–	32	32
	18 615	1 356	555	20 526
<b>Type of customer</b>				
<b>Contract from customers</b>				
Private (including private medical aids and cash paying patients)	18 101	–	–	18 101
Government and public healthcare facilities	315	641	–	956
Corporate institutions	94	715	555	1 364
<b>Rental revenue</b>				
Rental income related to auxiliary services	105	–	–	105
	18 615	1 356	555	20 526
<b>Timing of revenue recognition</b>				
Over time	13 791	1 356	–	15 147
At a point in time	4 824	–	555	5 379
	18 615	1 356	555	20 526

**2. REVENUE AND OTHER INCOME** continued**Other income**

	<b>2023</b> <b>R'm</b>	2022 R'm
Other rental income	<b>108</b>	95
Other income <sup>1</sup>	<b>141</b>	129
Insurance receipts	<b>13</b>	20
	<b>262</b>	244

<sup>1</sup> Comprises mainly learning centre tuition and registration fees, as well as Services Sector Education and Training authority (SETA) reimbursements.

**3. EMPLOYEE BENEFITS EXPENSE**

	<b>2023</b> <b>R'm</b>	2022 R'm
Salaries	<b>6 604</b>	5 963
Short-term performance bonuses	<b>204</b>	166
Equity-settled share-based payment – long-term incentive schemes <sup>2</sup>	<b>137</b>	105
Equity-settled share-based payment – CIP <sup>2</sup>	<b>32</b>	25
Cash-settled share-based payment – long-term incentive schemes <sup>3</sup>	<b>–</b>	4
Share-based payment – Life Healthcare employee share trust <sup>2</sup>	<b>48</b>	44
Severance payments	<b>5</b>	3
Agency fees	<b>1 174</b>	1 073
Medical aid contributions	<b>360</b>	327
Pension fund costs – defined benefit and contribution plans	<b>7</b>	7
Provident fund costs – defined contribution plans	<b>312</b>	284
Social security costs	<b>25</b>	15
Dispute on contract interpretation provision (refer note 22)	<b>–</b>	157
Other	<b>106</b>	89
	<b>9 014</b>	8 262

<sup>2</sup> Refer statement of changes in equity.

<sup>3</sup> Refer note 24.

Includes executive directors' and prescribed officers' remuneration (refer note 30).

**4. FAIR VALUE (GAIN)/LOSS ON FINANCIAL INSTRUMENTS**

Fair value gain on derivative financial instruments	<b>(6)</b>	(26)
Fair value loss on derivative financial instruments	<b>20</b>	–
Fair value loss relating to investment in first-party Cell Captive	<b>20</b>	–
Fair value loss on equity investment	<b>4</b>	5
	<b>38</b>	(21)

**5. FINANCE INCOME AND COST**

Finance income	<b>(159)</b>	(54)
Interest revenue calculated using the effective interest rate method	<b>(56)</b>	(39)
Interest rate swap contract	<b>(15)</b>	–
Foreign exchange gains	<b>(76)</b>	–
Other	<b>(12)</b>	(15)
Finance cost	<b>696</b>	635
Interest-bearing borrowings and bank overdrafts	<b>490</b>	259
Interest rate swap contracts	<b>15</b>	10
Interest on lease liabilities	<b>92</b>	104
Borrowing cost capitalised <sup>4</sup>	<b>(19)</b>	(16)
Preference shares	<b>–</b>	11
Foreign exchange losses	<b>1</b>	138
Unwinding of contingent consideration	<b>62</b>	75
Dispute on contract interpretation provision – refer note 22	<b>47</b>	42
Other	<b>8</b>	12
Net finance cost	<b>537</b>	581

<sup>4</sup> The Group has used an average rate of 10.1% (2022: 6.7%) in determining the borrowing costs capitalised.





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 6. PROFIT BEFORE TAX

	2023 R'm	2022 R'm
The following items have been included as part of other expenses in arriving at profit before tax:		
Lease rentals	152	126
Expense relating to short-term leases	12	10
Expense relating to leases of low-value assets, not shown above as short-term leases	19	8
Expense relating to variable lease payments not included in lease liabilities	121	108
Auditors' remuneration	32	27
Total audit fees	30	26
Fees relating to non-audit services	2	1
Advertising and marketing expenses	84	78
Non-executive directors' emoluments (refer note 30)	17	12
Insurance premiums	30	97
Motor vehicle expenses	39	30
Security costs	111	102
Subscriptions and publications costs	44	41
Training and conference expenses	66	59
Travelling and accommodation expenses	46	36
Other <sup>1</sup>	267	238
	<b>888</b>	846

<sup>1</sup> Other comprises mainly of bank charges, refreshments, general expenses, quality costs and filing expenses.

## 7. TAX EXPENSE

Current income tax		
Current year	662	684
Prior year (over)/underprovision	(64)	16
Deferred income tax		
Origination and reversal of temporary differences	(139)	(22)
Prior year underprovision	39	22
Change in South African tax rate	–	(2)
Change in foreign tax rate	(17)	2
Withholding taxes	2	3
Total tax expense	<b>483</b>	703
<b>Reconciliation of the tax rate</b>	%	%
South African normal tax rate	27.00	28.00
Adjustments for non-cash items:		
Income not taxable – partnerships	(0.72)	(0.80)
Income not taxable – fair value adjustments to contingent consideration	–	(2.29)
Expenses not deductible – interest on preference shares	–	0.14
Expenses not deductible – fair value adjustments to contingent consideration	0.10	0.24
Other <sup>2</sup>	1.28	(0.40)
Change in South African tax rate	–	(0.09)
Change in foreign tax rate	(0.89)	0.34
Prior year (over)/underprovision	(1.32)	1.74
Withholding taxes	0.10	0.17
Assessed losses derecognised in current year or previously not recognised	(0.70)	4.12
Differential between international tax rates and SA's normal tax rate	(1.45)	(1.66)
Effect of reclassification to discontinued operations	1.89	2.52
Effective rate	<b>25.29</b>	32.03

<sup>2</sup> Other includes various permanent differences for which there are no corresponding tax allowances. The significant permanent differences include learnership allowances and non-deductible interest and expenses (2022: learnership allowances and the provision for dispute on contract interpretation – refer note 22).

The Group has raised deferred tax on estimated tax losses and capital allowances of R1.3 billion (2022: R721 million) available to offset against future taxable income. Refer note 14. These losses relate to:

Southern Africa	226	288
United Kingdom	1 100	433
	<b>1 326</b>	721

Tax losses relating to continuing operations of R19 million (2022: R132 million) were utilised during the year. These utilised losses relate to the South African business only.

## 8. EARNINGS (EPS), HEADLINE EARNINGS (HEPS) AND DIVIDEND (DPS) PER SHARE

	Attributable earnings R'm		Weighted average number of shares ('000)		Cents per share	
	2023	2022	2023	2022	2023	2022
<b>From continuing operations</b>						
EPS – basic	<b>1 254</b>	1 305	<b>1 441 954</b>	1 446 802	<b>87.0</b>	90.2
EPS – diluted	<b>1 254</b>	1 305	<b>1 454 020</b>	1 454 014	<b>86.3</b>	89.8
Normalised EPS (NEPS) <sup>1</sup>	<b>1 284</b>	1 158	<b>1 441 954</b>	1 446 802	<b>89.1</b>	80.0
<b>From continuing and discontinued operations</b>						
EPS – basic	<b>264</b>	1 531	<b>1 441 954</b>	1 446 802	<b>18.3</b>	105.8
EPS – diluted	<b>264</b>	1 531	<b>1 454 020</b>	1 454 014	<b>18.2</b>	105.3
HEPS – basic	<b>1 272</b>	1 536	<b>1 441 954</b>	1 446 802	<b>88.2</b>	106.1
HEPS – diluted	<b>1 272</b>	1 536	<b>1 454 020</b>	1 454 014	<b>87.5</b>	105.6
Normalised EPS (NEPS) <sup>1</sup>	<b>1 364</b>	1 396	<b>1 441 954</b>	1 446 802	<b>94.6</b>	96.4

<sup>1</sup> Non-IFRS measure.

	Total dividend (R'm)		Total number of issued shares ('000)		Cents per share	
	2023	2022	2023	2022	2023	2022
DPS – ordinary shares						
– Final (previous financial year)	<b>367</b>	367	<b>1 467 349</b>	1 467 349	<b>25</b>	25
– Interim	<b>249</b>	220	<b>1 467 349</b>	1 467 349	<b>17</b>	15

	2023		2022	
	Gross amount R'm	Net amount R'm	Gross amount R'm	Net amount R'm
<b>Headline earnings reconciliation</b>				
Profit attributable to ordinary equity holders		<b>264</b>		1 531
Adjustments (net of tax):		<b>1 008</b>		5
Impairment of investments from discontinued operations <sup>2</sup>	<b>856</b>	<b>856</b>	–	–
Transaction costs relating to the disposal of AMG <sup>2</sup>	<b>149</b>	<b>149</b>	–	–
Loss on disposal of property, plant and equipment from continuing operations	<b>9</b>	<b>7</b>	3	2
(Profit)/loss on disposal of property, plant and equipment from discontinued operations	<b>(5)</b>	<b>(4)</b>	3	3
Headline earnings from continuing and discontinued operations		<b>1 272</b>		1 536

<sup>2</sup> Refer note 29.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 8. EARNINGS (EPS), HEADLINE EARNINGS (HEPS) AND DIVIDEND (DPS) PER SHARE continued

	2023 '000	2022 '000
<b>Reconciliation between the weighted average number of shares and diluted number of shares</b>		
Issued ordinary shares – at the beginning of the year	1 467 349	1 467 349
Effect of treasury shares (refer note 18)	<b>(25 395)</b>	(20 547)
Weighted average number of shares at the end of the year	<b>1 441 954</b>	1 446 802
Effect of dilutive potential ordinary shares – treasury shares	<b>12 066</b>	7 212
Diluted weighted average number of shares at the end of the year	<b>1 454 020</b>	1 454 014
<b>Normalised earnings per share (NEPS)<sup>1</sup></b>	<b>R'm</b>	<b>R'm</b>
Profit attributable to ordinary equity holders	<b>264</b>	1 531
Loss/(profit) from discontinued operations attributable to ordinary equity holders	<b>990</b>	(226)
Profit from continuing operations attributable to ordinary equity holders	<b>1 254</b>	1 305
Adjustments (net of tax and non-controlling interest)		
Retirement benefit asset and post-employment medical aid income	<b>(25)</b>	(23)
Fair value adjustments to contingent consideration	<b>7</b>	(406)
Gain on derecognition of lease asset and liability	<b>(3)</b>	–
International tax refund	<b>(14)</b>	–
Loss on disposal of property, plant and equipment	<b>7</b>	2
Transaction costs relating to acquisitions	<b>12</b>	1
Unwinding of contingent consideration	<b>62</b>	75
Fair value loss on equity instrument	<b>4</b>	5
Dispute on contract interpretation provision (refer note 22)	<b>47</b>	199
Deferred tax allocation between continuing and discontinued operations <sup>3</sup>	<b>(67)</b>	–
Normalised earnings from continuing operations	<b>1 284</b>	1 158
Normalised earnings from discontinued operations <sup>2</sup>	<b>80</b>	238
Normalised earnings from continuing and discontinued operations	<b>1 364</b>	1 396
NEPS <sup>1</sup> from continuing and discontinued operations (cents)	<b>94.6</b>	96.4
NEPS <sup>1</sup> from continuing operations (cents)	<b>89.1</b>	80.0
<sup>1</sup> Non-IFRS measure.		
<sup>2</sup> Calculated as follows (refer note 29):		
(Loss)/profit from discontinued operations	<b>(990)</b>	226
Impairment of investment of subsidiary in the UK	<b>34</b>	–
Impairment of AMG in terms of IFRS 5 to its fair value less cost to sell	<b>822</b>	–
(Profit)/loss on disposal of property, plant and equipment	<b>(4)</b>	3
Transactions costs relating to acquisitions (included under other costs)	<b>2</b>	9
Transaction costs relating to disposal	<b>149</b>	–
Deferred tax allocation between continuing and discontinued operations <sup>3</sup>	<b>67</b>	–
	<b>80</b>	238

<sup>3</sup> LMI's carried-forward losses were previously assumed to be surrendered (for nil consideration) to the other UK entities within the AMG group, as these entities form part of the same tax relief group within the UK.

Due to the proposed disposal, the group relief allocation has been amended resulting in additional losses being carried forward in LMI. An increased deferred tax asset has therefore been recognised in LMI. This is excluded from NEPS.

## 9. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and to assess their performance.

The Group's segments are aligned to those business units that are evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance.

In southern Africa, the hospitals and complementary services segment comprises all the acute hospitals and complementary services which include mental health, acute rehabilitation, renal dialysis, oncology and imaging services. The healthcare services segment comprises Life Nkanyisa and Life Health Solutions.

International comprises radiopharmaceutical products developed by LMI across Europe, the UK and the USA. The international diagnostic imaging segment (AMG) was classified as a discontinued operation during the current year. The segment information that follows does therefore not include any amounts for AMG. Information about this discontinued segment is provided in note 29.

Growth initiatives comprise broadening the Group's exposure across the healthcare continuum and include the development of cyclotron capability and clinical quality products within South Africa. The prior year growth initiatives in South Africa included developing the outpatient business model, which was scaled-down and incorporated into Life Health Solutions, and the costs incurred relating to the imaging services opportunity before the first transaction was completed.

The corporate segment is a non-operating segment.

The comparative information has been represented to adjust for the change in the composition of the reportable segments. LMI was included as part of growth initiatives in the prior year. In the current year, LMI's radiopharmaceutical products are disclosed as a separate segment, and the comparative information has therefore been represented for comparative purposes.

The operating businesses have been aggregated into different segments based on the similar nature of products and services, similar economic characteristics, similar type of customers and operating in a similar regulatory environment.

Inter-segment revenue of R5 million (2022: R7 million) is eliminated of which relates to revenue between Life Employee Health Solutions and the southern Africa business.

Refer note 2 for a split of the major revenue streams.

	<b>2023</b> <b>R'm</b>	2022 R'm
<b>Revenue<sup>1</sup></b>		
<b>Southern Africa</b>		
Hospitals and complementary services	<b>20 665</b>	18 615
Healthcare services	<b>1 320</b>	1 356
<b>International</b>		
Radiopharmaceutical products	<b>656</b>	555
	<b>22 641</b>	20 526

<sup>1</sup> Revenue of approximately 45% (2022: 46%) is derived from two (2022: two) external customers. The revenue is attributed to the southern Africa segment.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 9. SEGMENT INFORMATION continued

	2023 R'm	2022 R'm
<b>Normalised EBITDA<sup>1,3,4</sup></b>		
<b>Southern Africa</b>		
Hospitals and complementary services	3 475	3 246
Healthcare services	162	132
<b>International</b>		
Radiopharmaceutical products	(113)	(35)
<b>Growth initiatives</b>	–	(15)
<b>Corporate</b>		
Recoveries	1 601	1 389
Corporate costs	(1 531)	(1 274)
	<b>3 594</b>	3 443
<b>Depreciation</b>		
<b>Southern Africa</b>		
Hospitals and complementary services	(823)	(730)
Healthcare services	(37)	(29)
<b>International</b>		
Radiopharmaceutical products	(22)	(17)
<b>Corporate</b>	(86)	(86)
	<b>(968)</b>	(862)
<b>EBITA<sup>2,3</sup></b>		
<b>Southern Africa</b>		
Hospitals and complementary services	2 652	2 516
Healthcare services	125	103
<b>International</b>		
Radiopharmaceutical products	(135)	(52)
<b>Growth initiatives</b>	–	(15)
<b>Corporate</b>	(16)	29
	<b>2 626</b>	2 581
<b>Amortisation of intangible assets</b>		
<b>Southern Africa</b>		
Hospitals and complementary services	(46)	(31)
<b>International</b>		
Radiopharmaceutical products	(24)	(18)
<b>Growth initiatives</b>	–	–
<b>Corporate</b>	(88)	(69)
	<b>(158)</b>	(118)
<sup>1</sup> Normalised EBITDA is defined as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading-related costs or income. Normalised EBITDA of the discontinued operations was excluded from the prior year.		
<sup>2</sup> EBITA is defined as normalised EBITDA less depreciation.		
<sup>3</sup> Non-IFRS measures.		
<sup>4</sup> Long-term incentive and CIP charges included in normalised EBITDA are as follows:		
Southern Africa including corporate	(168)	(129)
Growth initiatives	(1)	(7)
	<b>(169)</b>	(136)

9. SEGMENT INFORMATION continued

	2023 R'm	2022 R'm
<b>Operating profit before non-trading items<sup>1,2</sup></b>		
<b>Southern Africa</b>		
Hospitals and complementary services	2 606	2 485
Healthcare services	125	103
<b>International</b>		
Radiopharmaceutical products	(159)	(70)
<b>Growth initiatives</b>	–	(15)
<b>Corporate</b>	(104)	(40)
	<b>2 468</b>	2 463
Retirement benefit asset and post-employment medical aid income	34	33
Dispute on contract interpretation provision <sup>3</sup> (refer note 22)	–	(157)
Fair value adjustments to contingent consideration (refer note 23)	(7)	406
Fair value (loss)/gain on financial instruments	(38)	21
Gain on derecognition of lease asset and liability	3	–
Loss on disposal of property, plant and equipment	(9)	(3)
Transaction costs relating to acquisitions and disposals	(12)	(1)
<b>Operating profit</b>	<b>2 439</b>	2 762
Finance income	159	54
Finance cost	(696)	(635)
Share of associates' and joint ventures' net profit after tax	9	10
<b>Profit before tax</b>	<b>1 911</b>	2 191
<sup>1</sup> Operating profit before non-trading items includes the segment's share of shared services and rental costs. These costs are all at market-related rates.		
<sup>2</sup> Non-IFRS measure.		
<sup>3</sup> Relates to corporate.		
<b>Material expenses included as part of normalised EBITDA<sup>2</sup> and EBITA<sup>2</sup></b>		
<b>Drugs and consumables</b>		
<b>Southern Africa</b>		
Hospitals and complementary services	5 833	5 224
Healthcare services	58	78
<b>International</b>		
Radiopharmaceutical products	–	–
<b>Corporate</b>	–	–
	<b>5 891</b>	5 302
<b>Employee benefit expense</b>		
<b>Southern Africa</b>		
Hospitals and complementary services	6 994	6 256
Healthcare services	774	816
<b>International</b>		
Radiopharmaceutical products	323	225
<b>Corporate</b>	923	808
	<b>9 014</b>	8 105 <sup>4</sup>

<sup>4</sup> Prior year total do not agree to note 3. The difference of R157 million relates to the dispute on contract interpretation provision, which do not form part of normalised EBITDA<sup>2</sup> or EBITA<sup>2</sup>.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 9. SEGMENT INFORMATION continued

	2023 R'm	2022 R'm
<b>Total assets before items detailed below</b>		
Southern Africa (including growth initiatives)	17 517	17 160
International	1 457	1 373
Discontinued operations	24 443	21 463
	<b>43 417</b>	39 996
Employee benefit assets	416	415
Deferred tax assets	1 733	1 739
Derivative financial assets (included in other assets)	16	24
Income tax receivable	33	64
<b>Total assets per the balance sheet</b>	<b>45 615</b>	42 238
<b>Net debt<sup>1,2</sup></b>		
Southern Africa (including growth initiatives)	3 763	3 688
International <sup>3</sup>	986	565
Attributable to discontinued operations <sup>3</sup>	7 594	6 630
	<b>12 343</b>	10 883
<b>Cash and cash equivalents (net of bank overdrafts)</b>		
Southern Africa (including growth initiatives)	565	1 190
International	94	153
Discontinued operations	–	1 124
	<b>659</b>	2 467

<sup>1</sup> Net debt is a key measure for the Group, which comprises all interest-bearing borrowings, overdraft balances and cash and cash equivalents.

<sup>2</sup> Non-IFRS measure.

<sup>3</sup> The Group will settle all international GBP and EUR debt with the proceeds from the sale of AMG.

### Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding employee benefit assets, deferred tax assets and derivative financial assets) by geographical locations are:

	Revenue from external customers		Non-current assets	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Southern Africa	21 985	19 971	13 003	12 491
International	656	555	1 049	922
UK	19	21	965	897
Europe	60	58	41	12
USA	542	444	43	13
Other	35	32	–	–
Total – continuing operations	<b>22 641</b>	20 526	<b>14 052</b>	13 413
Discontinued operations			–	18 871
Employee benefit assets			416	415
Deferred tax assets			1 733	1 739
Derivative financial assets (included in other assets)			–	16
<b>Total as per income statement and balance sheet</b>	<b>22 641</b>	20 526	<b>16 201</b>	34 454

## 10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings owned R'm	Improvements to right-of-use assets R'm	Medical equipment R'm	Motor vehicles and other equipment R'm	Right-of-use assets R'm	Assets under construction R'm	Total R'm
<b>Carrying value at 1 October 2022</b>	<b>6 761</b>	<b>975</b>	<b>3 516</b>	<b>892</b>	<b>2 806</b>	<b>616</b>	<b>15 566</b>
Additions <sup>1</sup>	<b>248</b>	<b>19</b>	<b>1 045</b>	<b>308</b>	<b>253</b>	<b>727</b>	<b>2 600</b>
Arising on acquisition of subsidiaries	-	1	67	2	7	-	77
Disposals, scrappings or derecognitions	(2)	-	(18)	(11)	-	-	(31)
Transfers	66	302	168	162	2	(707)	(7)
Borrowing costs capitalised	3	-	-	8	-	-	11
Depreciation from continuing operations	(174)	(39)	(476)	(163)	(116)	-	(968)
Depreciation from discontinued operations	(19)	(94)	(418)	(94)	(298)	-	(923)
Reclassified as held for sale (refer note 29)	(607)	(1 180)	(1 868)	(250)	(2 068)	(640)	(6 613)
Effect of foreign currency movement	66	135	217	31	296	115	860
<b>Carrying value at 30 September 2023</b>	<b>6 342</b>	<b>119</b>	<b>2 233</b>	<b>885</b>	<b>882</b>	<b>111</b>	<b>10 572</b>
Comprising:							
Cost	<b>8 453</b>	<b>466</b>	<b>6 167</b>	<b>1 938</b>	<b>1 502</b>	<b>111</b>	<b>18 637</b>
Accumulated depreciation and impairment losses	<b>(2 111)</b>	<b>(347)</b>	<b>(3 934)</b>	<b>(1 053)</b>	<b>(620)</b>	<b>-</b>	<b>(8 065)</b>
	<b>6 342</b>	<b>119</b>	<b>2 233</b>	<b>885</b>	<b>882</b>	<b>111</b>	<b>10 572</b>

	Land and buildings owned R'm	Improvements to right-of-use assets R'm	Medical equipment R'm	Motor vehicles and other equipment R'm	Right-of-use assets R'm	Assets under construction R'm	Total R'm
<b>Carrying value at 1 October 2021</b>	6 688	880	3 209	655	2 827	436	14 695
Additions	96	15	894	321	379	834	2 539
Arising on acquisition of subsidiaries	5	-	53	3	-	-	61
Disposals, scrappings or derecognitions	-	-	(15)	(15)	(12)	-	(42)
Transfers	146	198	198	106	-	(656)	(8)
Borrowing costs capitalised	4	-	-	4	-	-	8
Depreciation from continuing operations	(156)	(34)	(453)	(106)	(113)	-	(862)
Depreciation from discontinued operations	(30)	(79)	(365)	(78)	(246)	-	(798)
Effect of foreign currency movement	8	(5)	(5)	2	(29)	2	(27)
<b>Carrying value at 30 September 2022</b>	<b>6 761</b>	<b>975</b>	<b>3 516</b>	<b>892</b>	<b>2 806</b>	<b>616</b>	<b>15 566</b>
Comprising:							
Cost	9 027	2 161	10 016	2 212	4 584	616	28 616
Accumulated depreciation and impairment losses	(2 266)	(1 186)	(6 500)	(1 320)	(1 778)	-	(13 050)
	6 761	975	3 516	892	2 806	616	15 566

### <sup>1</sup> Reconciliation to statement of cash flows

Additions per note

Additions from discontinued operations

Non-cash items

Additions right-of-use assets recognised

Movement in accruals

Purchases of property, plant and equipment per statement of cash flows

**2023**  
R'm

2022  
R'm

<b>2 600</b>	2 539
<b>(1 345)</b>	(1 299)
<b>(70)</b>	(55)
<b>28</b>	78
<b>1 213</b>	1 263





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 10. PROPERTY, PLANT AND EQUIPMENT continued

### Additional information on leases

	2023 R'm	2022 R'm
<b>Right-of-use assets</b>		
Land and buildings	782	1 897
Medical equipment	64	833
Motor vehicles and other equipment	36	76
	<b>882</b>	2 806
<b>Depreciation charge of right-of-use assets from continuing operations</b>		
Land and buildings	(103)	(100)
Medical equipment	(1)	(3)
Motor vehicles and other equipment	(12)	(10)
	<b>(116)</b>	(113)

- ◆ The total cash outflow for leases – refer note 20
- ◆ Interest on lease liabilities – refer note 5
- ◆ Lease expenses recognised in profit or loss – refer note 6
- ◆ Lease liabilities – refer note 20

### Proceeds from sales of property, plant and equipment

	2023 R'm	2022 R'm
Proceeds on disposal from continuing operations	22	15
Proceeds on disposal from discontinued operations	–	9
Net book value property, plant and equipment disposed	(31)	(30)
Disposals, scrappings or derecognitions per page 39	(31)	(42)
Relating to derecognitions of right-of-use assets	–	12
Loss on disposal of property, plant and equipment from continuing operations	(9)	(3)
Loss on disposal of property, plant and equipment from discontinued operations	–	(3)

### Fixed asset register

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

## 11. INTANGIBLE ASSETS

	Computer software R'm	Goodwill R'm	Customer relations R'm	Brand name R'm	Intellectual property R'm	Hospital licences R'm	Total R'm
<b>Carrying value at 1 October 2022</b>	507	13 421	1 758	84	680	64	16 514
Additions <sup>1</sup>	231	-	-	-	93	-	324
Arising on acquisition of subsidiaries	-	106	29	-	-	-	135
Change due to previously acquired business <sup>2</sup>	-	4	-	-	-	-	4
Disposals or scrappings	(15)	-	-	-	-	-	(15)
Transfer	7	-	-	-	-	-	7
Amortisation from continuing operations	(91)	-	(29)	-	(23)	(15)	(158)
Amortisation from discontinued operations	(27)	-	(436)	(15)	-	-	(478)
Borrowing costs capitalised	6	-	-	-	-	-	6
Impairment loss from discontinued operations <sup>3</sup>	-	(856)	-	-	-	-	(856)
Reclassified as held for sale (refer note 29)	(141)	(12 643)	(1 442)	(82)	-	-	(14 308)
Effect of foreign currency movement	11	1 847	240	13	1	-	2 112
<b>Carrying value at 30 September 2023</b>	488	1 879	120	-	751	49	3 287
Comprising:							
Cost	972	1 957	744	-	860	231	4 764
Accumulated amortisation and impairment losses	(484)	(78)	(624)	-	(109)	(182)	(1 477)
	488	1 879	120	-	751	49	3 287

<sup>1</sup> Difference between additions and purchases of intangible assets per the statement of cash flows relates to the movement in accruals.

<sup>2</sup> During the prior year, the Group acquired the business of Istituto Diagnostico Pistoiese SRL (IDP). The fair values identified on acquisition were treated as provisional and have now been finalised. A price adjustment led to additional goodwill being recognised.

<sup>3</sup> **Impairment consists of:**

A site in the UK being closed due to a change in market conditions

AMG impairment in terms of IFRS 5 to write off book value to fair value less cost to sell

<b>R'm</b>
34
822
<b>856</b>



## 12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	2023 R'm	2022 R'm
<b>Unlisted ordinary shares</b>		
Balance at 1 October	56	62
Share of net profit after tax	(5)	23
Share of profit after tax from continuing operations	9	10
Share of (loss)/profit after tax from discontinued operations	(14)	13
Arising on acquisition of joint venture (relating to continuing operations)	3	10
Arising on acquisition of joint venture (relating to discontinued operations) <sup>1</sup>	108	–
Dividends declared by associates and joint ventures	–	(32)
Capital distributions	(10)	(7)
Reclassified as held for sale (refer note 29)	(161)	–
Effect of foreign currency movement	15	–
<b>Balance at 30 September</b>	<b>6</b>	<b>56</b>

<sup>1</sup> The Group further invested in Altakassusi Alliance Medical LLC in Saudi Arabia during February 2023. The percentage ownership did not change. The investment now forms part of discontinued operations.

Refer annexure C – associate undertakings.

### Aggregate information of individually immaterial associates and joint ventures adjusted for percentage ownership by the Group

	Associates		Joint ventures	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Carrying amount	6	2	–	54
Group's share of profit after tax	9	10	(14)	13

The aggregate post-acquisition reserves from continuing operations (adjusted for the Group's ownership) for associates and joint ventures are R1 million (2022: R3 million).

The aggregate post-acquisition reserves from discontinued operations (adjusted for the Group's ownership) for joint ventures are R2 million (2022: R40 million).



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 13. EMPLOYEE BENEFIT ASSETS AND LIABILITIES

	2023 R'm	2022 R'm
<b>Employee benefit assets</b>		
Retirement benefit asset	291	404
Employer surplus asset	112	–
Post-employment medical aid asset	19	18
Post-employment medical aid obligation	(6)	(7)
	<b>416</b>	415
<b>Employee benefit liabilities</b>		
Trattamento di Fine Rapporto (TFR) retirement benefit obligation (reclassified as held for sale - refer note 29)	–	(131)

The Group currently participates in the following pension and provident funds in southern Africa:

Name of fund	Life Healthcare DB Pension Fund	Lifecare Group Holdings Pension Fund	Life Healthcare Provident Fund	Life Healthcare DC Pension Fund	Lifecare National Provident Fund	Old Healthcare Provident Fund
Fund description	Closed fund	Dormant	Active	Active	Dormant	Dormant
Classification	Defined benefit	Defined benefit	Defined contribution provident fund	Defined contribution pension fund	Defined benefit	Defined benefit

The assets of all the funds, whether they are defined benefits or defined contributions, are held and administered separately from the Group's assets. The assets are administered on behalf of the funds by external financial services companies. All the funds are governed by the Pension Funds Act of 1956.

The active pension and provident funds require triennial statutory financial reviews. Financial reviews are, however, carried out annually to determine the solvency of the plans. Defined contribution funds are not guaranteed by the employer.

On 3 January 2023 approval was obtained from the Financial Sector Conduct Authority to transfer R160 million to the Employer Surplus Account (ESA) of the Life Healthcare Provident Fund with the effective date of transfer set as 1 October 2022. As a result, R160 million plus interest of R23 million was transferred to the Life Healthcare Provident Fund in February 2023. Life Healthcare has taken a partial contribution holiday in the Life Healthcare Provident Fund, which resulted in a portion of the employer contributions being paid from the ESA in the Life Healthcare Provident Fund, and the balance being paid by the employer.

### 13. EMPLOYEE BENEFIT ASSETS AND LIABILITIES continued

#### Pension funds

Actuarial assumptions applied in the valuation of the defined benefit funds:

	Life Healthcare DB Pension Fund (LHC Fund)		Lifecare Group Holdings Pension Fund	
	2023 %	2022 %	2023 %	2022 %
Discount rate	<b>Yield curve<sup>1</sup></b>	Yield curve	<b>9.0</b>	7.6
CPI	<b>Yield curve<sup>2</sup></b>	Yield curve	<b>4.1</b>	6.6
Expected long-term investment return	<b>Yield curve<sup>1</sup></b>	Yield curve	<b>n/a</b>	n/a
Compensation increase rate	<b>Inflation curve + 1%<sup>3</sup></b>	Inflation curve + 1%	<b>n/a</b>	n/a
Pension increase rate	<b>Inflation curve<sup>4</sup></b>	Inflation curve <sup>4</sup>	<b>n/a</b>	n/a
Rates of mortality	<b>0.5<sup>5</sup></b>	0.5 <sup>5</sup>	<b>n/a</b>	n/a

The long-term investment return assumption is based on the expected long-term returns on equities, cash and bonds. In setting these assumptions the actual asset split of the various funds is used.

<sup>1</sup> The discount rate used for active members and pensioners has been set as the spot rate yield curve for nominal government bonds as published by the JSE as at 30 September 2023 (12.01%).

<sup>2</sup> A long-term future CPI yield curve has been produced by taking the difference between the nominal spot rate yield curve and the real spot rate yield curve as published by the JSE as at 30 September 2023 (6.97%).

<sup>3</sup> Salaries have been assumed to increase at an average of 1.00% per annum in excess of the assumed long-term inflation rate.

<sup>4</sup> A future pension increase assumption of 100% of the long-term inflation assumption was used. This is in excess of the LHC Fund's formal pension increase target of 75% of CPI but is in line with the LHC Fund's secondary target of providing increases of up to 100% of CPI, subject to affordability. 35% of members are expected to retire in the Fund and are assumed to receive a 100% CPI pension increase going forward. 65% of members are expected to retire outside the Fund, with their actuarial reserve values calculated allowing for 75% CPI pension increases going forward. The inflation curve used was 6.97%.

<sup>5</sup> The full mortality assumption is as follows: PA(90) rated down one year plus 0.5% improvement per annum from 2015.

The last statutory actuarial valuations for the funds were:

Life Healthcare DB Pension Fund	30 June 2021, with a statutory valuation every three years. The next statutory valuation report will be prepared as at 30 June 2024. The 30 June 2021 statutory valuation has not yet been approved by the Financial Sector Conduct Authority
Lifecare Group Holdings Pension Fund	31 March 2022. The latest statutory valuation report being prepared as at 31 March 2023 is not yet finalised – valuation reports are required to be completed within 12 months of the valuation date

The main risk to the Company in sponsoring a defined benefit plan is that a net loss/deficit may arise.

In terms of legislation, any deficit arising from a triennial statutory valuation must be funded by the participating employer over the next three years.

Fund deficits tend to arise from any of the following events:

- ◆ Reductions in asset values and/or investment returns lower than the valuation assumptions
- ◆ Higher than expected salary and pension increases
- ◆ A strengthening of the valuation assumptions from time to time
- ◆ Increasing pensioner longevity
- ◆ Cost increases resulting from unexpected legislation and tax changes

The Company contribution rate could increase in real terms in future.

Increases in the Company's contribution in real terms could be caused by an ageing membership, a strengthening of the actuarial valuation assumptions and increases in future real pensionable salaries.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 13. EMPLOYEE BENEFIT ASSETS AND LIABILITIES continued

The Group's obligations in respect of retirement benefits as measured in terms of IAS 19 are tabled below.

	Life Healthcare DB Pension Fund		Lifecare Group Holdings Pension Fund		Life Healthcare Provident Fund	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Defined benefit fund asset</b>						
Balance at 1 October	404	408	-	-	-	-
Net (expense)/income recognised in profit or loss	(153)	32	-	-	107	-
Current service cost	(6)	(6)	-	-	-	-
Past services cost	-	-	-	-	-	-
Transfers (out)/in	(183)	-	-	-	183	-
Company contributions	-	-	-	-	(79)	-
Net interest income	36	38	3	-	3	-
Impact of paragraph 64 limit adjustment on asset	-	-	(3)	-	-	-
Remeasurement recognised in other comprehensive income	40	(36)	-	-	5	-
Remeasurements on pension asset	13	(58)	2	-	5	-
Liability gain/(loss) arising from changes in economic assumptions	7	(11)	-	3	-	-
Experience variance gain/(loss)	19	(3)	-	-	-	-
Other remeasurement gain/(loss)	1	36	(17)	-	-	-
Impact of paragraph 64 limit adjustment on asset	-	-	15	(3)	-	-
<b>Balance at 30 September</b>	<b>291</b>	<b>404</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>-</b>
<b>Actual value of defined benefit liability and funded status</b>						
Present value of defined benefit obligation	(429)	(432)	(79)	(72)	-	-
Asset at fair market value	720	836	109	115	-	-
<b>Funded status</b>	<b>291</b>	<b>404</b>	<b>30</b>	<b>43</b>	<b>-</b>	<b>-</b>
Unrecognised due to ceiling	-	-	(30)	(43)	-	-
<b>Asset recognised in the statement of financial position</b>	<b>291</b>	<b>404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of defined benefit obligation</b>						
Balance at 1 October	(432)	(467)	(72)	(68)	-	-
Service costs	(6)	(6)	(1)	-	-	-
Contributions	(1)	(2)	-	-	-	-
Interest cost	(50)	(43)	(5)	(3)	-	-
Benefits paid	30	62	15	2	-	-
Risk premiums	1	-	-	-	-	-
Expenses	2	2	1	-	-	-
Remeasurements	27	22	(17)	(3)	-	-
<b>Balance at 30 September</b>	<b>(429)</b>	<b>(432)</b>	<b>(79)</b>	<b>(72)</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of fair value of plan assets</b>						
Balance at 1 October	836	875	115	111	-	-
Expected return on assets	86	81	8	6	3	-
Contributions	1	2	-	-	(79)	-
Risk premiums	(1)	-	-	-	-	-
Benefits paid	(30)	(62)	(15)	(2)	-	-
Remeasurements	13	(58)	2	-	5	-
Transfers (out)/in	(183)	-	-	-	183	-
Expenses	(2)	(2)	(1)	-	-	-
<b>Balance at 30 September</b>	<b>720</b>	<b>836</b>	<b>109</b>	<b>115</b>	<b>112</b>	<b>-</b>
<b>Composition of plan assets</b>						
Cash	4.8	2.8	59.4	57.0	100.0	100.0
Equity instruments	27.4	33.5	-	-	-	-
Bonds	41.5	38.3	40.6	43.0	-	-
Commodities	0.6	0.4	-	-	-	-
Property	1.3	2.0	-	-	-	-
Offshore	24.1	22.7	-	-	-	-
Hedge funds, private equity funds and other	0.3	0.3	-	-	-	-
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### 13. EMPLOYEE BENEFIT ASSETS AND LIABILITIES continued

	Life Healthcare DB Pension Fund R'm	Lifecare Group Holdings Pension Fund R'm
<b>Expected contributions for the next annual reporting period:</b>		
Member contributions	1	-
Company contributions	5	-
Benefit payments	(48)	-
Expenses	(2)	(1)
Risk premiums	-	-
The weighted average duration (years)	7.6	-

An employer contribution rate of 23.46% was recommended in the interim actuarial valuation as at 30 June 2022. The employer contribution rate is fully funded from the employer-owned surplus within the Life Healthcare DB Pension Fund. The employer elected to take a full contribution holiday with effect from 1 December 2016, which continued over the valuation period.

#### Sensitivity analysis

##### Life Healthcare DB Pension Fund

	2023		2022	
	Increase R'm	Decrease R'm	Increase R'm	Decrease R'm
1% movement in the key assumptions:				
<b>Effect on the defined benefit obligation</b>				
Discount rate	(24)	+30	(29)	+36
Inflation rate	+28	(23)	+34	(28)
Pension increase rate	- <sup>1</sup>	(23)	- <sup>1</sup>	(25)
Mortality rate	(10)	+10	(9)	+11

<sup>1</sup> The impact of a 1% increase in the future pension increase assumption is not included, as the normal valuation basis already assumes future pension increases of 100% of CPI, and in terms of the Fund's pension increase policy, increases of greater than 100% of CPI cannot be granted.

##### Lifecare Group Holdings Pension Fund

The active members had been transferred to another scheme in the 2018 financial year and had no liability as at the valuation date. The surplus liabilities and paid-up liabilities are defined contribution type of benefits and are not affected by any assumptions made.

##### Post-employment medical aid benefit (Southern Africa)

Life Healthcare Group has a liability arising as a result of a post-employment employer subsidy of healthcare benefits. Members of certain medical aid plans, who joined the Company before 1 November 1996 and did not accept the settlement offer during September 2012, and a specified group of continuation members who joined the Company after 1 November 1996 and remain in the employment of Life Healthcare Group until retirement, are eligible for a post-employment subsidy of their medical contributions.

Life Healthcare carries a fully funded liability for a post-retirement medical aid subsidy in respect of four (2022: five) employees and 27 (2022: 31) pensioners.

The post-employment medical aid liability is funded via investments held in the Priceforbes Federale Volksskas (PFV) benefit fund and is a closed fund.

Life Healthcare Group is liable to make good on any shortfalls in the fund.

The benefit fund meets the definition of a defined benefit plan and has been disclosed in accordance with IAS 19.

The plan represents the market value of the assets.

The defined benefit fund is actuarially valued using the projected unit credit method.





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 13. EMPLOYEE BENEFIT ASSETS AND LIABILITIES continued Post-employment medical aid benefit (Southern Africa) continued

	Post-employment medical aid benefit	
	2023 %	2022 %
<b>The following actuarial assumptions were applied:</b>		
Discount rate	11.6	11.7
CPI	6.1	6.8
Expected return on assets	11.6	11.7
Healthcare cost inflation	7.6	8.3

The Group's obligation in respect of post-employment medical aid benefit is tabled below:

	2023 R'm	2022 R'm
<b>Defined benefit fund asset</b>		
Balance at 1 October	11	10
Net periodic income		
Net interest income	1	1
Remeasurement recognised in other comprehensive income		
Unexpected changes in membership including movement in plan assets	1	–
<b>Balance at 30 September</b>	<b>13</b>	11
<b>Actual value of defined benefit liability and funded status</b>		
Present value of defined benefit obligation	(6)	(7)
Asset at fair market value	19	18
Funded status	13	11

### Sensitivity analysis

	2023		2022	
	Increase R'm	Decrease R'm	Increase R'm	Decrease R'm
1% movement in the key assumptions:				
<b>Effect on the post-employment healthcare benefit liability</b>				
Healthcare cost inflation rate	+1	–	+1	(1)
Discount rate	–	–	–	+1

#### 14. DEFERRED INCOME TAX

	2023 R'm	2022 R'm
Deferred tax comprises:		
Deferred tax assets	1 733	1 739
Deferred tax liabilities	(1 535)	(1 770)
	<b>198</b>	(31)
<b>The movement in the deferred tax account is as follows:</b>		
Balance at 1 October	(31)	(32)
Arising on acquisition of subsidiaries	(9)	(39)
Effect of foreign currency movement from continuing operations	15	10
Effect of foreign currency movement from discontinued operations	(23)	–
Effect of change in South African tax rate from continuing operations	–	2
Effect of change in foreign tax rate from continuing operations	18	(9)
Current year charge from continuing operations through profit or loss	116	27
Current year charge from discontinued operations through profit or loss	154	–
Current year charge from continuing operations through other comprehensive income	(12)	10
Reclassified as held for sale (refer note 29)	(30)	–
<b>Carrying amount at 30 September</b>	<b>198</b>	(31)
<b>Deferred income tax assets and liabilities attributable to the following items:</b>		
Employee benefit liabilities	207	213
Other liabilities	41	86
Provision for ECL	114	109
Share-based payment liability	53	67
Accelerated wear and tear for tax purposes on property, plant and equipment	(692)	(211)
Tax loss carried forward	300	167
Leases	310	106
Credit balances in trade receivables	31	27
Prepaid expenses	(15)	(12)
Intangible assets on acquisition of subsidiaries	(44)	(466)
Retirement benefit asset	(112)	(112)
Derivative financial instruments	–	(5)
Provision for obsolete stock	5	–
	<b>198</b>	(31)



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 14. DEFERRED INCOME TAX continued

Analysis of recoverability period of deferred tax assets and deferred tax liabilities is as follows:

	Deferred tax assets		Deferred tax liabilities	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
Within 12 months	452	501	(15)	(12)
After more than 12 months	610	269	(849)	(789)
	1 062	770	(864)	(801)

Factors considered in assessing whether to raise deferred tax assets on unutilised tax losses include the entity's forecasted performance over a five-year period, past performance, any business reorganisations and efficiency programmes and general economic indicators relevant to the industry. Deferred tax assets on unutilised tax losses are only raised where forecasts indicate a reasonable expectation that such tax losses may be utilised to reduce a potential future tax liability.

The Group has not recognised deferred tax assets, relating to continued operations, to the value of R305 million in the current year (southern Africa: R93 million and UK: R212 million) and R301 million in the prior year (southern Africa: R59 million and UK: R242 million) relating to tax losses available to carry forward against future taxable income in these financial statements due to uncertainties regarding the utilisation of these losses in the foreseeable future. None of these losses are expected to expire.

The revised assessed loss limitation rules under section 20(1)(a)(i) of the Income Tax Act No. 58 of 1962, as amended, which applies to the South African operating subsidiaries from the 2023 financial year did not have a material impact on the assessed losses recognised or on the deferral of the utilisation of these losses.

## 15. CASH AND CASH EQUIVALENTS

	2023 R'm	2022 R'm
Bank accounts and petty cash	711	1 560
Deposits on call	135	1 242
<b>Cash and cash equivalents*</b>	<b>846</b>	<b>2 802</b>
Bank overdrafts <sup>1</sup>	(187)	(335)
<b>Cash and cash equivalents as per the statement of cash flows</b>	<b>659</b>	<b>2 467</b>

\* Decrease in balance due to reclassification to held for sale (refer note 29).

<sup>1</sup> Bank overdrafts are included as part of cash and cash equivalents in the statement of cash flow as it forms an integral part of the Group's cash management and the balance often fluctuates between being positive to overdrawn.

Overdraft facilities within the Group are secured by means of cross sureties by certain Group companies.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was negligible. The provision was calculated using a simplification of the general provision method.

## 16. TRADE AND OTHER RECEIVABLES

	2023 R'm	2022 R'm
Trade receivables	3 529	3 702
Less: Provision for ECL	(448)	(406)
Net trade receivables	3 081	3 296
Accrued income	52	504
Other receivables <sup>1,3</sup>	239	270
Prepaid expenses	253	249
<b>Balance at 30 September*</b>	<b>3 625</b>	<b>4 319</b>
<b>Reconciliation of provision for ECL<sup>2</sup></b>		
Balance at 1 October	(406)	(432)
Recovery of amounts previously provided for	13	2
ECL raised from continuing operations	(212)	(134)
ECL raised from discontinued operations	(14)	(14)
Debt written off	11	169
Reclassified as held for sale (refer note 29)	182	-
Effect of foreign currency movement	(22)	3
<b>Balance at 30 September</b>	<b>(448)</b>	<b>(406)</b>

\* Decrease in balance due to reclassification to held for sale (refer note 29).

<sup>1</sup> While other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was negligible. The provision was calculated using a simplification of the general provision method.

<sup>2</sup> Refer note 34 – risk management (credit risk).

<sup>3</sup> Other receivables consist of rent receivable for hospital space of R138 million (2022: R99 million) and a number of non-material balances.

## 17. INVENTORIES

	2023 R'm	2022 R'm
Ethical drugs and consumable products (including surgicals consumed as well as consumables related to the production of doses relating to the diagnostic services business)	469 <sup>1</sup>	602
Less: Provision for obsolete stock	(18)	(19)
Balance at 30 September*	451	583
“Drugs and consumables” represents the cost of inventories recorded as an expense in the statement of profit or loss.		
The cost of inventories written off as expired stock is recognised as an expense and is included in ‘drugs and consumables’ in profit or loss. Inventories written off amounted to:	50 <sup>1</sup>	16

\* Decrease in balance due to reclassification to held for sale (refer note 29).

<sup>1</sup> Decreased mainly due to utilisation and write-off of personal protective equipment (PPE) during the current year. The write-off of PPE is directly linked to expiry dates reached. The PPE balance at 30 September 2023 amounted to R65 million (2022: R160 million).



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 18. STATED CAPITAL

	2023 R'm	2022 R'm
<b>Stated capital comprises:</b>		
Share capital	10 507	10 507
Share premium	3 373	3 373
Treasury shares	(586)	(538)
	<b>13 294</b>	13 342
<b>Reconciliation of number of shares</b>		
<b>Ordinary shares</b>	<b>'000</b>	<b>'000</b>
Authorised (Share capital of R0.000001 each)	4 149 980	4 149 980
Total value = R4 149 (2022: R4 149)		
Issued and fully paid:		
Balance at 30 September	1 467 349	1 467 349
Total value = R1 467 (2022: R1 467)		

	Number of shares		Value of shares	
	2023 '000	2022 '000	2023 R'm	2022 R'm
<b>Treasury shares</b>				
Balance at 1 October	23 618	13 105	538	315
Purchased for long-term incentive schemes	761	1 129	13	25
Purchased for Life Healthcare employee share trust	3 147	3 012	65	60
Purchased for CIP	2 506	9 245	43	217
Forfeited	–	(93)	–	(2)
Transferred	–	93	–	2
Vested through long-term incentive schemes	(761)	(935)	(13)	(20)
Vested through Life Healthcare employee share trust	(2 104)	(1 938)	(60)	(59)
Balance at 30 September	<b>27 167</b>	23 618	<b>586</b>	538
Treasury shares are shares in Life Healthcare Group Holdings Limited that are held for the purpose of the staff benefit schemes:				
Life Healthcare employee share trust	12 964	11 922	280	274
CIP scheme	11 752	9 245	260	217
Special arrangement long-term incentive schemes	2 451	2 451	46	47
	<b>27 167</b>	23 618	<b>586</b>	538

Refer note 19.

## 19. OTHER RESERVES

	<b>2023</b> <b>R'm</b>	2022 R'm
Life Healthcare employee share trust	<b>123</b>	130
Long-term incentive schemes and CIP	<b>437</b>	252
Transactions with non-controlling interest reserve	<b>(948)</b>	(942)
Other <sup>1</sup>	<b>22</b>	(14)
	<b>(366)</b>	(574)

<sup>1</sup> Comprises distributable reserves and retirement benefit asset and post-employment medical aid reserves.

	<b>Life Healthcare employee share trust</b>		<b>Long-term incentive schemes and CIP</b>	
	<b>2023</b> <b>R'm</b>	2022 R'm	<b>2023</b> <b>R'm</b>	2022 R'm
Balance at 1 October	<b>130</b>	137	<b>252</b>	121
Charge for the year from continuing operations	<b>48</b>	44	<b>169</b>	130
Charge for the year from discontinued operations	–	–	<b>21</b>	10
Vested during the year	<b>(55)</b>	(51)	<b>(22)</b>	(31)
Transferred in terms of CIP	–	–	<b>17</b>	22
Balance at 30 September	<b>123</b>	130	<b>437</b>	252



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 19. OTHER RESERVES continued Terms and conditions continued

	<b>Life Healthcare employee share trust</b>	<b>Special arrangement long-term incentive scheme – Group Chief Executive</b>
Type	An equity-settled scheme	An equity-settled scheme
Background	In terms of the scheme, the employer acquired Life Healthcare shares in the market at the ruling market price. The number of shares acquired for the scheme is limited to the value as approved by the Group's remuneration and human resources committee.	During the 2021 financial year, the Company offered a once-off opportunity of Company matched shares to the Group Chief Executive based on their investment. The intention of this offer is to retain the executive as well as to encourage shareholding in the Company thereby aligning to shareholder interests. In terms of this arrangement the Company matched a maximum investment of R5 million by the Group Chief Executive in Life Healthcare with a share purchase to a maximum value of R15 million in the market at the ruling market price.
Qualifying employees	All permanent employees employed by the employer in South Africa for a continuous period of at least one year as at the date of the allocation and who (i) is a member of an employer supported retirement scheme and who (ii) does not participate in the long-term incentive schemes are beneficiaries of the trust and participate in the scheme. Voting rights and dividends vest with the qualifying employees.	Available to Group Chief Executive
Vesting requirements	Qualifying employees will need to be in service on the fifth (25%), sixth (25%) and seventh (50%) anniversaries when the shares are delivered.	The Company matched shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025 respectively and are subject to the following conditions: <ul style="list-style-type: none"> <li>◆ Growth on total shareholder return (TSR) over predetermined thresholds relative to the TSR of listed comparator groups <ul style="list-style-type: none"> <li>– In the case of unusual market conditions, the vesting will be subject to Board discretion</li> </ul> </li> <li>◆ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period</li> <li>◆ to remain in service for at least five years and to groom a successor</li> </ul>
Method of settlement	Shares	Shares
Leavers	Employees who leave, other than good leavers, forfeit their beneficial interest in the trust and their rights will be distributed equally among the remaining employees.	If the employee leaves, other than as a good leaver, he will be entitled to all his co-investment shares but will forfeit the entire Company matched shares that have not vested.
2022 granted shares	3 011 623 shares at R19.91	None
2023 granted shares	3 147 400 shares at R20.65	None
Forfeited (number of shares)	None	None
Exercised (number of shares)	None	None
Vested (number of shares)	1 749 568 (2022: 1 937 685) <sup>1</sup>	None
Contribution	An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected are for the Company's proportionate share only.	

<sup>1</sup> Relates to shares vested and shares transferred to good leavers.

**Special arrangement long-term incentive scheme – Group CFO**

An equity-settled scheme

During the 2021 financial year, the Company offered a once-off opportunity of Company matched shares to the Group CFO based on their investment. The intention of this offer is to retain the executive as well as to encourage shareholding in the Company thereby aligning to shareholder interests. In terms of this arrangement the Company matched a maximum investment of R2 million by the Group CFO in Life Healthcare with a share purchase to a maximum value of R6 million in the market at the ruling market price.

Available to Group CFO

**Special arrangement long-term incentive scheme – southern Africa CEO and international CEO**

An equity-settled scheme

During the 2021 financial year, the Company offered a once-off opportunity of Company matched shares to the southern Africa CEO and international CEO based on their investment. The intention of this offer is to retain the executive as well as to encourage shareholding in the Company thereby aligning to shareholder interests. In terms of this arrangement the Company matched a maximum investment of R1.25 million by the SA CEO and GBP100 000 by the international CEO in Life Healthcare with a share purchase to a maximum value of R3.75 million (SA CEO) and GBP300 000 (international CEO) in the market at the ruling market price.

Available to southern Africa and international CEOs

The Company matched shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025, respectively, and are subject to the following conditions:

- ◆ Growth on TSR over predetermined thresholds relative to the TSR of listed comparator groups
  - In the case of unusual market conditions, the vesting will be subject to Board discretion
- ◆ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period

The Company matched shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025, respectively and are subject to the following conditions:

- ◆ Growth on TSR over predetermined thresholds relative to the TSR of listed comparator groups
  - In the case of unusual market conditions, the vesting will be subject to Board discretion
- ◆ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period

Shares

If the employee leaves, other than as a good leaver, he will be entitled to all his co-investment shares but will forfeit the entire Company matched shares that have not vested.

None

None

None

None

None

Shares

If the employees leave, other than as a good leaver, they will be entitled to all their co-investment shares but will forfeit the entire Company matched shares that have not vested.

None

None

None

None

None

An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 19. OTHER RESERVES continued Terms and conditions continued

<b>Long-term incentive schemes effective from 2019</b>																																																																																																														
Type	Equity-settled performance share schemes																																																																																																													
Background	<p>The value of awards will be tier-based and linked to individual performance. Each award will be converted into notional performance shares. In terms of the scheme, the value of the awards and the performance conditions for vesting will be approved by the Group's remuneration and human resources committee. The value of the notional performance shares will be determined by the price of the Life Healthcare shares on the JSE using the 30-day VWAP. Life Healthcare shares will be purchased on vesting date, with the proceeds after tax.</p> <p>A modifier of between 0.5 and 2 for the 2021, 2022 and 2023 schemes and between 1 and 2 for the 2019 and 2020 schemes can be applied to the allocation for key talent retention, this is applicable to all participants at the discretion of the Group Chief Executive. The employees are not entitled to any dividends declared on the shares underlying the awards over the period from the grant date to the vesting date.</p>																																																																																																													
Qualifying employees	Available to all executives and senior managers in southern Africa (for all schemes) and internationally (2023 scheme).																																																																																																													
Vesting requirements	<p>Vesting in terms of this scheme takes place in three years from allocation. The vesting of the awards is subject to the following performance conditions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="4" style="text-align: center;"><b>Weighting %</b></th> </tr> <tr> <th style="text-align: center;"><b>2023</b></th> <th style="text-align: center;">2022</th> <th style="text-align: center;">2021</th> <th style="text-align: center;">2020</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Group executives</b></td> </tr> <tr> <td>◆ Capital efficiency</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Normalised Group HEPS</td> <td style="text-align: center;"><b>60</b></td> <td style="text-align: center;">60</td> <td style="text-align: center;">60</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Life core purpose outcome</td> <td style="text-align: center;"><b>40</b></td> <td style="text-align: center;">40</td> <td style="text-align: center;">20</td> <td style="text-align: center;">20</td> </tr> <tr> <td>◆ Retention shares</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">20</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td colspan="5"><b>Country executives</b></td> </tr> <tr> <td>◆ Capital efficiency</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">35</td> </tr> <tr> <td>◆ Normalised country EBIT</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">35</td> </tr> <tr> <td>◆ Life core purpose outcome</td> <td style="text-align: center;"><b>40</b></td> <td style="text-align: center;">40</td> <td style="text-align: center;">40</td> <td style="text-align: center;">30</td> </tr> <tr> <td>◆ Normalised Group HEPS</td> <td style="text-align: center;"><b>60</b></td> <td style="text-align: center;">60</td> <td style="text-align: center;">60</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td colspan="5"><b>Group senior managers</b></td> </tr> <tr> <td>◆ Capital efficiency</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">35</td> </tr> <tr> <td>◆ Normalised country EBIT</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">35</td> </tr> <tr> <td>◆ Life core purpose outcome</td> <td style="text-align: center;"><b>40</b></td> <td style="text-align: center;">40</td> <td style="text-align: center;">30</td> <td style="text-align: center;">30</td> </tr> <tr> <td>◆ Normalised Group HEPS</td> <td style="text-align: center;"><b>60</b></td> <td style="text-align: center;">60</td> <td style="text-align: center;">70</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td colspan="5"><b>Other senior managers</b></td> </tr> <tr> <td>◆ Capital efficiency</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">20</td> </tr> <tr> <td>◆ Normalised country EBIT</td> <td style="text-align: center;"><b>n/a</b></td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Life core purpose outcome</td> <td style="text-align: center;"><b>40</b></td> <td style="text-align: center;">40</td> <td style="text-align: center;">40</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Normalised Group HEPS</td> <td style="text-align: center;"><b>60</b></td> <td style="text-align: center;">60</td> <td style="text-align: center;">60</td> <td style="text-align: center;">n/a</td> </tr> </tbody> </table> <p>Capital efficiency is measured as return on capital employed compared to WACC.</p> <p>Normalised Group HEPS is based on growth of HEPS in excess of CPI (2019 to 2022 schemes). Normalised Group HEPS is based on the three-year compound annual growth rate (2023 scheme).</p> <p>Normalised country EBIT is based on growth of EBIT in excess of CPI.</p> <p>Life core purpose outcomes are based on country-specific non-financial measures that drive the long-term sustainability of the Group.</p> <p>Retention shares are not subject to performance conditions and will vest on the vesting date, subject to continued employment.</p>		<b>Weighting %</b>				<b>2023</b>	2022	2021	2020	<b>Group executives</b>					◆ Capital efficiency	<b>n/a</b>	n/a	n/a	40	◆ Normalised Group HEPS	<b>60</b>	60	60	40	◆ Life core purpose outcome	<b>40</b>	40	20	20	◆ Retention shares	<b>n/a</b>	n/a	20	n/a	<b>Country executives</b>					◆ Capital efficiency	<b>n/a</b>	n/a	n/a	35	◆ Normalised country EBIT	<b>n/a</b>	n/a	n/a	35	◆ Life core purpose outcome	<b>40</b>	40	40	30	◆ Normalised Group HEPS	<b>60</b>	60	60	n/a	<b>Group senior managers</b>					◆ Capital efficiency	<b>n/a</b>	n/a	n/a	35	◆ Normalised country EBIT	<b>n/a</b>	n/a	n/a	35	◆ Life core purpose outcome	<b>40</b>	40	30	30	◆ Normalised Group HEPS	<b>60</b>	60	70	n/a	<b>Other senior managers</b>					◆ Capital efficiency	<b>n/a</b>	n/a	n/a	20	◆ Normalised country EBIT	<b>n/a</b>	n/a	n/a	40	◆ Life core purpose outcome	<b>40</b>	40	40	40	◆ Normalised Group HEPS	<b>60</b>	60	60	n/a
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19. **OTHER RESERVES** continued  
**Terms and conditions** continued

**Long-term incentive schemes effective from 2019** continued

Method of settlement	Shares
Leavers	<p>If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:</p> <ul style="list-style-type: none"> <li>◆ Good leavers with a date of termination of employment: <ul style="list-style-type: none"> <li>– that is more than one year before the vesting date of the grant: <ul style="list-style-type: none"> <li>• 2019 scheme: will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration;</li> <li>• 2020 to 2023 schemes: the participant shall retain a pro rata number of notional performance shares based on number of months' completed service relative to the vesting period of 36 months, the balance of notional performance shares shall be forfeited and cancelled for no consideration; or</li> </ul> </li> <li>– that is one year or less before the vesting date of the grant, will retain all notional performance shares and he/she shall continue to be treated as a participant as if his/her employment had not been terminated (2020 to 2023 schemes).</li> </ul> </li> <li>◆ Bad leavers with a date of termination of employment prior to vesting date, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration. (2019 to 2023 schemes).</li> </ul>
2022 granted shares	Life Healthcare shares will be purchased on vesting date.
2023 granted shares	Life Healthcare shares will be purchased on vesting date.
Forfeited (number of shares)	None
Exercised (number of shares)	None
Vested (number of shares)	2020 scheme vested in prior year. Shares of 760 573 were purchased @ R17.19 per share and vested to participants immediately.
Contribution	An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 19. OTHER RESERVES continued Terms and conditions continued

<b>Co-investment policy (CIP)</b>												
Type	Equity-settled performance share schemes											
Background	<p>In 2022, in response to the risk of the Group losing key personnel stationed throughout the Group and to align management interests with that of shareholders, the Board of Directors has approved the introduction of a once-off additional long-term incentive scheme, the CIP. The once-off allocation was made to selected executives and senior managers who have been deemed critical to retain due to their ability to influence long-term performance and sustainability of the Group. During the current year the Board of Directors approved an additional nine participants onto the CIP scheme due to the need to retain their services in view of their valuable and significant contribution to the success of the Group.</p> <p>Participants are held to an extended notice period of 12-months, as well as a six months' international restraint of trade for the duration of the scheme.</p> <p>For the initial participants: The grant was made on 1 December 2021 (award date). Participants elected to defer 70% of their awarded short-term performance bonus relating to the 2021 financial year into shares in Life Healthcare (bonus shares).</p> <p>For the additional participants: The grant was made on 1 December 2022 (award date). Participants elected to defer 70% of their awarded short-term performance bonus relating to the 2022 financial year into shares in Life Healthcare (bonus shares).</p> <p>For each bonus share awarded the Company awarded three matching shares (matching shares). In addition, the Company awarded performance shares to the value of 75% of the participants annual guaranteed package (performance shares). The employees are entitled to all dividends declared on the shares over the period from the grant date to the vesting date.</p> <p>Malus and clawback provisions are included.</p>											
Qualifying employees	Available to selected executives and senior managers in the Group.											
Vesting requirements	<p>Vesting in terms of this scheme takes place in four years from award date. The vesting of the awards is subject to the following market and non-market performance conditions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Bonus shares</th> <th style="text-align: left; border-bottom: 1px solid black;">Matched shares</th> <th style="text-align: left; border-bottom: 1px solid black;">Performance shares</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">No vesting condition exists.</td> <td style="vertical-align: top;">The vesting of the shares is subject to continued employment for the period vesting.</td> <td style="vertical-align: top;">The vesting of the shares is subject to Life Healthcare achieving a TSR of at least 75% of the average TSR of two comparator companies over the vesting period.</td> </tr> <tr> <td style="vertical-align: top;">Shares will be released on the expiry of the holding period.</td> <td style="vertical-align: top;">Shares will vest to the participant upon fulfilment of the employment service condition.</td> <td style="vertical-align: top;">Shares will vest to the participant when the below conditions are met:                             <ul style="list-style-type: none"> <li>◆ the date on which the participant has fulfilled the employment service condition; and</li> <li>◆ the date on which the remuneration committee has determined that the performance conditions have been achieved.</li> </ul> </td> </tr> </tbody> </table>			Bonus shares	Matched shares	Performance shares	No vesting condition exists.	The vesting of the shares is subject to continued employment for the period vesting.	The vesting of the shares is subject to Life Healthcare achieving a TSR of at least 75% of the average TSR of two comparator companies over the vesting period.	Shares will be released on the expiry of the holding period.	Shares will vest to the participant upon fulfilment of the employment service condition.	Shares will vest to the participant when the below conditions are met: <ul style="list-style-type: none"> <li>◆ the date on which the participant has fulfilled the employment service condition; and</li> <li>◆ the date on which the remuneration committee has determined that the performance conditions have been achieved.</li> </ul>
Bonus shares	Matched shares	Performance shares										
No vesting condition exists.	The vesting of the shares is subject to continued employment for the period vesting.	The vesting of the shares is subject to Life Healthcare achieving a TSR of at least 75% of the average TSR of two comparator companies over the vesting period.										
Shares will be released on the expiry of the holding period.	Shares will vest to the participant upon fulfilment of the employment service condition.	Shares will vest to the participant when the below conditions are met: <ul style="list-style-type: none"> <li>◆ the date on which the participant has fulfilled the employment service condition; and</li> <li>◆ the date on which the remuneration committee has determined that the performance conditions have been achieved.</li> </ul>										
Method of settlement	Shares	Shares	Shares									
Leavers	<p>If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:</p> <ul style="list-style-type: none"> <li>◆ Good leavers: shares will be released to the participant</li> <li>◆ Bad leavers:                             <ul style="list-style-type: none"> <li>– the shares will not be forfeited but will only be released to the participant after the vesting period.</li> <li>– should a participant leave to be employed by a direct competitor then the bonus shares will be forfeited.</li> </ul> </li> </ul>											
2022 granted shares	1 384 964 shares at R23.51	4 154 893 shares at R23.51	3 705 330 shares at R23.51									
2023 granted shares	346 723 shares at R17.22	1 072 960 shares at R17.22	1 086 734 shares at R17.22									
Forfeited (number of shares)	None	218 682	183 766									
Vested (number of shares)	None	None	None									
Contribution	Participants elected to defer 70% of their awarded short-term performance bonus relating to the 2021 financial year into shares in Life Healthcare.	For each bonus share awarded the Company awarded three matching shares.	The Company awarded performance shares to the value of 75% of the participants' annual guaranteed package.									

## 20. INTEREST-BEARING BORROWINGS

	2023		2022	
	Non-current portion R'm	Current portion R'm	Non-current portion R'm	Current portion R'm
<b>Unsecured borrowings</b>				
Bilateral term loans	624	1 563	2 187	513
Syndicated term loans	8 685	(11) <sup>1</sup>	7 142	(12) <sup>1</sup>
Bank loan	-	-	5	3
Life Healthcare Domestic Medium Term notes (DMTN) <sup>2</sup>	1 000	25	1 000	-
<b>Secured borrowings</b>				
Mortgage bonds	-	-	-	17
Lease liabilities	701	415	1 790	705
<b>Total borrowings – 30 September</b>	<b>11 010</b>	<b>1 992</b>	12 124	1 226

<sup>1</sup> Relates to amortisation of debt raising fee.

<sup>2</sup> The floating rate notes are listed on the interest rate market of the JSE.

### Terms and repayment schedule

	Interest rate at 30 September	Repayment terms <sup>2</sup>	Date of maturity/final settlement	Carrying value 2023 R'm	Carrying value 2022 R'm
<b>Bilateral term loans</b>					
<b>Southern Africa</b>					
Term loan one	3-month JIBAR plus 1.59%	Five equal semi-annual instalments of R100 million, payable from 30 September 2021	27 Sep 2023	-	200
Term loan two	3-month JIBAR plus 1.65% <sup>1</sup>	Single instalment	31 May 2024	375	375
Term loan three	3-month JIBAR plus 1.65% <sup>1</sup>	Single instalment	31 May 2024	375	375
Term loan four	3-month JIBAR plus 1.65% <sup>1</sup>	Single instalment	31 May 2024	500	500
Term loan five	3-month JIBAR plus 1.75% <sup>1</sup>	Eight equal semi-annual instalments of R46.9 million, payable from 30 November 2022	31 May 2026	281	375
Term loan six	3-month JIBAR plus 1.75% <sup>1</sup>	Eight equal semi-annual instalments of R46.9 million, payable from 30 November 2022	31 May 2026	281	375
Term loan seven	3-month JIBAR plus 1.75% <sup>1</sup>	Eight equal semi-annual instalments of R62.5 million, payable from 30 November 2022	31 May 2026	375	500

<sup>1</sup> If the net debt to normalised EBITDA ratio is higher than 3.00:1, then the interest rate margin shall increase by 0.15%.

<sup>2</sup> The final capital repayment date is stipulated in the funding agreement and may differ slightly from the instalment dates.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 20. INTEREST-BEARING BORROWINGS continued Terms and repayment schedule continued

	Interest rate at 30 September	Repayment terms <sup>4</sup>	Date of maturity/final settlement	Carrying value 2023 R'm	Carrying value 2022 R'm
<b>Syndicated term loans</b>					
<b>UK</b>					
Term loan A2 <sup>1</sup>	3-month SONIA plus 2.00% <sup>2</sup>	Single instalment	31 Mar 2025	<b>2 085</b>	1 797
Term loan B2 <sup>1</sup>	3-month EURIBOR plus 1.90% <sup>2</sup>	Single instalment	31 Mar 2025	<b>1 379</b>	1 211
Term loan C <sup>1</sup>	3-month SONIA plus 1.70% <sup>2</sup>	Single instalment	31 Mar 2025	<b>926</b>	395
Term loan D <sup>1</sup>	3-month SONIA plus 1.75% <sup>2,3</sup>	Single instalment	04 Aug 2025	<b>2 082</b>	1 793
Term loan E <sup>1</sup>	3-month EURIBOR plus 1.65% <sup>2,3</sup>	Single instalment	04 Aug 2025	<b>2 202</b>	1 934
<b>Bank loan</b>	1.03% – 3.17%	Monthly/quarterly instalments	31 April 2031	<b>–</b>	8
<b>Life Healthcare DMTN</b>					
Floating rate note LHC 01	3-month JIBAR plus 1.35%	Single instalment	19 Jul 2025	<b>512</b>	500
Floating rate note LHC 02	3-month JIBAR plus 1.54%	Single instalment	19 Jul 2027	<b>513</b>	500
<b>Unsecured borrowings</b>				<b>11 886</b>	10 838

<sup>1</sup> All GBP and EUR debt will be settled with proceeds received from the sale of AMG.

The lenders have the right to change the interest rate margin on the term loans in the following conditions:

<sup>2</sup> If the net debt to normalised EBITDA ratio is higher than 3.00:1, then the interest rate margin shall increase by 0.25%.

<sup>3</sup> If the net debt to normalised EBITDA ratio is lower than 1.50:1, then the interest rate margin shall decrease by 0.15%.

<sup>4</sup> The final capital repayment date is stipulated in the funding agreement and may differ slightly from the instalment dates.

**20. INTEREST-BEARING BORROWINGS** continued  
**Terms and repayment schedule** continued

	Interest rate at 30 September	Repayment terms <sup>1</sup>	Date of maturity/final settlement	Carrying value 2023 R'm	Carrying value 2022 R'm
Mortgage bonds	1-month JIBAR plus 2.65%	120 equal monthly instalments of R1.5 million	25 May 2023	–	17
<b>Lease liabilities</b>					
Southern Africa (property, equipment and other)	7.0% – 16.1% (2022: 7.0% – 18.0%)	Repayable in monthly instalments over 1 to 19 years ending Jan 2041		<b>1 116</b>	1 161
AMG (property, equipment and other)	2022: 0.0% – 6.67%	Reclassified to held for sale (refer note 29). 2022: repayable in either quarterly or monthly instalments over 1 to 24 years ending Oct 2046		–	1 334
<b>Secured borrowings</b>				<b>1 116</b>	2 512
<b>Total borrowings</b>				<b>13 002</b>	13 350

<sup>1</sup> The final capital repayment date is stipulated in the funding agreement and may differ slightly from the instalment dates.

	Carrying value 2023 R'm	Carrying value 2022 R'm
<b>The interest-bearing borrowings carrying amount is denominated in the following currencies:</b>		
South African rand	<b>4 161</b>	4 716
Botswana pula	<b>167</b>	162
Pound sterling <sup>2</sup>	<b>5 093</b>	4 780
European euro <sup>2</sup>	<b>3 581</b>	3 692
	<b>13 002</b>	13 350

<sup>2</sup> All GBP and EUR debt will be settled with proceeds received from the sale of AMG.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 20. INTEREST-BEARING BORROWINGS continued

	<b>Bank loans 2023 R'm</b>	<b>Lease liabilities 2023 R'm</b>	Bank loans 2022 R'm	Preference shares 2022 R'm	Lease liabilities 2022 R'm
<b>Reconciliation of opening balance to closing balance</b>					
Balance at 1 October	<b>10 855</b>	<b>2 495</b>	9 663	500	2 562
<b>Cash flow movements</b>					
Proceeds from interest-bearing borrowings from continuing operations	<b>446</b>	<b>–</b>	5 145	–	–
Repayment of interest-bearing borrowings from continuing operations	<b>(566)</b>	<b>(121)</b>	(3 887)	(500)	(81)
Repayment of interest-bearing borrowings from discontinued operations	<b>–</b>	<b>(367)</b>	–	–	(343)
Interest paid from continuing operations	<b>(433)</b>	<b>(92)</b>	(276)	(11)	(104)
Interest paid from discontinued operations	<b>(280)</b>	<b>(56)</b>	(101)	–	(56)
Debt raising fees capitalised	<b>–</b>	<b>–</b>	(18)	–	–
<b>Non-cash items</b>					
Interest accrued from continuing operations	<b>459</b>	<b>92</b>	265	11	104
Interest accrued from discontinued operations	<b>280</b>	<b>56</b>	101	–	56
Additional lease liabilities recognised from continuing operations	<b>–</b>	<b>70</b>	–	–	55
Additional lease liabilities recognised from discontinued operations	<b>–</b>	<b>237</b>	–	–	324
Modification or adjustment to lease liabilities	<b>–</b>	<b>1</b>	–	–	(12)
Arising on acquisition of subsidiaries	<b>36</b>	<b>12</b>	–	–	–
Amortisation of debt raising fees capitalised	<b>10</b>	<b>–</b>	12	–	–
Reclassified as held for sale (refer note 29)	<b>–</b>	<b>(1 410)</b>	–	–	–
Effect of foreign currency movement	<b>1 079</b>	<b>199</b>	(49)	–	(10)
Balance at 30 September	<b>11 886</b>	<b>1 116</b>	10 855	–	2 495

	<b>Property, plant and equipment</b>	
	<b>2023 R'm</b>	2022 R'm
<b>Carrying value of assets held as security for borrowings</b>		
Mortgage bonds	<b>–</b>	88
Lease liabilities	<b>882</b>	2 806
<b>Total</b>	<b>882</b>	2 894

**20. INTEREST-BEARING BORROWINGS** continued  
**Borrowing facilities**

	<b>Total 2023 R'm</b>	<b>Available 2023 R'm</b>	Total 2022 R'm	Available 2022 R'm
The Group has the following borrowing facilities:				
Southern Africa				
Committed general banking facilities*	<b>750</b>	<b>750</b>	1 000	1 000
Committed trade loan facility	<b>650</b>	<b>650</b>	650	650
Uncommitted general banking facilities	<b>1 500</b>	<b>1 313</b>	1 500	1 165
International				
Committed GBP revolving credit facility	<b>2 318</b>	<b>1 391</b>	2 001	1 601
	<b>5 218</b>	<b>4 104</b>	5 151	4 416

\* Total facilities reduced by R250 million during March 2023.

**21. TRADE AND OTHER PAYABLES**

	<b>2023 R'm</b>	2022 R'm
<b>Under current liabilities</b>		
Trade payables*	<b>1 745</b>	2 124
Accruals*	<b>391</b>	1 650
Employee-related payables*	<b>1 033</b>	1 124
Value added tax*	<b>87</b>	115
Debtors balances in credit	<b>206</b>	165
Other payables*	<b>281</b>	304
<b>Balance at 30 September</b>	<b>3 743</b>	5 482
<b>Under non-current liabilities</b>		
Accruals*	<b>11</b>	79
Employee-related payables	<b>16</b>	1
Other payables*	<b>-</b>	5
	<b>27</b>	85

\* Decrease in balances due to reclassification to held for sale (refer note 29).

The employee-related payables represent:

- ◆ the employee benefits payable to revenue tax authorities as well as medical aid and provident fund payment obligations at year-end; and
- ◆ the pro rata portion of a 13th cheque that is payable to employees annually in terms of their employment contracts, accrued annual leave and a performance bonus scheme payable in November.





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 22. PROVISIONS

	Property related R'm	Insurance provision R'm	Dispute on contract interpretation <sup>1</sup> R'm	Total R'm
Balance at 1 October 2022	128	141	199	468
Raised during the year (from continuing operations)	–	53	47	100
Raised during the year (from discontinued operations)	2	2	–	4
Utilised during the year (from continuing operations)	–	(49)	(246)	(295)
Utilised during the year (from discontinued operations)	–	(1)	–	(1)
Reclassified as held for sale (refer note 29)	(136)	(8)	–	(144)
Effect of foreign currency movement	6	1	–	7
Balance at 30 September 2023	–	139	–	139
Included under non-current liabilities	–	–	–	–
Included under current liabilities	–	139	–	139
	–	139	–	139
Balance at 1 October 2021	126	122	–	248
Raised during the year	9	84	199	292
Arising on acquisition of subsidiaries	–	–	–	–
Utilised during the year	(6)	(65)	–	(71)
Effect of foreign currency movement	(1)	–	–	(1)
Balance at 30 September 2022	128	141	199	468
Included under non-current liabilities	114	6	–	120
Included under current liabilities	14	135	199	348
	128	141	199	468

<sup>1</sup> During the prior year, the Group was disputing the interpretation by the tax authorities in South Africa, the South African Revenue Service (SARS), of a contractual arrangement between Life Healthcare and its subsidiary companies related to payroll services and the resultant VAT treatment. During the prior year, the Group made a provision of R199 million (including interest of R42 million) for a potential settlement with SARS. During the current year, a final settlement was agreed and paid, even though there was no loss to the fiscus and the Group's strong legal and tax opinions on the matter. This resulted in an additional charge in the current period of R47 million (included as part of finance costs).

## 23. CONTINGENT CONSIDERATION LIABILITIES

	2023 R'm	2022 R'm
<b>Contingent consideration liabilities</b>		
Balance at 1 October	503	631
Arising on acquisition of subsidiaries – refer note 28	44	113
Paid during the year (relating to continuing operations) <sup>1</sup>	(133)	–
Paid during the year (relating to discontinued operations) <sup>1</sup>	(3)	–
Fair value adjustments to contingent consideration	7	(406)
Fair value gain recognised in profit or loss (relating to LMI, included as part of international)	–	(437)
Fair value loss recognised in profit or loss (relating to ECR, included as part of hospitals and complementary services) <sup>2</sup>	7	31
Unwinding of contingent consideration (included as part of finance cost)	62	75
Reclassified as held for sale (refer note 29)	(11)	–
Effect of foreign currency movement	52	90
<b>Balance at 30 September</b>	<b>521</b>	<b>503</b>
Included under non-current liabilities	504	378
Included under current liabilities	17	125
	521	503

<sup>1</sup> Mainly relate to ECR (R59 million) and EMR (R74 million) acquired during the prior year.

<sup>2</sup> At 30 September 2023, a fair value adjustment (R7 million) to the ECR contingent consideration was made, due to changes resulting from events after the acquisition date, i.e. forecasted that ECR will reach a higher earnings target.

The largest contingent consideration payable (R456 million) relates to a potential amount payable to the previous owners of LMI (2022: R354 million). Refer note 1.2.2.

## 24. CASH-SETTLED SHARE-BASED PAYMENT LIABILITY

	2023 R'm	2022 R'm
Balance at 1 October 2022	107	63
Charge for the year from continuing operations	–	4
Charge for the year from discontinued operations	38	70
Vested during the year	(16)	(22)
Reclassified as held for sale (refer note 29)	(141)	–
Effect of foreign currency movement	16	(8)
Balance at 30 September 2023	4	107
Included under non-current liabilities	3	74
Included under current liabilities	1	33
	4	107

## 25. FINANCIAL INSTRUMENTS BY CATEGORY

	2023 R'm	2022 R'm
The following table summarises the Group's classification of financial instruments:		
<b>Assets</b>		
Fair value through profit or loss		
Derivative financial instruments (included in other assets)	16	24
Investment in a first-party Cell Captive (included in other assets)	66	11
Amortised cost		
Trade and other receivables	3 368	4 070
Cash and cash equivalents	846	2 802
Other assets	121	145
<b>Total assets</b>	<b>4 417</b>	<b>7 052</b>
<b>Liabilities</b>		
Fair value through profit or loss		
Contingent consideration liabilities	521	503
Amortised cost		
Trade and other payables	2 353	4 327
Interest-bearing borrowings	13 002	13 350
Bank overdraft	187	335
<b>Total liabilities</b>	<b>16 063</b>	<b>18 515</b>

### Derivative financial instruments

	Carrying value		Fair value	
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Market-to-market valuation</b>				
<b>Non-current assets</b>				
Interest rate swap contracts (included in other)	–	16	–	16
<b>Current assets</b>				
Interest rate swap contracts (included in other)	16	8	16	8
<b>Total assets</b>	<b>16</b>	<b>24</b>	<b>16</b>	<b>24</b>



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 25. FINANCIAL INSTRUMENTS BY CATEGORY continued

### Interest rate swap contracts

The Group enters into interest rate swap contracts to manage exposure to fluctuations in interest rates on the interest-bearing borrowings. Gains or losses on the interest rate swap contracts are recognised in profit or loss. Refer note 4.

	Swap 1	Swap 2	Swap 3	Swap 4
Contract commencement date	5 Mar 2021	26 Jul 2023	21 Sep 2022	28 Sep 2022
Maturity date	5 Mar 2024	26 Jul 2024	23 Sep 2024	30 Sep 2024
Currency	R'm	R'm	GBP'm	EUR'm
Notional amount	500	500	30	50
Fixed interest rate (%)	4.49	8.20	4.20	2.95
Floating interest rate (%)	3-month JIBAR (varied between 6.47% and 8.51%)		GBP SONIA-ON compounded daily	3-month EURIBOR
Interest settlement terms	Settled quarterly			

During the current year, interest rate swap contracts with a total notional amount of R800 million matured (2022: R500 million).

### Held for trading

#### Foreign exchange contracts (FECs)

The Group entered into United States dollar (USD) foreign exchange contracts during the year to manage exposure to fluctuations in the rand dollar exchange rate on foreign liabilities. At 30 September 2023, there were open FECs to the value of USD4 million.

## 26. OFFSETTING OF FINANCIAL LIABILITIES

	2023 R'm	2022 R'm
The financial assets and liabilities relating to the derivative financial instruments are subject to offsetting and similar agreements.		
<b>Assets</b>		
<b>Offsetting applied</b>		
Gross amount	158	145
Amount set-off	(140)	(121)
Net amount	18	24
Financial instruments not subject to set-off	(2)	–
Total other non-current assets per statement of financial position	–	16
Total other current assets per statement of financial position	16	8

## 27. CASH GENERATED FROM CONTINUING OPERATIONS

	2023 R'm	2022 R'm
Reconciliation of profit before tax to cash generated from operations		
Profit before tax from continuing operations	<b>1 911</b>	2 191
<i>Adjusted for:</i>		
<i>Share of associates' and joint ventures' net profit after tax</i>	<b>(9)</b>	(10)
Depreciation on property, plant and equipment	<b>968</b>	862
Amortisation of intangible assets	<b>158</b>	118
Net finance costs from continuing operations (refer note 5)	<b>537</b>	581
Fair value adjustments to contingent consideration	<b>7</b>	(406)
Fair value loss/(gain) on financial instruments	<b>38</b>	(21)
Gain on derecognition of lease asset and liability	<b>(3)</b>	–
Loss on disposal of property, plant and equipment	<b>9</b>	3
Transaction costs relating to acquisitions	<b>12</b>	1
Share-based payment reserve charge	<b>217</b>	184
Retirement benefit asset and post-employment medical aid income	<b>(34)</b>	(33)
Employer surplus asset payments	<b>80</b>	–
Cost of inventories written off as expired stock	<b>50</b>	16
Operating cash flow before working capital changes	<b>3 941</b>	3 486
Working capital changes:		
Inventories	<b>15</b>	66
Trade and other receivables	<b>(709)</b>	(210)
Trade and other payables (including provisions)	<b>406</b>	(2)
<b>Cash generated from operations from continuing operations</b>	<b>3 653</b>	3 340



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 28. ACQUISITIONS AND DISPOSALS

### ◆ Acquisitions that resulted in business combinations

	Luccioli S.R.L (Luccioli) (relating to discontinued operations – refer note 29)*	TheraMed Proprietary Limited (TheraMed)*	PetVision Proprietary Limited (PetVision)*
Acquirer	AMG through its subsidiary Alliance Medical Italia SRL	Life Healthcare Group Proprietary Limited	Life Healthcare Group Proprietary Limited
Country of incorporation	Italy	South Africa	South Africa
Acquisition date	30 Apr 2023	1 Jun 2023	1 Aug 2023
Total purchase consideration	R32 million	R54 million	R66 million
Goodwill recognised	R28 million	R50 million	R28 million
Percentage voting equity interest acquired	100%	100% <sup>1</sup>	100%
Primary reasons for business combination	This is in line with Life Healthcare's strategy to grow its non-acute businesses.		
Qualitative factors that make up goodwill recognised	Goodwill is attributable to the acquired workforce and expected synergies from combining the acquired operations within the international operations in Italy.	Both acquisitions are nuclear imaging businesses. These markets are generally under developed in southern Africa compared to the other markets the Group operates in. The goodwill recognised is therefore largely attributable to the potential opportunity for the Group to develop this market in partnership with its partners, as well as to the acquired workforce.	
Contingent liabilities at acquisition	None	None	None

\* Provisionally accounted for in terms of IFRS 3 Business Combinations.

<sup>1</sup> The Group has, subsequent to the initial transaction, disposed of 20% of its interest in TheraMed to doctors for R6 million. Refer note on transactions with non-controlling interests.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The acquisitions qualify as a business as defined in IFRS 3.

**28. ACQUISITIONS AND DISPOSALS** continued

Details of the fair value of net assets acquired and goodwill are as follows:

	Luccioli (relating to discontinued operations) R'm	TheraMed and PetVision <sup>2</sup> R'm
<b>Total purchase consideration</b>	<b>(32)</b>	<b>(120)</b>
Cash portion	(29)	(76)
Deferred payment	(3)	-
Contingent consideration <sup>1</sup>	-	(44)
<b>Fair value of net assets acquired</b>	<b>4</b>	<b>42</b>
Property, plant and equipment	15	62
Customer relations	-	29
Trade and other receivables	1	-
Cash and cash equivalents	5	-
Interest-bearing borrowings	(12)	(36)
Deferred tax asset/(liability)	4	(13)
Trade and other payables	(9)	-
<b>Goodwill</b>	<b>28</b>	<b>78</b>
<b>Cash outflow to acquire businesses, net of cash acquired</b>		
Initial cash considerations	(29)	(76)
Less: Cash at acquisitions	5	-
	<b>(24)</b>	<b>(76)</b>
<b>Impact on consolidated information from date of acquisitions</b>		
Revenue	7	10
Net profit	(1)	1
<b>Impact on consolidated information if the business combinations took place on 1 October 2022</b>		
Revenue	18	27
Net profit	-	2

<sup>1</sup> The contingent considerations for TheraMed and PetVision are based on the future financial performance of the businesses and will be payable in five annual tranches commencing one year after the acquisition date. The maximum amount payable for TheraMed is R52 million and for PetVision R45 million.

The present values of the contingent considerations were determined by taking into account the probability of the forecast performance of the five-year forecast periods.

<sup>2</sup> Represent the aggregated fair values of net assets and goodwill relating to continuing operations.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 28. ACQUISITIONS AND DISPOSALS continued

### ◆ Transactions with non-controlling interests

#### Increases and decreases in ownership interest in southern Africa

	2023 R'm	2022 R'm
During the current and previous financial year, the Group had increases in its percentage shareholdings in some of its subsidiary companies.		
Total purchase consideration	(98)	(96)
Cash portion	(98)	(96)
Carrying amount of non-controlling interest recognised	88	96
Carrying amount of non-controlling interest acquired	88	96
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(10)	–
During the current and previous financial year, the Group disposed of marginal percentages of its holdings in subsidiary companies to non-controlling interest. The Group still maintained control over the subsidiary entities after the decrease in ownership interest.		
Proceeds on disposal of investments	70	114
Cash portion	70	107
Other receivables	–	7
Increase in non-controlling interest	(66)	(111)
Profit on disposal recognised within equity	4	3

## 29. DISCONTINUED OPERATIONS – AMG

### Description

On 5 October 2023, the Group concluded binding transaction agreements with Andromeda Bidco Limited, wholly owned by iCON Infrastructure (the purchaser) for the sale of 100% of the Group's interest in AMG, which carried out all of the Group's international imaging services operations. The proposed disposal of AMG to the purchaser is subject to shareholder approval and to the fulfilment or waiver (to the extent permissible) of conditions precedent typical of a transaction of this nature.

The Board of Directors approved the proposed disposal after careful review of the opportunity to deliver value to Life Healthcare shareholders.

On 4 October 2023, the Board resolved to dispose of the Group's investment in AMG. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The discontinued operations is presented as a single line item on the face of the statement of profit or loss for the 2023 and 2022 financial years. AMG meets the definition of a discontinued operation as it represented a separate major line of business (previously our diagnostic imaging segment) and operated in different geographical areas. The carrying amount of the related net assets exceeded the proceeds less costs of the disposal and accordingly an impairment loss has been recognised on the classification of these operations as held for sale.

### Financial performance information

The results of the discontinued operations, which have been included in the profit for the period, were as follows:

	<b>2023</b> <b>R'm</b>	2022 R'm
Revenue	<b>9 319</b>	7 680
Expenses	<b>(7 457)</b>	(6 084)
Normalised EBITDA*	<b>1 862</b>	1 596
Depreciation and amortisation	<b>(1 401)</b>	(1 233)
Other costs	<b>(6)</b>	(10)
Impairment of investment of subsidiary in the UK	<b>(34)</b>	–
Profit/(loss) on disposal of property, plant and equipment	<b>5</b>	(3)
Finance income	–	141
Finance cost	<b>(484)<sup>1</sup></b>	(213)
Share of joint ventures' net loss/(profit) after tax	<b>(14)</b>	13
Profit/(loss) before tax	<b>(72)</b>	291
Tax expense	<b>53</b>	(65)
Attributable (loss)/profit after tax from discontinued operations	<b>(19)</b>	226
Impairment of AMG in terms of IFRS 5 to its fair value less cost to sell <sup>2</sup>	<b>(822)</b>	–
Transaction costs relating to disposal <sup>2</sup>	<b>(149)</b>	–
(Loss)/profit from discontinued operations	<b>(990)</b>	226
Basic (loss)/earnings per share from discontinued operations	<b>(68.7)</b>	15.6
Diluted (loss)/earnings per share from discontinued operations	<b>(68.1)</b>	15.5

\* Non-IFRS measure.

<sup>1</sup> Includes foreign exchange loss of R112 million.

<sup>2</sup> Total loss relating to the disposal amounted to GBP 43.5 million (R971 million) in the current year, including total transaction costs of GBP 30.5 million (R681 million).

– Transaction costs of R149 million incurred before AMG was classified as held for sale in terms of IFRS 5

– Carrying value of AMG was reduced to reflect its fair value less remaining costs to sell in terms of IFRS 5, resulting in an impairment of R822 million including the future remaining transaction costs of R532 million.

The Group acquired AMG when the exchange was GBP1:ZAR17.78. The total FCTR balance at 30 September is R2.9 billion calculated at the spot rate of 1GBP:ZAR23.18. The exchange gain will be reclassified to the statement of profit or loss on disposal date. The exchange gain will be dependent on the spot rate at disposal.





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 29. DISCONTINUED OPERATIONS – AMG continued

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2023 R'm
Property, plant and equipment	6 613
Intangible assets	14 308
Investment in joint ventures <sup>1</sup>	161
Deferred tax assets	468
Cash and cash equivalents	1 096
Trade and other receivables	1 689
Inventories	88
Other assets	20
<b>Assets held for sale</b>	<b>24 443</b>
Interest-bearing borrowings	(1 410)
Employee benefit liabilities	(159)
Deferred tax liabilities	(438)
Trade and other payables	(2 744)
Provisions	(144)
Contingent consideration liabilities	(11)
Cash-settled share-based payment liability	(141)
Income tax payable	(16)
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>(5 063)</b>
<b>Net assets held for sale</b>	<b>19 380</b>

<sup>1</sup> Includes the further investment in Altakassusi Alliance Medical LLC in Saudi Arabia during February 2023. The amount invested was R108 million. The percentage ownership did not change.

### 30. DIRECTORS' EMOLUMENTS AND INTERESTS IN THE COMPANY

Emoluments paid to the directors, including directors who resigned during the year, and prescribed officers of the Company by the Company and its subsidiaries for the year to 30 September, are set out below:

Executive directors – shareholding	2023			2022		
	Direct	Indirect <sup>1</sup>	Associate interest	Direct	Indirect	Associate interest
<b>Executive directors</b>						
PG Wharton-Hood	500 000	1 921 155	–	500 000	1 921 155	–
PP van der Westhuizen	386 733 <sup>2</sup>	998 133	4 832	331 152	998 133	4 832
	<b>886 733</b>	<b>2 919 288</b>	<b>4 832</b>	831 152	2 919 288	4 832

Executive directors – total remuneration earned	Directors' fees <sup>3</sup> R'000	Salaries R'000	Performance-related bonus accrual to be paid in cash R'000	Other allowances R'000	Long-term incentive schemes R'000	Pension fund contribution R'000	Total remuneration R'000
<b>2023</b>							
<b>Executive directors</b>							
PG Wharton-Hood	56	8 782	9 518	188	–	363	18 907
PP van der Westhuizen	56	6 199	5 504	69	1 722	259	13 809
	<b>112</b>	<b>14 981</b>	<b>15 022</b>	<b>257</b>	<b>1 722</b>	<b>622</b>	<b>32 716</b>
<b>2022</b>							
<b>Executive directors</b>							
PG Wharton-Hood	–	8 256	8 563	364	–	342	17 525
PP van der Westhuizen	–	5 825	4 952	69	1 231	243	12 320
	–	14 081	13 515	433	1 231	585	29 845

<sup>1</sup> The indirect beneficial shareholding is held in the name of Life Healthcare Group Proprietary Limited and subject to vesting conditions. Refer note 19.

<sup>2</sup> The 2020 long-term incentive allocation vested during January 2023. Life Healthcare shares were purchased at R17.19 per share and 55 581 shares were awarded to PP van Der Westhuizen (2019 vesting: 31 016 shares at R22.03 per share).

<sup>3</sup> Paid in relation to international Board meetings attended.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 30. DIRECTORS' EMOLUMENTS AND INTERESTS IN THE COMPANY continued

	Opening balance at 1 October 2022		Dividends		Closing balance at 30 September 2023	
	Number of shares	Issue price R/share	Value of dividends paid in respect of all plans accrued in prior year (R)	Value of dividends accrued and paid in current year in respect of all plans (R)	Number of shares	Final vesting date
<b>Long-term incentive scheme and CIP</b>						
<b>PG Wharton-Hood</b>						
Long-term incentive scheme – Group Chief Executive <sup>1</sup>	862 706	17.39	–	707 419	862 706	Dec 25
2022 allocation (CIP) <sup>2</sup>	1 058 449	23.51	158 767	444 549	1 058 449	Dec 25
<b>PP van der Westhuizen</b>						
Long-term incentive scheme – Group CFO <sup>1</sup>	350 600	17.11	–	287 492	350 600	Dec 25
2022 allocation (CIP) <sup>2</sup>	647 533	23.51	97 130	271 964	647 533	Dec 25
	Total shareholding shares		Directors' fees R'000			
	2023	2022	2023 <sup>10</sup>	2022		
<b>Non-executive directors</b>						
VL Lithakanyane	–	–	2 103	1 803		
JE Bolger <sup>9</sup>	–	–	2 737	173		
PJ Golesworthy <sup>7</sup>	31 224	31 224	1 432	1 305		
CJ Hess <sup>8</sup>	–	–	–	250		
CM Henry	–	–	1 189	744		
LE Holmqvist <sup>9</sup>	–	–	2 839	222		
ME Jacobs	–	–	896	807		
TP Moeketsi <sup>3</sup>	–	–	627	–		
AM Mothupi	–	–	1 033	1 012		
JK Netshitenzhe	–	–	852	702		
MP Ngatane <sup>4</sup>	–	–	327	610		
M Sello	–	–	1 104	764		
GC Solomon <sup>7</sup>	143 612	143 612	1 035	929		
F Tonelli <sup>5</sup>	–	–	555	–		
RT Vice <sup>6</sup>	–	–	327	952		
	<b>174 836</b>	174 836	<b>17 056</b>	10 273		

<sup>1</sup> Refer note 19 on long-term incentive schemes – Group Chief Executive and Group CFO.

<sup>2</sup> Refer note 19 on CIP.

<sup>3</sup> TP Moeketsi was appointed as non-executive director on 23 February 2023.

<sup>4</sup> MP Ngatane resigned as non-executive director on 22 February 2023.

<sup>5</sup> F Tonelli was appointed as non-executive director on 1 April 2023.

<sup>6</sup> RT Vice resigned as non-executive director on 25 January 2023.

<sup>7</sup> PJ Golesworthy and GC Solomon's total shareholding only includes direct beneficial shares.

<sup>8</sup> CJ Hess resigned as non-executive director on 26 January 2022.

<sup>9</sup> JE Bolger and LE Holmqvist were appointed as non-executive directors on 1 August 2022.

<sup>10</sup> Includes fees relating to additional special meetings held in relation to the AMG proposed sale.

The directors' fees are paid by a subsidiary company of Life Healthcare Group Holdings Limited.

### 30. DIRECTORS' EMOLUMENTS AND INTERESTS IN THE COMPANY continued

#### Prescribed officers

In line with the requirements of the Companies Act, the Group discloses the remuneration paid to prescribed officers who are defined as the Group Chief Executive, the Group Chief Financial Officer, Chief Executive Officer – southern Africa and Chief Executive Officer – International.

	Direct share-holding	Indirect share-holding	Salaries R'000	Performance-related bonus accrual to be paid in cash R'000	Other allowances R'000	Long-term incentive schemes R'000	Pension fund contributions R'000	Total remuneration R'000
<b>2023</b>	Refer emoluments disclosed under executive directors							
PG Wharton-Hood								
PP van der Westhuizen								
AM Pyle	266 743 <sup>1</sup>	667 080	5 037	3 945	19	1 162	208	10 371
MD Chapman	210 564	972 129	7 316	5 237	279	1 275	732	14 839
<b>2022</b>	Refer emoluments disclosed under executive directors							
PG Wharton-Hood								
PP van der Westhuizen								
AM Pyle	234 156	667 080	4 662	3 476	18	2 563 <sup>2</sup>	193	10 912
MD Chapman	210 564	972 129	6 253	4 266	105	2 942 <sup>2</sup>	541	14 107

<sup>1</sup> The 2020 long-term incentive allocation vested during January 2023. Life Healthcare shares were purchased at R17.19 per share and 32 587 shares were awarded to AM Pyle (2019 vesting: 16 150 shares at R22.03 per share), which is included in his direct shareholding.

<sup>2</sup> Prior year includes both the gains on the vesting of the 2020 long-term incentive scheme and the performance retention shares that vested to the two country CEOs. Refer note 19.

	Opening balance at 1 October 2022		Dividends		Closing balance at 30 September 2023		Final vesting date
	Number of shares	Issue price R/share	Value of dividends paid in respect of all plans accrued in prior year (R)	Value of dividends accrued and paid in current year in respect of all plans (R)	Number of shares		
<b>Long-term incentive scheme and CIP</b>							
<b>AM Pyle</b>							
Long-term incentive scheme – southern Africa CEO <sup>3</sup>	195 221	21.97	–	160 081	195 221		Dec 25
2022 allocation (CIP) <sup>4</sup>	471 859	23.51	70 779	198 181	471 859		Dec 25
<b>MD Chapman</b>							
Long-term incentive scheme – international CEO <sup>3</sup>	336 927	21.97	–	276 280	336 927		Dec 25
2022 allocation (CIP) <sup>4</sup>	635 202	23.51	95 280	266 785	635 202		Dec 25

<sup>3</sup> Refer note 19 on long-term incentive scheme – southern Africa CEO and international CEO. Shares relating to long-term incentive schemes effective from 2019, are only purchased on vesting dates.

<sup>4</sup> Refer note 19 on CIP.

No director or prescribed officer has a notice period of more than six months. No director's service contract includes predetermined compensation as a result of termination that would exceed one year's salary and benefits.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 31. RELATED PARTIES

### Subsidiary companies – refer annexure B

During the year, certain companies in the Group entered into transactions with other companies in the Group. These intra-group transactions have been eliminated on consolidation. The complete list of outstanding balances is available at the Company's registered office.

The Company has the following related-party transactions with subsidiary companies:

	2023 R'm	2022 R'm
Loan balance – refer note 2 to the Company annual financial statements	391	393
Dividend received – refer note 8 to the Company annual financial statements	617	637

### Related-party transactions

<b>Management fees</b>	A management fee is charged to subsidiaries and is charged to cover costs associated with services carried out on their behalf, for example: tariff negotiations, treasury, tax compliance, human resource, payroll, marketing, nursing management, engineering, credit control, insurance claim management, etc. The fees are based on a percentage of revenue for most southern Africa subsidiaries. The percentage varies between 1% and 4% depending on the types of service Life Healthcare Group Proprietary Limited (LHC) carries out on behalf of the southern Africa subsidiary. The fees to international businesses are based on a cost plus margin basis.
<b>Information management fees (IM fees)</b>	An IM fee is charged to subsidiaries to recover the cost incurred to run the IM infrastructure and services. The fee is based on a net cost recovery basis.
<b>Guarantee fees</b>	The Group charges a fee to the relevant subsidiaries where the Group is used as guarantor for debt.
<b>Pharmacy fees</b>	LHC charges all units that utilise the central purchasing and pharmacy management services a 1% fee on the monthly purchases.
<b>Other cost recharges</b>	The Group recharges certain other costs it incurs on a cost recovery basis without any margin.
<b>Interest</b>	Interest is charged or paid on all inter-group balances at market-related rates.
<b>Rentals</b>	LHC is a lessor for a number of properties that are occupied by subsidiary companies. Rent is charged at market-related rates. AMG leases mobile scanners between certain Group companies at market-related rates.
<b>Royalties</b>	AMG charges a 3% fee of the relevant revenue where countries use the AMG brand.

### Associate companies and joint ventures – refer annexure C

The Group has investments in a number of associate companies and joint ventures. Details are disclosed in note 12 and annexure C to the financial statements. No provision has been required in 2023 and 2022 for the loans made to associates and joint ventures.

	2023 R'm	2022 R'm
<b>Loans from associates and joint ventures</b>		
Balance at 1 October	(4)	–
Net movements in amounts owned	4	(4)
<b>Balance at 30 September</b>	–	(4)

**31. RELATED PARTIES** continued**Directors and director-related entities**

Details of directors are disclosed in the administration to the financial statements on page 2. No direct loans were made to or received from any director and no other transactions were entered into with any director. Refer note 30 for details on directors' emoluments.

**Key management**

Key management is defined as all executive management, functional heads, hospital managers, pharmacy managers, nursing managers, administration managers and patient service managers.

Key management disclosure excludes non-executive directors' fees – refer note 30.

	<b>2023</b> <b>R'm</b>	2022 R'm
<b>Remuneration</b>		
Salaries	<b>561</b>	496
Share-based payment – long-term incentive schemes	<b>19</b>	30
Medical aid contributions	<b>6</b>	6
Provident fund costs – defined contribution plans	<b>20</b>	19
	<b>606</b>	551
<b>32. COMMITMENTS AND CONTINGENCIES</b>		
<b>Capital commitments</b>		
Capital expenditure approved for property, plant and equipment	<b>2 292</b>	2 916

Funds to meet capital expenditure will be provided from Group resources.

**Contingent liabilities**

The Group stands as guarantor in respect of term loans, general banking facilities and the DMTN programme concluded by subsidiaries and also pro rata in relation to the Group's interest in joint ventures.

The Group has issued various guarantees as security for leases and construction projects to the value of R30 million (2022: R35 million).

Certain subsidiary companies have issued letters of support to other fellow subsidiary companies, when required.

**Contingent liabilities relating to sale of AMG**

- ◆ The disposal of AMG is an insured transaction via a Warranty & Indemnity Insurance (W&I Insurance) with all business warranties covered by W&I Insurance and the Group's maximum exposure relating to a breach of these business warranties is GBP1.
- ◆ Tax covenants not covered by W&I Insurance are capped at a maximum liability of GBP14.4 million for a period up to 31 December 2029.
- ◆ Life Healthcare Group Holdings Limited has, subject to South African Reserve Bank (SARB) approval (which is still outstanding), provided a guarantee to the purchaser in relation to fundamental warranties as to: (i) title to the sale shares (ii) capacity and authority to enter into the sale and purchase agreement, and (iii) the solvency of Alliance Medical Group Limited (AMGL) and Alliance Medical AcquisitionCo Proprietary Limited. This Company guarantee will, if approved by the SARB, be valid for three years from the completion date and is for the total proceeds. The Group has undertaken to take all steps reasonably necessary to obtain the relevant SARB approval as soon as reasonably practicable after the date of the sale and purchase agreement and in any event before the completion date.



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 33. EVENTS AFTER THE REPORTING PERIOD

No event (other than as disclosed) which is material to the understanding of this report has occurred between year-end and the date of the annual financial statements, other than:

### Cash dividend declaration

The Board of Directors approved a final gross cash dividend of 27.00 cents per ordinary share for the year ended 30 September 2023. The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 21.60 cents per share.

### Concluded binding agreements to sell its interest in AMG (refer notes 29 and 32) and hedging of the expected proceeds

On 6 October 2023, the Group entered into a deal contingent foreign exchange forward (at fixed rates of between 1GBP:ZAR 23.43 and 1GBP:ZAR 23.55 depending on the closing date of the sale) to hedge the expected net GBP proceeds (GBP450 million) from the disposal of AMG.

## 34. RISK MANAGEMENT

### Overall risk management programme

The Group's overall financial risk management programme focuses, inter alia, on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not apply formal hedge accounting but uses derivative financial instruments to economically hedge interest and foreign currency risk exposures. Financial risk management is carried out by a central treasury department (treasury) under policies approved by the investment committee. Treasury identifies, evaluates and economically hedges financial risks in close cooperation with the Group's operating units. The Group has written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to provide for sufficient capital expansion. The capital structure of the Group consists of debt, which includes the interest-bearing borrowings, cash and cash equivalents, and equity.

	2023 R'm	2022 R'm
Interest-bearing borrowings (refer note 20)	13 002	13 350
Bank overdrafts (refer note 15)	187	335
Cash and cash equivalents (refer note 15)	(846)	(2 802)
Interest-bearing borrowings reclassified as held for sale (refer note 29)	1 410	-
Cash and cash equivalents reclassified as held for sale (refer note 29)	(1 096)	-
Net debt	12 657	10 883
Equity per statement of financial position	21 289	19 860
Capital and net debt	33 946	30 743
Gearing ratio	37.3%	35.4%

The Group uses the net debt to normalised EBITDA ratio, as defined in the debt agreements, to measure the funding requirements in the form of debt or equity. The Group will target to remain within its internal net debt to normalised EBITDA ratio of 2.75 times (2022: 2.75 times).

The ratio is calculated as net debt divided by normalised EBITDA. Net debt is calculated as total interest-bearing borrowings (including current interest-bearing and non-current interest-bearing borrowings) plus guarantees (if applicable) plus bank overdrafts less cash and cash equivalents. International's net debt is calculated using average exchange rates for the year (as agreed with the lenders). Normalised EBITDA is defined as earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items, and includes the normalised EBITDA of new acquisitions for that part of the year when it was not owned by the Group and excluding EBITDA attributable to any member of the Group disposed of during the year. Leases can be excluded from covenant calculations.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares, issue new debt, refinance existing debt or sell assets to manage the debt level.

### 34. RISK MANAGEMENT continued

#### Capital risk management continued

There have been no changes to what the Group manages as capital and the strategy for capital maintenance.

	2023	2022
<b>As calculated as defined in debt agreements</b>		
Total interest cover ratio (times)	6.23	10.82
Net debt to normalised EBITDA ratio	2.00	1.89
<b>As calculated based on reported results from continuing operations</b>		
Total interest cover ratio (times)	6.69	5.93
Net debt to normalised EBITDA ratio	1.32	1.24
The Group has externally imposed debt covenants in place as part of the terms of the current debt structures.		
<b>The covenants imposed arising from syndicated and bilateral term loans are as follows:</b>		
A minimum of total interest cover ratio (times)	4.00	4.00
A maximum of net debt to normalised EBITDA ratio	3.50	3.50

#### Financial risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and fair value risk.

#### Market risk

##### Foreign exchange risk

<b>Risk exposure</b>	<p>The Group interacts with international suppliers and is exposed to foreign exchange risk arising from various currency exposures. The foreign currency transactions are mainly denominated in:</p> <ul style="list-style-type: none"> <li>◆ British pound sterling;</li> <li>◆ European euro; and</li> <li>◆ US dollar.</li> </ul> <p>The Group's presentation currency is the South African rand (ZAR), but as it operates internationally with investments in foreign operations, it is exposed to a number of currencies, including the exposure to the Botswana pula (BWP), British pound sterling (GBP), US dollar (USD), European euro (EUR) and Polish zloty (PLN).</p> <p>During the year, AMG was reclassified as held for sale (refer note 29), which exposed the Group to movement in the GBP and EUR. The continuing operations are mainly exposed to the BWP and USD.</p>
<b>How the risk arises</b>	<p>Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency and from net investments in foreign operations. These transactions include certain inter-company loans which expose the Group to foreign exchange risk.</p>
<b>Objectives, policies and processes for managing the risk and methods used to measure risk</b>	<p>The Group has set up a policy to require Group companies to manage their foreign exchange risk against an agreed ZAR value. The Group's treasury risk management principle is to hedge material cash flows where the local cash flow impact is in excess of R50 million equivalent currency. The Group companies are required to economically hedge their foreign exchange risk exposure in consultation with treasury. To manage their foreign exchange risk arising from commercial transactions and recognised assets and liabilities, entities in the Group use forward exchange contracts and options, transacted with commercial banks on an all-inclusive price in the entity's functional currency. Refer note 25 of how much of the foreign currency risk is being managed through FECs at 30 September 2023.</p> <p>Refer note 33 "events after the reporting period" for the details of the deal contingent foreign exchange forward entered into to hedge the expected net GBP proceeds from the disposal of AMG.</p> <p>Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies, as and when it is required. At 30 September 2023, foreign denominated borrowings to the equivalent of R8 841 million existed (2022: R8 634 million).</p> <p>The Group reviews its foreign currency exposure, including commitments, on an ongoing basis.</p>





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 34. RISK MANAGEMENT continued

### Financial risk continued

#### Market risk continued

#### Foreign exchange risk continued

<b>Concentration of risk</b>	The Group has investments in foreign operations in Botswana, UK, Italy, Spain, Switzerland, northern Europe, Ireland and other smaller investments across Europe and the US. The net assets of the Botswana, UK, Italy, Spain, Switzerland, northern Europe, Ireland and other smaller investments are exposed to foreign currency translation risk as the companies are subsidiaries of the Group.
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Foreign currency exposure at statement of financial position date:

	<b>Rand millions</b>									
	<b>2023</b>				<b>2022</b>					
	<b>Continuing operations</b>				<b>Total operations</b>					
	<b>BWP</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>BWP</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>PLN</b>	
Non-current assets	<b>208</b>	-	-	<b>1 294</b>	196	16 027	1 996	2 155		64
Current assets	<b>415</b>	<b>30</b>	-	<b>392</b>	390	1 585	1 192	255		8
Current liabilities	<b>(84)</b>	<b>(7)</b>	-	<b>(405)</b>	(68)	(1 353)	(1 338)	(208)		(1)
Non-current liabilities	<b>(171)</b>	<b>(5 093)</b>	<b>(3 581)</b>	<b>(486)</b>	(166)	(5 361)	(3 942)	(82)		(10)
<b>Exposure on external balances</b>	<b>368</b>	<b>(5 070)</b>	<b>(3 581)</b>	<b>795</b>	352	10 898	(2 092)	2 120		61
Net exposure on balances between Group companies	-	-	-	-	-	3 551	(2 674)	(735)		(142)
<b>Total net exposure</b>	<b>368</b>	<b>(5 070)</b>	<b>(3 581)</b>	<b>795</b>	352	14 449	(4 766)	1 385		(81)

	<b>Foreign currency in millions</b>									
	<b>2023</b>				<b>2022</b>					
	<b>Continuing operations</b>				<b>Total operations</b>					
	<b>BWP</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>BWP</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>PLN</b>	
Non-current assets	<b>150</b>	-	-	<b>68</b>	145	801	113	120		17
Current assets	<b>300</b>	<b>1</b>	-	<b>21</b>	288	79	67	14		2
Current liabilities	<b>(61)</b>	-	-	<b>(21)</b>	(50)	(68)	(76)	(12)		-
Non-current liabilities	<b>(124)</b>	<b>(220)</b>	<b>(178)</b>	<b>(26)</b>	(123)	(268)	(223)	(5)		(3)
<b>Exposure on external balances</b>	<b>265</b>	<b>(219)</b>	<b>(178)</b>	<b>42</b>	260	544	(119)	117		16
Net exposure on balances between Group companies	-	-	-	-	-	177	(151)	(41)		(37)
<b>Total net exposure</b>	<b>265</b>	<b>(219)</b>	<b>(178)</b>	<b>42</b>	260	721	(270)	76		(21)

### 34. RISK MANAGEMENT continued

#### Financial risk continued

#### Market risk continued

#### Foreign exchange risk continued

#### *Sensitivities analysis*

The table below analyses the impact on the Group's FCTR from continuing and discontinued operations. The analysis is based on the assumption that the ZAR had strengthened/weakened by 15% against the GBP and EUR with all other variables held constant.

	2023 R'm	2022 R'm
<b>Impact on movement in FCTR in other comprehensive income</b>		
Rand strengthened	<b>(1 728)</b>	(1 119)
Rand weakened	<b>1 728</b>	1 119

The tables below analyse the impact on the Group's revenue and post-tax profit. The analysis is based on the assumption that the ZAR had strengthened/weakened by 10% against the foreign currency with all other variables held constant.

	Rand strengthened		Rand weakened	
	2023	2022	2023	2022
	R'm	R'm	R'm	R'm
<b>Continuing operations</b>				
<b>Impact on revenue</b>				
BWP	<b>(62)</b>	(56)	<b>62</b>	56
EUR	<b>(19)</b>	(19)	<b>19</b>	19
USD	<b>(47)</b>	(36)	<b>47</b>	36
<b>Impact on profit/(loss) after tax</b>				
BWP	<b>(5)</b>	(5)	<b>5</b>	5
GBP	<b>11</b>	7	<b>(11)</b>	(7)
EUR	<b>(1)</b>	(4)	<b>1</b>	4
USD	<b>2</b>	(9)	<b>(2)</b>	9
<b>Exchange rates used for conversion of foreign denominated items</b>				
<b>Assets and liabilities</b>				
BWP			<b>1.38</b>	1.35
GBP			<b>23.18</b>	20.01
EUR			<b>20.07</b>	17.66
USD			<b>18.96</b>	17.97
<b>Income/expense items</b>				
BWP			<b>1.38</b>	1.33
GBP			<b>22.31</b>	20.24
EUR			<b>19.38</b>	17.14
USD			<b>18.12</b>	15.82



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 34. RISK MANAGEMENT continued

### Financial risk continued

#### Market risk continued

#### Interest rate risk

<b>Risk exposure</b>	Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates economically expose the Group to fair value interest rate risk. Refer note 20.
<b>How the risk arises</b>	The Group's interest rate risk primarily arises from a mix of short and long-term borrowings. The Group's income and operating cash flows are substantially independent of changes in market interest rates.
<b>Objectives, policies and processes for managing the risk and methods used to measure risk</b>	The Group manages its interest rate exposure in total and mainly borrows or invests at Group level, unless it is more appropriate to do so at subsidiary level. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate collars, caps and swaps. Such interest rate hedges have the economic effect of capping the exposure to floating rates to a maximum rate. Generally, the Group raises long-term borrowings at floating rates and then hedges floating rates to a known maximum exposure. Under the interest rate collars, caps or swaps contracts, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between the fixed and the floating rate interest amounts calculated on agreed notional principle amounts. Interest rate collars, caps and swaps are entered into to fix interest rates from floating rates.
<b>Concentration of risk</b>	The Group policy is to hedge a maximum of 80% of its borrowings (excluding lease liabilities) and to hedge a quantum of borrowings (excluding lease liabilities) to ensure the difference between the Group's forecast interest cost on unhedged borrowings (excluding lease liabilities) and the yield curve +1%, is not greater than 2.0% of the forecast Group normalised EBITDA* for 24 months. At 30 September 2023, 27% of the Group debt (excluding lease liabilities) was hedged (2022: 33%). Refer note 25 for the current interest rate hedges in place.

\* Non-IFRS measure.

The Group analyses its interest rate exposure on a dynamic basis. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the Group's limits. The Group's debt is partially hedged by interest rate swap contracts. At 30 September 2023, the interest rate swap contracts hedge R2.7 billion (2022: R2.8 billion) of the Group's net debt (excluding lease liabilities) of R10.1 billion (2022: R8.4 billion).

#### Sensitivity analysis

The scenario is run only for liabilities that represent the major interest-bearing borrowing positions.

	2023 R'm	2022 R'm
<b>Impact on profit after tax from continuing operations</b>		
1% increase	(64)	(56)
1% decrease	64	56

34. **RISK MANAGEMENT** continued

**Financial risk** continued

**Liquidity risk**

<b>Risk exposure</b>	Those financial liabilities of the Group with contractual cash flows and maturity dates are exposed to liquidity risk.
<b>How the risk arises</b>	Liquidity risk arises should the Group not be able to meet its obligations as they become due.
<b>Objectives, policies and processes for managing the risk and methods used to measure risk</b>	<p>Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and banking facilities. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines.</p> <p>The Group has sufficient available bank facilities that can be utilised to service short-term commitments. Refer note 20.</p> <p>Cash forecasts are prepared and utilised facilities are monitored on a daily basis. Longer-term cash flow forecasts are updated quarterly.</p> <p><b>Refinancing debt</b></p> <p>The Group concluded binding transaction agreements to dispose of 100% of the Group's interest in AMG. The Group will settle all international GBP and EUR debt (R8 674 million) with the proceeds, which will significantly reduce the interest-bearing borrowings of the Group.</p> <p>The Group maintains a varied maturity profile for non-current interest-bearing borrowings in line with forecast profitability and cash flow. Acceptable profitability and gearing levels at the time of refinancing will meet lenders' credit criteria and mitigate refinancing risk.</p> <p>The Group ensures that a reasonable balance is maintained between the period over which assets generate funds and the period over which the assets are funded.</p> <p>The Group maintains relationships with a broad range of financial institutions to avoid concentration risk and safeguard the availability of liquidity at all times. To further avoid market concentration risk, the Group diversifies its funding sources between traditional bank markets and debt capital markets, enabling it to target different lenders at different points in their credit cycles. The Group also diversifies its funding geographically to reach lenders familiar in those regions.</p> <p>Bank debt is budgeted to be repaid from cash resources or refinanced with available short-term facilities.</p> <p>The Group reviews maturities at least 12 months in advance and ensures that adequate cash resources and/or committed banking facilities will be in place and available at least six months before a significant refinancing date.</p> <p><b>JIBAR transition</b></p> <p>The Group currently has ZAR term loans and interest rate swaps which reference to JIBAR. The South African Reserve Bank has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa, although there is currently no indication when JIBAR will be replaced. The Group continues to follow developments relating to the benchmark reform as and when communicated by financial and regulatory authorities.</p> <p>As at 30 September 2023, none of the Group's JIBAR linked instruments have transitioned to an alternative.</p> <p>Refer note 20.</p>



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 34. RISK MANAGEMENT continued

### Financial risk continued

#### Liquidity risk continued

##### Concentration of risk

The table below analyses the Group's financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Southern Africa		International	
	Continuing operations	Total operations	Continuing operations	Total operations
	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Interest-bearing borrowings<sup>1</sup></b>	<b>3 696</b>	4 355	<b>9 611</b>	7 688
Less than 6 months	314	404	284	88
6 months to 1 year	1 513	395	283	87
1 to 2 years	950	1 762	9 044 <sup>3</sup>	148
2 to 3 years	379	869	–	7 361
3 to 5 years	540	925	–	2
Over 5 years	–	–	–	2
<b>Lease liabilities</b>	<b>1 435</b>	1 593	–	1 465
Less than 1 year	503	524	–	294
1 to 2 years	167	148	–	317
2 to 5 years	366	377	–	412
Over 5 years	399	544	–	442
<b>Trade and other payables</b>	<b>2 270</b>	1 964	<b>364</b>	2 363
Less than 1 year	2 270	1 964	353	2 279
1 to 2 years	–	–	11	84
<b>Contingent consideration liabilities</b>	<b>84</b>	143	<b>682</b>	681
Less than 1 year	19	131	–	–
1 to 2 years	–	10	–	–
2 to 5 years	65	2	682 <sup>2</sup>	–
Over 5 years	–	–	–	681
<b>Total</b>	<b>7 485</b>	8 055	<b>10 657</b>	12 197

<sup>1</sup> Refer note 20 for date of maturity for each interest-bearing loan.

<sup>2</sup> Payable in the 2028 financial year.

<sup>3</sup> The Group will settle all international GBP and EUR debt with the proceeds from the sale of AMG.

34. **RISK MANAGEMENT** continued

**Financial risk** continued

**Credit risk**

<b>Risk exposure</b>	<p>Credit risk arises mainly from cash and cash equivalents, trade and other receivables and other assets.</p> <p>Trade receivables comprise a widespread customer base.</p>																		
<b>How the risk arises</b>	<p>Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations.</p>																		
<b>Objectives, policies and processes for managing the risk and methods used to measure risk</b>	<p>Credit risk is managed using Group policies within the territories it arises in.</p> <p>The Group deposits surplus cash with banks and financial institutions and maintains an appropriate spread of cash deposits to limit exposure to any one counterparty. Only independently rated parties with a minimum Moody's rating of "B1" or equivalent for South African banks are accepted. For AMG, counterparty risk is managed through the active monitoring and management of counterparties with which AMG transacts.</p> <p>The Group evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, the Group's credit risk function assesses the credit quality of the non-government customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit guarantee insurance is not purchased.</p> <p>In certain AMG territories, use is made of invoice factoring facilities which are on a non-recourse basis, further reducing the credit risk from individual customers.</p>																		
<b>Concentration of risk</b>	<p>The maximum exposures to credit risk at the reporting date are cash and cash equivalents, the carrying value of each class of trade and other receivables as well as other assets. The Group does not hold any collateral as security. The Group is exposed to a number of guarantees for the overdraft facilities of Group companies. Refer note 32 for additional details.</p>																		
<b>Maximum exposure to credit risk by class of financial instrument</b>	<p>Financial assets exposed to credit risk at year-end were as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right; width: 15%;"><b>2023</b></th> <th style="text-align: right; width: 15%;">2022</th> </tr> <tr> <th></th> <th style="text-align: right;"><b>Continuing operations</b></th> <th style="text-align: right;">Total operations</th> </tr> <tr> <th></th> <th style="text-align: right;"><b>R'm</b></th> <th style="text-align: right;">R'm</th> </tr> </thead> <tbody> <tr> <td>Trade and other receivables</td> <td style="text-align: right;"><b>3 372</b></td> <td style="text-align: right;">4 070</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><b>846</b></td> <td style="text-align: right;">2 802</td> </tr> <tr> <td>Other assets</td> <td style="text-align: right;"><b>121</b></td> <td style="text-align: right;">145</td> </tr> </tbody> </table>		<b>2023</b>	2022		<b>Continuing operations</b>	Total operations		<b>R'm</b>	R'm	Trade and other receivables	<b>3 372</b>	4 070	Cash and cash equivalents	<b>846</b>	2 802	Other assets	<b>121</b>	145
	<b>2023</b>	2022																	
	<b>Continuing operations</b>	Total operations																	
	<b>R'm</b>	R'm																	
Trade and other receivables	<b>3 372</b>	4 070																	
Cash and cash equivalents	<b>846</b>	2 802																	
Other assets	<b>121</b>	145																	



# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 34. RISK MANAGEMENT continued

### Financial risk continued

#### Credit risk continued

#### Cash and cash equivalents

The cash and cash equivalents carrying amount is denominated in the following currencies:

	<b>2023</b> <b>Continuing</b> <b>operations</b> <b>R'm</b>	2022 Total operations R'm
South African rand	<b>582</b>	1 345
Botswana pula	<b>143</b>	178
British pound sterling	<b>16</b>	638
European euro	<b>14</b>	584
Polish zloty	<b>27</b>	4
United States dollar	<b>64</b>	52
Norwegian krone	<b>–</b>	1
Balance at 30 September	<b>846</b>	2 802
Overdraft facilities within the Group are secured by means of cross sureties by Group companies.		
Based on where current business is conducted, the credit quality of cash at bank and short-term money market instruments is as follows:		
Southern Africa <sup>1</sup>	<b>581</b>	1 346
Botswana <sup>2</sup>	<b>143</b>	178
Poland	<b>27</b>	–
AMG (part of discontinued operation – refer note 29)	<b>–</b>	1 124
LMI <sup>3</sup>	<b>94</b>	153
Cash on hand	<b>1</b>	1
	<b>846</b>	2 802

<sup>1</sup> The counterparties have a South African Moody's Ratings of Ba2 (2022: Ba2).

<sup>2</sup> The counterparties have a Botswana Standard & Poor rating of BBB+ (2022: BBB+).

<sup>3</sup> The counterparties have a minimum Fitch credit rating of BB+ (2022: BB+).

#### Trade and other receivables

An impairment analysis is performed at each reporting date using a provision matrix (ECL model) to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (mainly by customer type).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events and current conditions. Trade receivables are written off when the Group has exhausted all options regarding the debt. Refer note 1.2.1 judgements and annexure A – significant accounting policies (section 1.11 financial instruments).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in this note. The Group does not hold collateral as security.

### 34. RISK MANAGEMENT continued

#### Financial risk continued

#### Credit risk continued

#### Trade and other receivables continued

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

R'm	Current	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total
<b>2023 continuing operations</b>						
Trade receivables	1 392	317	174	148	1 498	3 529
Private patients	215	68	26	29	575	913
Medical aids	1 034	143	75	52	326	1 630
Government and public healthcare facilities – southern Africa	143	106	73	67	597	986
ECL (R'm)	8	6	8	8	418	448
Private patients	5	4	6	6	311	332
Medical aids	3	2	2	2	57	66
Government and public healthcare facilities – southern Africa	–	–	–	–	50	50
Weighted average ECL rate	0.6%	1.9%	4.6%	5.4%	27.9%	12.7%
Private patients <sup>1</sup>	2.3%	5.9%	23.1%	20.7%	54.1%	36.4%
Medical aids	0.3%	1.4%	2.7%	3.8%	17.5%	4.0%
Government and public healthcare facilities – southern Africa <sup>2</sup>	0.0%	0.0%	0.0%	0.0%	8.4%	5.1%
<b>2022 total operations</b>						
Trade receivables	1 895	461	193	154	999	3 702
Private patients	379	135	62	61	443	1 080
Medical aids	1 287	94	43	30	212	1 666
Government and public healthcare facilities	229	232	88	63	344	956
Southern Africa	56	67	41	27	231	422
UK*	84	151	41	27	32	335
Italy*	31	–	–	1	63	95
Ireland*	49	12	4	4	5	74
Other*	9	2	2	4	13	30
ECL (R'm)	6	4	5	10	381	406
Private patients	4	3	4	9	261	281
Medical aids	2	1	1	1	30	35
Government and public healthcare facilities	–	–	–	–	90	90
Weighted average ECL rate	0.3%	0.9%	2.6%	6.5%	38.1%	11.0%
Private patients	1.1%	2.2%	6.5%	14.8%	58.9%	26.0%
Medical aids	0.2%	1.1%	2.3%	3.3%	14.2%	2.1%
Government and public healthcare facilities	0.0%	0.0%	0.0%	0.0%	26.2%	9.4%
Government and public healthcare facilities – southern Africa	0.0%	0.0%	0.0%	0.0%	11.4%	6.2%

\* Part of assets held for sale in current year – refer note 29.

<sup>1</sup> The ECL rate for private patients in the > 120 days bucket decreased from 58.9% in the prior year to 54.1% for 2023. The decline is attributable to an improvement of 2% in the average collection rate during 2023 reducing the risk of future default. As a result, a lower ECL rate was applied to the receivable balance outstanding at 30 September 2023.

<sup>2</sup> The ECL rate for government and public healthcare facilities in southern Africa within the > 120 days bucket decreased from 11.4% in the prior year to 8.4% for 2023. The decline in the ECL rate is attributable to R115 million additional overdue debt receivable from South African government institutions (Road Accident Fund, Department of Health and the Compensation for Occupational Injuries and Diseases). Previous collection success of outstanding debt from these institutions supports a lower than average risk of default, hence a lower ECL rate applied to receivable balances outstanding at 30 September 2023.





# Notes to the consolidated annual financial statements continued

for the year ended 30 September 2023

## 34. RISK MANAGEMENT continued

### Financial risk continued

#### Other assets

While other assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss was negligible. There has been no significant deterioration in the credit risk associated with these loans.

#### Fair value risk

The following methods are used by the Group to determine the fair value of financial instruments:

#### Investment in first-party Cell Captive (financial asset)

The investment in a first-party Cell Captive is mandatorily recognised at fair value through profit or loss. The fair value is derived from the net assets of the Cell Captive which mainly comprise financial assets and liabilities accounted for at fair value through profit or loss.

#### Derivative financial assets

The fair value of interest rate swaps is calculated as the mark-to-market valuation, which represents the mid-market value of the instrument as determined by the financial institution at 30 September 2023 based on a discounted cash flow model using a number of key assumptions.

The fair value of forward exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to the present value, as determined by the financial institution at 30 September 2023.

Fair value gains or losses have been accounted for in the statement of profit or loss

#### Contingent considerations (financial liability)

– LMI

Refer note 1.2.2 Critical accounting estimates and assumptions

– Imaging businesses in SA

East Coast Radiology Incorporated (ECR) and East Coast Radiology Mthatha Incorporated (ECR Mthatha) and Eugene Marais Radiology Proprietary Limited (EMR) were acquired during the 2022 financial year

The contingent considerations are based on the financial performance of the businesses and will be payable in three annual tranches commencing one year after the acquisition date. The maximum amount payable for ECR and ECR Mthatha is R84 million and for EMR R74 million. R59 million relating to ECR and R74 million relating to EMR was paid in the current year.

TheraMed and PetVision were acquired during the 2023 financial year (refer note 28).

The contingent considerations for TheraMed and PetVision are based on the financial performance of the businesses and will be payable in five annual tranches commencing one year after the acquisition date. The maximum amount payable for TheraMed is R52 million and for PetVision R45 million.

The present value of the contingent considerations were determined by taking into account the probability of the forecasted performance of the forecast periods.

Fair value gains or losses have been accounted for in the statement of profit or loss

#### Fair value hierarchy

**Level 1** Fair value is derived from quoted prices (unadjusted) in active markets for identical instruments

**Level 2** Fair value is derived through the use of valuation techniques based on observable inputs, either directly or indirectly

**Level 3** Fair value is derived through the use of valuation techniques using inputs not based on observable market data

The Group's financial instruments held at fair value are measured subsequent to their initial recognition and are grouped into levels 1 to 3 based on the significance of the inputs used in the valuation.

**34. RISK MANAGEMENT** continued

**Financial risk** continued

**Fair value hierarchy** continued

The table below categorises the Group's financial instruments measured at fair value at 30 September into the applicable level:

	Notes	2023 Continuing operations		2022 Total operations	
		Level 2 R'm	Level 3 R'm	Level 2 R'm	Level 3 R'm
<b>Financial assets</b>					
Investment in first-party Cell Captive		66	–	11	–
Derivative financial asset	25	16	–	24	–
		<b>82</b>	<b>–</b>	35	–
<b>Financial liabilities</b>					
Contingent considerations	23	–	521	–	503
		<b>–</b>	<b>521</b>	–	503

The Group has no financial instruments measured at fair value categorised as Level 1.

There were no transfers between levels 2 and 3 during the year.

Refer note 23 for the movement in financial instruments measured under Level 3.



# Annexure A

## 1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these Group and Company financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Summary of significant accounting policies				
1.1 Revenue   Other income   Finance income   Finance cost				
1.1.1 Revenue from contracts with customers	1.1.2 Other income	1.1.3 Operating profit	1.1.4 Finance cost	1.1.5 Finance income
1.2 Employee benefits				
Short-term benefits	Termination benefits	Post-employment benefits	Share-based payments	
Group accounting				
1.3 Consolidation	1.4 Equity accounting	1.5 Translation of foreign operations		
Operating assets				
1.6 Property, plant and equipment	1.7 Intangible assets	1.8 Leases	1.9 Inventories	1.10 Assets held for sale
1.11 Financial instruments				
Initial recognition and measurement	Subsequent measurement	Derecognition	Impairment of financial assets	Offsetting
1.12 Provisions				
1.13 Capital and reserves				
Share capital and equity	Treasury shares			
1.14 Non-IFRS measures				
1.15 New and amended accounting standards adopted by the Group				
1.16 New accounting standards and IFRIC interpretations not yet effective				

### 1.1 Revenue | Other income | Operating profit | Finance income | Finance cost

#### 1.1.1 Revenue from contracts with customers

##### Recognition of revenue

The Group is in the business of providing hospital and complementary services (which include acute rehabilitation, mental healthcare, renal dialysis and oncology), healthcare services, diagnostic services as well as sales relating to growth initiatives. Revenue is measured at the amount which the Group expects to become entitled to as a result of providing those goods or services under the specific contract.

Credit risk is accounted for separately as part of the impairment consideration for financial instruments.

##### Southern Africa

##### Hospital and complementary services

These services include charges for ward, theatre, pathology, equipment, imaging and pharmaceutical goods used.

##### Performance obligations include

##### Recognition

◆ The provision of accommodation, meals and healthcare professional services	Revenue is recognised over time in relation to the services provided, as the customer simultaneously receives and consumes the benefits provided by the Group during the patient's stay
◆ The use of operating theatres and/or equipment	Revenue is recognised over time as the services are performed on a per usage basis
◆ Dispensing of medicine and medicine supplies	Revenue is recognised at the point in time when the medicine is dispensed to the customer, which is either as the patient consumes the product (for example, consumables used in theatre); or upon delivery to the customer (for example medicine dispensed and medical supplies)
◆ The provision of imaging services	Revenue is recognised at a point in time when the services are performed and provided for on a fixed fee basis in terms of the contract.

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.1 Revenue | Other income | Operating profit | Finance income | Finance cost continued

#### 1.1.1 Revenue from contracts with customers continued

##### *Hospital and complementary services* continued

Performance obligations are measured from admission to the point when there are no further services required for the patient, which is the time of discharge.

The transaction price is determined based on gross charges for services provided.

The services are provided on a fee-for-service basis and then repriced according to the various tariff agreements with funders and/or medical aids.

Certain discounts are contractually agreed upon with funders upfront and recorded as a deduction from revenue at the time the related revenues are recorded. Any settlement discounts or other ad hoc discounts approved by funders or at hospital discretion subsequent to discharge are recorded as an expense.

Private patients may be required to make a co-payment or to pay a deposit upfront, and is recognised as revenue when the future goods or services are billed.

##### *Healthcare services*

Healthcare services comprises Life Nkanyisa and Life Health Solutions.

##### ◆ *Life Nkanyisa*

Life Nkanyisa care centres work through public-private partnership (PPP) contracts with the South African government.

Through these centres the Group provides long-term chronic mental healthcare, frail care rehabilitation, step-down care, correctional services, primary healthcare and substance abuse recovery programmes to patients from the public sector.

The above is considered to be a single performance obligation as it is considered an interdependent service for providing accommodation, clinical and non-clinical support as well as dispensing medicine. The drug revenue which is separately identifiable is not allocated as it constitutes an insignificant portion of the total cost of the services.

The services are provided on an all-inclusive rate per patient day.

Revenue is recognised over time as the services are provided.

There are instances where the Group together with the government have approved a modification to the contract price, subsequent to the performance of the obligations. In general these are not significant. In this case the modification is treated as an adjustment to revenue and trade receivables, in the period wherein the modified price is agreed.

##### ◆ *Life Health Solutions*

Life Health Solutions provides contracted on-site occupational and primary healthcare services to large employer groups in the commercial, industrial, mining and state-owned sectors as well as encourages and supports healthy and balanced living in employees, improving their well-being and promoting maximum productivity for employers. Wellness services are provided to companies and institutions across the public and private sectors.

The contract with the client is negotiated as a package and includes a series of distinct services that are substantially the same. The services stipulated in the contracts are considered to be a single performance obligation.

The services are provided either on a fixed fee basis for services performed in terms of the contract or on a fee-for-service basis for those services or goods not stipulated in the contract.

The fixed monthly revenue is recognised over time based on the term of the contract.

Fee-for-services revenue is recognised at a point of time when services are performed.



# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.1 Revenue | Other income | Operating profit | Finance income | Finance cost continued

#### 1.1.1 Revenue from contracts with customers continued

##### *International*

##### *Diagnostic services*

Performance obligations include the provision of diagnostic imaging services, molecular imaging services and patient services as well as the manufacturing and distribution of radiopharmaceuticals.

Imaging services focus on magnetic resonance imaging (MRI), CT and molecular imaging via positron emission tomography-computerised tomography (PET-CT) services across the UK and Europe.

These services are predominantly supplied to public funders, such as the National Health Service (NHS) in the UK and Azienda Sanitaria Locale (ASL) in Italy, and numerous public and private funders across Europe.

Revenue is provided on a fixed fee basis for imaging services (per scan or per day rate) depending on the terms of the contract.

Radiopharmaceuticals are manufactured and distributed for PET-CT scanning operations and clinical trials.

Revenue is provided on a fixed fee basis (per dose or per delivery) for manufacturing activities and on reaching contractual obligations.

Revenue is recognised at the point of time when the goods are used, distributed or sold.

##### **Radiopharmaceutical products**

Relates to newly developed and emerging products and services.

Revenue mainly consists of the sale of NeuraCeq®, an approved product used in the diagnosis of Alzheimer's disease, as well as services for pharma companies.

Revenue is provided on reaching contractual obligations or as a royalty percentage of sales of products for development activities.

Revenue is recognised at the point of time when the goods are dispatched or sold.

##### **Contract balances**

##### *Trade receivables*

Where the Group has established an unconditional right to receive consideration (for example, upon discharge), a trade receivable is recognised. Thereafter, as the trade receivable is a financial asset, the recognition and measurement is as per the accounting policies detailed for financial assets (under section 1.11).

#### 1.1.2 Other income

	<b>Includes</b>	<b>Recognition</b>	<b>Measurement</b>
<b>Rental income</b>	Rental income arising from leases excluded from IFRS 16.	Accounted for on a straight-line basis over the lease term in profit or loss.	Fair value.
<b>Insurance income</b>	Insurance receipts relating to insurance claims	Recognised in profit or loss when the Group's claim is approved.	Fair value.
<b>Dividend income</b>	External dividends.	Recognised in profit or loss when the Group's right to receive payment is established.	Fair value.

##### **Company financial statements**

Revenue comprises dividends received from Life Healthcare Group Proprietary Limited.

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.1 Revenue | Other income | Operating profit | Finance income | Finance cost continued

#### 1.1.3 Operating profit

Operating profit is the result generated from the Group's revenue-producing activities (considered core operations), thus excluding finance income, finance cost and taxes.

Operating profit only includes profit from entities which are controlled by the Group in accordance with IFRS 10: *Consolidated Financial Statements*, and excludes amounts from entities where we share control or have significant influence. The Group therefore does not include its share of associate's and joint venture's net profit or loss after tax in operating profit, as there is no control over the investing, financing and operating decisions of these entities.

#### 1.1.4 Finance income

	<b>Includes</b>	<b>Recognition</b>	<b>Measurement</b>
<b>Finance income</b>	Finance income on funds invested, unwinding of the discount on debtors, foreign exchange gains or gains on hedging instruments that are recognised in profit or loss.	Recognised, in profit or loss, using the effective interest rate (EIR) method, unless it is doubtful.	<b>Effective interest method</b> When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original EIR.

#### 1.1.5 Finance cost

	<b>Includes</b>	<b>Recognition</b>	<b>Measurement</b>
<b>Finance cost</b>	Interest on interest-bearing borrowings and bank overdrafts, interest on lease liabilities, foreign exchange losses, unwinding of contingent considerations, post-employment benefit plan interest costs which are recognised in profit or loss.	Recognised in profit or loss using the EIR method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use, in which case the borrowing costs are capitalised as part of the cost of the asset.	Refer section 1.11 "financial liabilities"



# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.2 Employee benefits

#### Short-term employee benefits

<b>Includes</b>	Paid leave, sick leave, bonuses and non-monetary benefits such as medical care.
<b>Accounting treatment</b>	<p>The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.</p> <p>Accruals for employee entitlement to wages, salaries, bonuses and annual leave represent the amount which the Group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on the current wage and salary rates and are included in trade and other payables in the statement of financial position.</p> <p>The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the related liability, and a reliable estimate of the obligation can be made.</p>

#### Termination benefits

<b>Includes</b>	Benefits when an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.
<b>Accounting treatment</b>	The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### Post-employment benefits

<b>Defined contribution plan</b>		
<b>Southern Africa schemes</b>	<b>Fund name</b>	<b>Includes:</b>
	◆ Life Healthcare DC Pension Fund	A pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
	◆ Life Healthcare Provident Fund	
<b>AMG scheme</b>	◆ TFR scheme	
<b>Accounting treatment</b>	<ul style="list-style-type: none"> <li>◆ The payments to defined contribution retirement benefit plans are charged as an expense as they fall due.</li> <li>◆ Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.</li> </ul>	

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.2 Employee benefits continued

#### Post-employment benefits continued

Defined benefit plan (continued)		
Includes	A pension plan that is not a defined contribution plan.	
Fund name	<ul style="list-style-type: none"> <li>◆ Life Healthcare DB Pension Fund</li> <li>◆ Lifecare Group Holdings Pension Fund</li> <li>◆ Life Healthcare Provident Fund (ESA)</li> <li>◆ Post-employment medical aid benefit (phased out)</li> </ul>	
Accounting treatment	<p>For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.</p> <p>Actuarial accounting valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to reporting date where the interim valuation is performed at an earlier date.</p> <p>Past-service costs are charged to the statement of profit or loss when the plan amendment or curtailment occurs.</p> <p>Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when curtailment or settlement occurs.</p>	
Statement of financial position	<i>Assets or liabilities</i>	The present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets, together with adjustments for unrecognised past-service costs.
	<i>Assets</i>	<p>Any asset is limited to unrecognised actuarial losses, and unrecognised past-service cost plus the present value of available refunds and reduction in future contributions to the plan.</p> <p>Right to reimbursement measured at fair value.</p>
Statement of profit or loss and other comprehensive income	<i>Profit or loss</i>	<ul style="list-style-type: none"> <li>◆ Net interest income</li> <li>◆ Current service cost</li> </ul> <p>These costs are included in the statement of profit or loss under retirement benefit asset and post-employment medical aid income.</p>
	<i>Other comprehensive income</i>	<ul style="list-style-type: none"> <li>◆ Remeasurements arising from experience adjustments and changes in actuarial assumptions</li> <li>◆ Changes in asset ceiling</li> </ul>
Medical aid costs		
Includes	It is Group policy not to provide for post-employment medical aid benefits. However, due to a previous business combination transaction the Group did become party to a contractual obligation to provide post-employment medical aid benefits to certain employees. The entitlement for an employee to receive these benefits is dependent on the employee remaining in service until retirement age.	
Accounting treatment	For past service, the Group recognises and provides for the actuarially determined present value of post-employment medical aid employer contributions on an accrual basis using the projected unit credit method. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise. Independent qualified actuaries carry out annual valuations of these obligations.	





# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.2 Employee benefits continued

#### Shared-based payments (IFRS 2)

Cash-settled																																																																					
Includes	<p><i>Long-term incentive scheme effective from 2019 (International)</i></p> <p>Life Healthcare granted awards to its international Group and country executives as well as senior management (qualifying employees) on 1 January each year (from 2019). The value of awards will be tier-based and linked to individual performance. A modifier of between 0.5 and 2 for the 2021 and 2022 schemes and between 1 and 2 for the 2019 and 2020 schemes can be applied to the allocation for key talent retention, this is applicable to all participants at the discretion of the Group Chief Executive. Each award will be converted into notional performance shares. Vesting in terms of the scheme takes place in three years from allocation, with vesting subject to a range of non-market performance conditions.</p> <p>The benefits payable to these qualifying employees will be determined in ZAR and converted to their local currency at the prevailing exchange rates at the time, on vesting date.</p> <p>The 2023 scheme is an equity-settled scheme (refer note 19).</p> <p>The number of awards that vest are dependent on a service condition as well as various performance conditions, set out below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">Weighting %</th> </tr> <tr> <th></th> <th style="text-align: center;">2022</th> <th style="text-align: center;">2021</th> <th style="text-align: center;">2020</th> </tr> </thead> <tbody> <tr> <td><b>Group executives</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>◆ Capital efficiency</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Normalised Group HEPS</td> <td style="text-align: center;">60</td> <td style="text-align: center;">60</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Life core purpose outcome</td> <td style="text-align: center;">40</td> <td style="text-align: center;">20</td> <td style="text-align: center;">20</td> </tr> <tr> <td>◆ Retention shares</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">20</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td><b>Country executives</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>◆ Capital efficiency</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">35</td> </tr> <tr> <td>◆ Normalised country EBIT</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">35</td> </tr> <tr> <td>◆ Life core purpose outcome</td> <td style="text-align: center;">40</td> <td style="text-align: center;">40</td> <td style="text-align: center;">30</td> </tr> <tr> <td>◆ Normalised Group HEPS</td> <td style="text-align: center;">60</td> <td style="text-align: center;">60</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td><b>Country managers</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>◆ Capital efficiency</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">20</td> </tr> <tr> <td>◆ Normalised country EBIT</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Life core purpose outcome</td> <td style="text-align: center;">40</td> <td style="text-align: center;">40</td> <td style="text-align: center;">40</td> </tr> <tr> <td>◆ Normalised Group HEPS</td> <td style="text-align: center;">60</td> <td style="text-align: center;">60</td> <td style="text-align: center;">n/a</td> </tr> </tbody> </table>		Weighting %				2022	2021	2020	<b>Group executives</b>				◆ Capital efficiency	n/a	n/a	40	◆ Normalised Group HEPS	60	60	40	◆ Life core purpose outcome	40	20	20	◆ Retention shares	n/a	20	n/a	<b>Country executives</b>				◆ Capital efficiency	n/a	n/a	35	◆ Normalised country EBIT	n/a	n/a	35	◆ Life core purpose outcome	40	40	30	◆ Normalised Group HEPS	60	60	n/a	<b>Country managers</b>				◆ Capital efficiency	n/a	n/a	20	◆ Normalised country EBIT	n/a	n/a	40	◆ Life core purpose outcome	40	40	40	◆ Normalised Group HEPS	60	60	n/a
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1. **SIGNIFICANT ACCOUNTING POLICIES** continued

1.2 **Employee benefits** continued

Shared-based payments (IFRS 2) continued

<b>Cash-settled</b> continued	
<b>Includes</b>	<p><i>Long-term incentive scheme effective from 2019 (International)</i> continued</p> <p>Capital efficiency is measured as return on capital employed compared to WACC.</p> <p>Normalised Group HEPS is based on growth of HEPS in excess of CPI.</p> <p>Normalised country EBIT is based on growth of EBIT in excess of CPI.</p> <p>Life core purpose outcomes is based on country-specific non-financial measures that drive long-term sustainability of the Group.</p> <p>The retention notional performance shares are not subject to performance conditions and will vest on the vesting date, subject to continued employment.</p> <p>The value of the notional performance shares, paid out in cash to the qualifying employees, is based on the 30-day VWAP of ordinary shares in Life Healthcare as at the vesting date.</p> <hr/> <p>If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:</p> <ul style="list-style-type: none"> <li>◆ Good leavers with a date of termination of employment:               <ul style="list-style-type: none"> <li>– that is more than one year before the vesting date of the grant:                   <ul style="list-style-type: none"> <li>• 2019 scheme: will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration</li> <li>• 2020 to 2022 schemes: the participant shall retain a pro rata number of notional performance shares based on number of months completed service relative to the vesting period of 36 months, the balance of notional performance shares shall be forfeited and cancelled for no consideration; or</li> </ul> </li> <li>– that is one year or less before the vesting date of the grant, will retain all notional performance shares and he/she shall continue to be treated as a participant as if his/her employment had not been terminated (2019 to 2022 schemes)</li> </ul> </li> <li>◆ Bad leavers with a date of termination of employment prior to vesting date, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration (2019 to 2022 schemes)</li> </ul>
<b>Accounting treatment</b>	<p>The benefits are measured at the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. The value of the services received (expense), and the related liability are recognised over the vesting period and disclosed in note 24.</p>

<b>Equity settled</b>			
<b>Includes:</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-right: 1px solid black; padding: 5px;"><i>Long-term incentive schemes (southern Africa)</i></td> <td style="padding: 5px;"><i>Life Healthcare employee share trust</i></td> </tr> </table>	<i>Long-term incentive schemes (southern Africa)</i>	<i>Life Healthcare employee share trust</i>
<i>Long-term incentive schemes (southern Africa)</i>	<i>Life Healthcare employee share trust</i>		
<b>Accounting treatment:</b>	<p>The Group operates these incentive schemes as equity-settled share-based payment schemes. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the grant date. At the end of the reporting period, the Group revises its estimate of the number of awards that are expected to vest, based on the number of employees remaining in the scheme and it recognises the corresponding impact of the revision of original estimates, if applicable, in profit or loss with a corresponding adjustment to equity. Refer note 19.</p>		



# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### Group accounting

#### 1.3 Consolidation

##### Subsidiaries and trust beneficiary accounts

##### *Initial recognition and measurement*

Entities (including structured entities) over which the Group has control are consolidated in the Group annual financial statements. The Group applies the acquisition method to account for business combinations. The financial results of the Group and its subsidiaries are consolidated into the Group's results from acquisition date until control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent Company. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the adjustment is recognised in profit or loss.

At the date of acquisition, acquired deferred income tax assets may not be fully recognised under IFRS. Adjustments to the initial recognition of acquired deferred tax assets under IFRS, subsequent to the acquisition date, are recognised in profit or loss unless the adjustment qualifies as a measurement period adjustment in which case it is recognised as an adjustment to goodwill.

##### *Company financial statements*

In the financial statements of the Company, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

##### *Non-controlling interest*

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

##### *Contingent consideration*

Contingent consideration is recognised at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and the settlement thereof is accounted for wholly within equity. Alternatively other contingent considerations are remeasured at fair value at each reporting date and subsequent changes in fair value are recognised in profit or loss.

##### *Inter-company transactions*

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated on consolidation.

##### *Changes in ownership without change in control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

##### *Loss of control*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The profit or loss realised on disposal or termination of a subsidiary is calculated after taking into account the carrying amount of any related goodwill.

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### Group accounting continued

#### 1.4 Equity accounting

Equity-accounted investments consists of associates and joint ventures.

The accounting policies of the associated companies do not differ materially from the Group's accounting policies. The Group adjusts for these differences in accounting policies to align with those of the Group.

##### Initial recognition and measurement

Investments in associates and interests in joint ventures are initially recognised at cost in accordance with the equity method of accounting.

##### Changes in ownership interest

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. If the ownership interest is increased, without gaining control, the cost of the additional interest is added to the carrying value of the associate or joint venture.

##### Subsequent measurement

Subsequent to initial recognition, the Group recognises its share of profit or loss and other comprehensive income until the date on which joint control or significant influence ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group does not recognise further losses, when the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, unless the Group has incurred legal or constructive obligations, issued guarantees or made payments on behalf of the associate or joint venture.

##### Impairment

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in "share of associates or 'joint ventures' net profit after tax" in profit or loss.

##### Unrealised gains or losses

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.5 Translation of foreign operations

##### Procedures followed to translate to presentation currency

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency using the following procedures:

- ◆ Assets and liabilities including goodwill and fair value adjustments arising on acquisition, are translated at the closing rate at reporting date
- ◆ Income and expenses are translated at an average exchange rate which is a reasonable approximation of the prevailing exchange rate at the date of each transaction

The resulting differences in translation between these rates are recognised in the FCTR in other comprehensive income.

##### Exchange differences on monetary items

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in other comprehensive income and recognised in profit or loss on disposal of the net investment as part of the profit or loss on the sale.

##### Cash flows

The cash flows of a foreign subsidiary are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the dates of the transactions).



# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.5 Translation of foreign operations continued

#### Operating assets

#### Useful lives and impairment for 1.6 property, plant and equipment and 1.7 intangible assets

**Useful lives** The Group depreciates or amortises its assets over their estimated useful lives. The useful lives of assets are based on historical performance as well as expectations about future use and therefore requires a degree of judgement to be applied. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. The useful lives are reviewed at each reporting date to assess whether useful life estimates need to be adjusted.

**Impairment** The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment indications include:

#### External sources of information

- ◆ Significant adverse changes that have taken place or are expected in the near future in the technological, competitive market, economic or legal environment in which the Group operates
- ◆ Increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount
- ◆ The carrying amount of the Group's net assets exceeds the Group's market capitalisation

#### Internal sources of information

- ◆ Obsolescence or physical damage affecting the asset
- ◆ Idle or unutilised assets
- ◆ Plans to discontinue or restructure the operations to which the asset belongs or the asset's disposal
- ◆ Significant decline in management's forecasts of future net cash inflows

### 1.6 Property, plant and equipment

Categories	Initial measurement and recognition	Subsequent measurement	Estimated useful life
Land	Cost	Cost less accumulated impairment losses	Not depreciated
Assets under construction			
Buildings – owned		Cost less accumulated depreciation and impairment losses.	40 – 50 years
Medical equipment			5 – 25 years
Other equipment- owned			3 – 5 years
Motor vehicles		Present value (refer section 1.8)	Shorter of useful life or lease term
Improvements to right-of-use assets			
Right-of-use assets <ul style="list-style-type: none"> <li>◆ Land and buildings</li> <li>◆ Medical equipment</li> <li>◆ Motor vehicles and other equipment</li> </ul>			

Replacements of linen, cutlery and crockery and certain medical instruments are charged as an expense in the profit or loss over a 12-month period from the date of purchase.

1. **SIGNIFICANT ACCOUNTING POLICIES** continued

**Operating assets** continued

1.7 **Intangible assets**

Categories	Initial measurement and recognition	Subsequent measurement	Estimated useful life
Goodwill	Excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired, and liabilities and contingent liabilities assumed	Cost less accumulated impairment losses	Not amortised
Customer relations and hospital licences	Cost represents the fair value as at the date of the business combination, valued on the royalty method or the multi-period earnings excess method (MEEM)	Cost less accumulated amortisation and impairment losses	5 – 15 years
Brand name			12 years
Intellectual property (IP)*			Over the life of the relevant patent period
Computer software			3 – 10 years
Other intangible assets			Duration of respective agreements
	Cost		

\* The intangible assets are the IP to NeuraCeq® as well as IP to products that are being developed. In its portfolio LMI has six products in various stages of development of which two products are actively being developed.

Costs associated with the developing or maintaining of computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software and internally generated intangible assets in respect of product development costs controlled by the Group that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the criteria per IAS 38 have been met. For the products in development, the expected approval success rate of each product is used. To determine this, industry guidance as to the likely success of a product ultimately moving from a Phase 3 clinical trial through to gaining market approval was used.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Other development expenditures that do not meet these criteria and research expenditure are recognised as an expense, in profit or loss, as incurred.

**Goodwill**

Goodwill is tested for impairment annually or when there is an indication of impairment.

At acquisition date, goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. CGUs are defined as individual hospitals, individual complementary services facilities and healthcare services operating units in southern Africa. CGUs for AMG are defined as the initial AMG business, and as individual operating units acquired subsequently. LMI is defined as a separate CGU.

The original goodwill and intangible assets are allocated to the various CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill and intangibles arose. Goodwill and intangibles arising from subsequent additions are allocated to the specific CGUs.



# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### Operating assets continued

#### 1.8 Leases

##### Group as lessee

The Group leases various properties, medical equipment (including scanning equipment, blood gas machines and renal dialysis units), motor vehicles, IT equipment and gym equipment. Rental contracts are typically entered into for fixed periods of between 1 to 25 years but may have extension options as described under 1.2.1 Critical judgements. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for bank borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

##### Initial measurement and recognition

Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- ◆ Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- ◆ Variable lease payments that are based on CPI or WIBOR
- ◆ The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- ◆ Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The discount rate used in calculating the present value of the lease liability and right-of-use asset is the incremental borrowing rate, which is the rate that the relevant business unit (lessee) would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The incremental borrowing rate was calculated using an adjusted Group WACC approach by extracting the pre-tax cost of debt element from the WACC rate, which was adjusted for the following:

- ◆ Local borrowing rates
- ◆ The unsecured/secured nature
- ◆ Lessee-specific credit risk
- ◆ Lease start date and term

##### Subsequent measurement

- ◆ Right-of-use asset at cost less accumulated depreciation and impairment – refer section 1.6 for depreciation method
- ◆ Liability at amortised cost

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets (defined as assets with a value of less than R60 000 for our southern Africa business and GBP5 000 for our international business) comprise IT equipment and contracts for general business services.

See note 1.2 for the critical judgements, accounting estimates and assumptions.

#### 1.9 Inventories

Inventories are measured at the lower of cost or net realisable value on the first-in-first-out basis.

The cost of inventories written off as expired stock, is recorded as an expense and included in drugs and consumables in profit or loss.

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### Operating assets continued

#### 1.10 Assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as assets held for sale, if their carrying amount will be recovered principally through a sale transaction rather than continuing use. The assets and the liabilities directly associated with the assets classified as held for sale are presented separately in the statement of financial position. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the assets (and all assets and liabilities in a disposal group) are measured in terms of the applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of the carrying amount and the fair value less costs to sell.

Discontinued operations are a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of the discontinued operations are presented separately in the statement of profit or loss.

#### 1.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

The Group has the following financial assets:

- ◆ Cash and cash equivalents
  - Consists of cash on hand and demand deposits immediately available
- ◆ Trade and other receivables
- ◆ Other assets, which include:
  - Loans receivable
  - Loans to associates
  - Derivative assets – includes interest rate swaps
  - Investment in first-party Cell Captive

##### Initial recognition and measurement

Financial assets in the Group are classified at initial recognition and subsequently measured as either amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing it.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

On initial recognition:

- ◆ financial assets held at fair value through profit or loss are measured initially at fair value, excluding transaction costs;
- ◆ trade receivables, which do not have a significant financing component, are initially measured at the transaction price determined under IFRS 15, including transaction costs; and
- ◆ all other financial assets are initially measured at fair value, including transaction costs.

##### Subsequent measurement

Financial assets are subsequently measured as either at amortised cost or at fair value through profit or loss.

##### *Financial assets at amortised cost*

The Group's financial assets at amortised cost includes trade and other receivables, loans to associates, loans receivable and cash and cash equivalents.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- ◆ The financial asset is held with the objective to collect contractual cash flows; and
- ◆ The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.





# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.11 Financial instruments continued

#### Financial assets continued

#### Subsequent measurement continued

#### *Financial assets at amortised cost continued*

This assessment is referred to as the solely payments of principal and interest test (SPPI) and is performed at an instrument level.

If it fails the above criteria, it will be classified as fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### *Financial assets at fair value through profit or loss*

The Group's financial assets at fair value through profit or loss include:

- ◆ Other assets, which include:
  - Derivative assets – includes interest rate swaps
  - Investment in a first-party Cell Captive

The investment in a first-party Cell Captive is mandatorily recognised at fair value through profit or loss.

#### Derecognition

The Group derecognises a financial asset (ie removed from the Group's consolidated statement of financial position) when:

- ◆ the rights to receive cash flows from the asset have expired; or
- ◆ the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation and either:
  - the Group has transferred substantially all the risks and rewards of the asset; or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

#### *Trade receivables*

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- ◆ Disclosures for critical judgements, accounting estimates and assumptions – refer note 1.2
- ◆ Risk management – credit risk relating to trade receivables note 34

For trade receivables, the Group applies a simplified approach in calculating ECLs.

The Group established an ECL model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment affecting the ability of the customer to settle outstanding balances. For instance, if the forecast economic conditions (ie GDP, unemployment, repo rate), are expected to lead to an increased number of defaults, the historical default rates are adjusted. The Group does not track significant increases in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset in default when contractual payments are past due (described under 1.2.1 Critical judgements relating to trade receivables). However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.11 Financial instruments continued

#### Financial assets continued

#### Impairment of financial assets continued

##### *Trade receivables continued*

The Group considers the following factors:

- ◆ The history of the specific customer
- ◆ Indications of financial difficulties of the specific customer
- ◆ Credit terms specific to the customer
- ◆ General economic conditions

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is when the Group has exhausted all options regarding the debt, and it also includes the following factors:

- ◆ The account is handed back from the debt collectors as uncollectable, ie the Group has followed full legal process
- ◆ The debtor is deceased and the estate is insolvent
- ◆ The debtor cannot be traced

#### Financial liabilities

The Group has the following financial liabilities:

- ◆ Interest-bearing borrowings (include redeemable preference shares when applicable)
- ◆ Contingent consideration liabilities
- ◆ Trade and other payables
  - These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.
  - Trade and other payables also include employee-related payables, which represent the pro rata portion of a 13th cheque, accrued annual leave and a performance bonus scheme. Refer section 1.2 “short-term employee benefits”.
- ◆ Bank overdraft
- ◆ Other liabilities, which include:
  - Derivative liabilities – includes interest rate swaps and foreign option exchange contracts

#### Initial recognition and measurement

Financial liabilities in the Group are classified at initial recognition and subsequently measured as either amortised cost or fair value through profit or loss.

On initial recognition:

- ◆ financial liabilities held at fair value through profit or loss are measured initially at fair value, excluding transaction costs; and
- ◆ all other financial liabilities are initially measured at fair value, including transaction costs.

#### Subsequent measurement

Financial liabilities are subsequently measured as either:

- ◆ financial liabilities at amortised cost; or
- ◆ financial liabilities at fair value through profit or loss.

##### *Financial liabilities at amortised cost*

Within the Group, this category applies to interest-bearing borrowings, redeemable preference shares, trade and other payables and bank overdrafts.

After initial recognition, these financial liabilities are subsequently measured at amortised cost, using the EIR method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

This EIR amortisation is included as finance costs in the statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the EIR.

##### *Financial liabilities at fair value through profit or loss*

Within the Group, this category applies to contingent consideration liabilities and derivative liabilities.

The Group has derivative financial instruments that are not designated as hedging instruments in hedge relationships. These liabilities are mandatorily measured at fair value through profit or loss in terms of IFRS 9.

As a result, gains or losses on the liabilities are recognised in the statement of profit or loss.

The Group has not designated any financial liability at fair value through profit or loss.

The unwinding of contingent consideration is included as finance costs in the statement of profit or loss.



# Annexure A continued

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.11 Financial instruments continued

#### Financial liabilities continued

##### Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset, an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 1.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### Property related

Represents the decommissioning costs of cyclotrons used in the production of radiopharmacy products and property restoration costs.

- ◆ Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as a provision. The cash flows are discounted at a current pre-tax rate.
- ◆ Property restoration provisions include the estimated costs to restore leased properties to their original condition when the lease term expires.

#### Insurance provision

- ◆ Judgement is required in estimating the insurance provision. This is calculated based on the probability of future claims arising, taking into consideration the Group insurance excess applicable to the claim and the liability is the present value of the exposure at a pre-tax average cost of debt rate.

### 1.13 Capital and reserves

Stated capital comprises ordinary share capital, share premium and treasury shares.

#### Share capital and equity

Share capital issued by the Company is recorded at the proceeds received, net of issue costs. Incremental costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

#### Treasury shares

Treasury shares held by subsidiary companies and special-purpose entities are treated as a deduction from the issued and weighted average number of ordinary shares. The consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the Group's total equity until the shares are cancelled, disposed of or vest in accordance with the terms of the Life Healthcare employee share trust or long-term incentive schemes.

## 1. SIGNIFICANT ACCOUNTING POLICIES continued

### 1.14 Non-IFRS measures

To provide a more meaningful assessment of the Group's performance, non-IFRS measures are included.

The non-IFRS measures include:

- ◆ Normalised EBITDA (refer note 9)  
Normalised EBITDA is defined as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading-related costs or income.
- ◆ EBITA (refer note 9)  
EBITA is defined as normalised EBITDA less depreciation.
- ◆ Operating profit before non-trading items (refer note 9)  
Operating profit before non-trading items is defined as operating profit before any non-trading-related costs or income.
- ◆ Net debt (refer note 9)  
Net debt comprises all interest-bearing borrowings, overdraft balances and cash and cash equivalents.
- ◆ Normalised earnings and NEPS (refer note 8)  
The calculation of NEPS excludes non-trading related items as listed under note 8 and is based on the normalised profit attributable to equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the year.

Non-IFRS measures are the responsibility of the Group's directors. Because of its nature, the non-IFRS measures may not fairly present the Group's financial position, results of operations, changes in equity or cash flows for the year. These measures as disclosed above may not be comparable to other similarly titled measures of performance of other companies.

Non-IFRS measures are not an IFRS requirement, nor a JSE LR and is a measurement used by the CODM.

### 1.15 New and amended accounting standards adopted by the Group

The Group has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing 1 October 2022:

- ◆ Amendments to IFRS 3 to update an outdated reference to the conceptual framework in IFRS without significantly changing the requirements in the standard
- ◆ Amendment to IAS 16 – the amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- ◆ Amendment to IAS 37 Onerous contracts – the amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract
- ◆ Annual improvements 2018-2020 cycle – amendments and clarifications to existing IFRS standards

#### Impact

The implementation of these standards and amendments had no material financial impact on the Group.

### 1.16 New accounting standards, amendments and IFRIC interpretations not yet effective and not early adopted

The following amendments and IFRICs are effective for annual periods beginning on or after 1 January 2023:

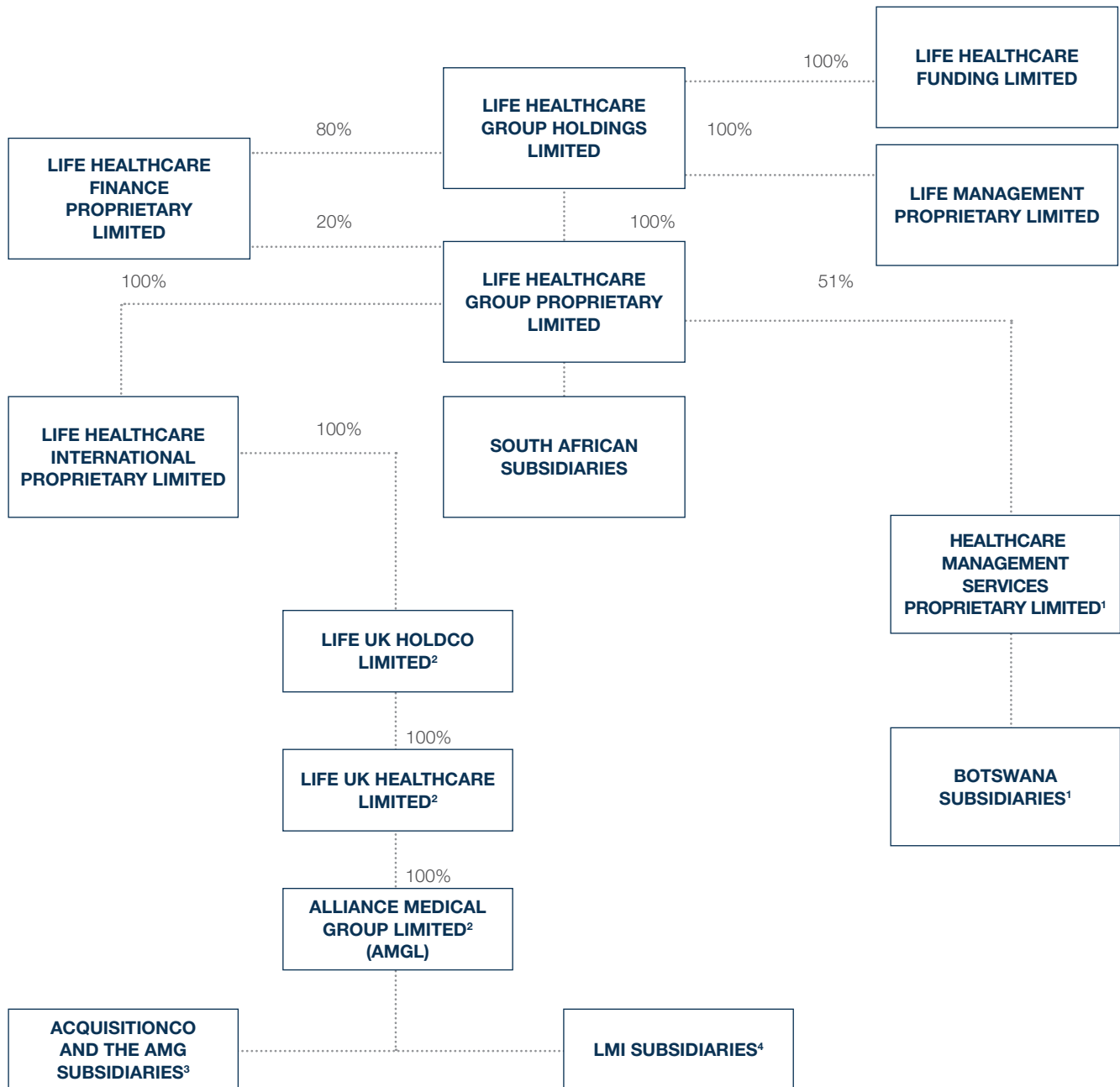
- ◆ Amendment to IAS 1 – the amendment aims to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current (1 January 2023)
- ◆ Amendment of IAS 1 and IFRS Practice Statement 2 – the amendment requires that an entity discloses its material accounting policies, instead of its significant accounting policies (1 January 2023)
- ◆ Amendment of IAS 8 – the amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates (1 January 2023)
- ◆ Amendment of IAS 12 – the amendment clarifies that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition (1 January 2023)
- ◆ Amendment of IFRS 16 – the amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease (1 January 2024)
- ◆ Amendment of IAS 1 – the 2022 amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (1 January 2024)

All the amendments and IFRICs listed above are not expected to have a material impact on the Group in the current or future periods.



# Annexure B

## SIMPLIFIED GROUP STRUCTURE FOR THE YEAR ENDED 30 SEPTEMBER 2023



All South African investments are unlisted and incorporated in the Republic of South Africa.

All Botswana and AMG investments are unlisted.

The shareholding percentages are the same for 2023 and 2022, except for Group changes disclosed in note 28.

<sup>1</sup> Incorporated in Botswana. The functional currency is pula.

<sup>2</sup> Incorporated in England. The functional currency is pound sterling.

<sup>3</sup> Discontinued operations – refer note 29 and note 32. Incorporated in England and across Europe (Germany, Netherlands, Ireland, Italy, Spain, Switzerland, Poland). The functional currencies used include sterling and euro.

<sup>4</sup> Life Molecular Imaging Limited is incorporated in England and holds the investments in LMI subsidiaries. The functional currencies used include United States dollar and euro.

A full list of the Group's subsidiaries is available on request from the Company's registered office.

# Annexure C

## ASSOCIATE UNDERTAKINGS FOR THE YEAR ENDED 30 SEPTEMBER 2023

### Associates

Name of associate	Functional currency	Issued share capital		Interest in share capital		Book value of the shares		Amounts owing by/(to) associates	
		2023 Total	2022 Total	2023 %	2022 %	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Unlisted investments</b>									
Wilgers Onkologie Spreekkamer Trust <sup>1</sup>	R	10 000	10 000	25	25	–	–	–	–
Wilgers Onkologie Radiologiese Trust <sup>1</sup>	R	10 000	10 000	40	40	2	2	–	–
Wilgers Stralingsonkologie Trust <sup>1</sup>	R	10 000	10 000	25	25	–	–	–	4
						2	2	–	4

All the associates provide medical and surgical services through private hospitals and/or same-day surgical centres.

### Joint ventures

Name of joint venture	Functional currency	Issued share capital		Interest in share capital		Book value of the shares		Amounts owing by/(to) joint ventures	
		2023 Total	2022 Total	2023 %	2022 %	2023 R'm	2022 R'm	2023 R'm	2022 R'm
<b>Unlisted investments</b>									
Brenthurst MRI <sup>1</sup>	R	–	–	70	70	1	1	–	–
Brenthurst Equipment Trust 1 <sup>1</sup>	R	–	–	50	50	–	–	–	–
Brenthurst Equipment Trust 2 <sup>1</sup>	R	–	–	70	70	–	–	–	–
Brenthurst Radiology Cat Scan <sup>1</sup>	R	–	–	50	50	–	–	–	–
Axim Life Isotopes South Africa Proprietary Limited <sup>1</sup>	R	–	–	50	–	3	–	–	–
Barringtons MRI Limited <sup>2</sup>	EUR	100	100	50	50	65	41	–	–
Altakassusi Alliance Medical LLC <sup>3</sup>	SAR	100	100	45	45	96	12	–	–
						165	54	–	–

<sup>1</sup> Indirectly held through Life Healthcare Group Proprietary Limited.

<sup>2</sup> The Company is incorporated in the Republic of Ireland and the issued shares are reflected in euros. Indirectly held through AMG, and included as part of discontinued operations (refer note 29).

<sup>3</sup> The Company is incorporated in Saudi Arabia and the issued shares are reflected in Saudi riyal. Indirectly held through AMG, and included as part of discontinued operations (refer note 29).



# Company statement of profit or loss and other comprehensive income

for the year ended 30 September 2023

	Note	2023 R'm	2022 R'm
Revenue	1	617	637
Provision for ECL		–	–
<b>Profit before tax</b>		<b>617</b>	637
Tax expense		–	–
<b>Profit after tax</b>		<b>617</b>	637
Other comprehensive income		–	–
<b>Total comprehensive income for the year</b>		<b>617</b>	637

# Company statement of financial position

at 30 September 2023

	Notes	2023 R'm	2022 R'm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Interest in subsidiaries	2	9 338	9 340
<b>Total assets</b>		<b>9 338</b>	9 340
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>		<b>9 331</b>	9 331
Stated capital	3	13 888	13 888
Accumulated loss		(4 557)	(4 557)
<b>Current liabilities</b>		<b>7</b>	9
Trade and other payables		2	4
Shareholders for dividend		5	5
<b>Total equity and liabilities</b>		<b>9 338</b>	9 340

# Company statement of changes in equity

for the year ended 30 September 2023

	Stated capital R'm	Retained earnings R'm	Total R'm
<b>Balance at 30 September 2022</b>	<b>13 888</b>	<b>(4 557)</b>	<b>9 331</b>
Total comprehensive income for the year	-	617	617
Distribution to shareholders	-	(617)	(617)
<b>Balance at 30 September 2023</b>	<b>13 888</b>	<b>(4 557)</b>	<b>9 331</b>
<b>Balance at 30 September 2021</b>	13 888	(4 607)	9 281
Total comprehensive income for the year	-	637	637
Distribution to shareholders	-	(587)	(587)
<b>Balance at 30 September 2022</b>	13 888	(4 557)	9 331

# Company statement of cash flows

for the year ended 30 September 2023

	2023 R'm	2022 R'm
<b>Cash flows from operating activities</b>		
Cash generated from operations	617	637
Tax paid	-	-
<b>Net cash generated from operating activities</b>	<b>617</b>	637
<b>Cash flows from investing activities</b>		
Investment in Life Management Proprietary Limited	-	(50)
<b>Net cash utilised from investing activities</b>	<b>-</b>	(50)
<b>Cash flows from financing activities</b>		
Dividends paid	(617)	(587)
<b>Net cash utilised from financing activities</b>	<b>(617)</b>	(587)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents – beginning of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>-</b>	-





# Notes to the Company annual financial statements

for the year ended 30 September 2023

	2023 R'm	2022 R'm
<b>1. REVENUE</b>		
Revenue comprises dividends received from Life Healthcare Group Proprietary Limited	<b>617</b>	637
<b>2. INTEREST IN SUBSIDIARIES</b>		
Unlisted investment in:		
Life Healthcare Group Proprietary Limited	<b>8 897</b>	8 897
Life Management Proprietary Limited	<b>50</b>	50
Life Healthcare Finance Proprietary Limited <sup>1</sup>	–	–
Life Healthcare Funding Limited <sup>1</sup>	–	–
Balance at 30 September	<b>8 947</b>	8 947
Amounts owing by subsidiary		
Balance at 1 October	<b>393</b>	393
Repayment	<b>(2)</b>	–
Balance at 30 September <sup>2</sup>	<b>391</b>	393
<b>Total investment</b>	<b>9 338</b>	9 340
<sup>1</sup> The Company's investments in Life Healthcare Finance Proprietary Limited and Life Healthcare Funding Limited are less than R1 million.		
<sup>2</sup> The loan is subject to the impairment requirements of IFRS 9. The ECL rate was determined to be 0% due to the Group's intention to provide sufficient support to ensure that inter-company loans can be repaid in the normal course of business and there have been no significant change in economic conditions and forward-looking indicators within the Group.		
In the prior year, the Company acquired Life Healthcare Funding Limited for R1. The Company, through Life Healthcare Funding Limited, successfully established a DMTN programme that has been registered with the JSE and raised R1 billion in its inaugural bond issuance. The floating rate notes are listed on the interest rate market of the JSE.		
The loan is unsecured, has no fixed repayment terms and bears interest as determined by the directors. No interest was received during the current year or prior financial year.		
<b>3. STATED CAPITAL</b>		
<b>Stated capital comprises:</b>		
Share capital	<b>10 515</b>	10 515
Share premium	<b>3 373</b>	3 373
	<b>13 888</b>	13 888
<b>Ordinary shares</b>	<b>'000</b>	'000
Authorised (Share capital of R0.000001 each)	<b>4 149 980</b>	4 149 980
Total value = R4 149 (2022: R4 149)		
Issued and fully paid:		
Balance at 30 September	<b>1 467 349</b>	1 467 349
Total value = R1 467 (2022: R1 467)		

	2023 R'm	2022 R'm
<p><b>4. ACCOUNTING POLICIES</b></p> <p>The accounting policies are the same for the Group and Company.</p> <p>– Presentation of annual financial statements – refer page 21</p> <p><b>The following accounting policies are applicable to the Company – refer Annexure A:</b></p> <p>– Dividend income refer note 1.1.2</p> <p>– Group accounting refer note 1.3 (only section regarding Company financial statements)</p> <p>– Financial instruments (excluding section regarding derivatives) refer note 1.11</p> <p>– Capital and reserves refer note 1.13</p> <p>– New accounting standards and IFRIC interpretations refer note 1.16</p>		
<p><b>5. EVENTS AFTER THE REPORTING PERIOD</b></p> <p>No event which is material to the understanding of this report has occurred between year-end and the date of the annual financial statements, other than:</p> <p><b>Cash dividend declaration</b></p> <p>The Board of Directors approved a final gross cash dividend of 27.00 cents per ordinary share for the year ended 30 September 2022. The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 21.60 cents per share.</p>		
<p><b>6. COMMITMENTS AND CONTINGENCIES</b></p> <p>No commitments</p> <p>Some of the Company's subsidiaries stand as guarantors in respect of the unsecured borrowings as per note 20 of the Group financial statements.</p>		
<p><b>7. RELATED PARTIES</b></p> <p><b>Relationships</b></p> <p>Subsidiary company: Life Healthcare Group Proprietary Limited</p> <p>Subsidiary company: Life Management Proprietary Limited</p> <p>Subsidiary company: Life Healthcare Finance Proprietary Limited</p> <p>Subsidiary company: Life Healthcare Funding Limited</p> <p><b>Related-party balances</b></p> <p>Refer note 2 of the Company financial statements</p> <p><b>Related-party transactions</b></p> <p>Dividend received</p> <p>Life Healthcare Group Proprietary Limited</p>	617	637



# Annexure D

## SHAREHOLDER DISTRIBUTION

### 1. Analysis of registered shareholders and Company schemes

#### Registered shareholder spread

In accordance with the JSE LR, the following table confirms the spread of registered shareholders as detailed in the annual report and accounts dated 29 September 2023 was:

#### Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	13 107	64.26	1 905 944	0.13
1 001 – 10 000 shares	5 139	25.19	17 466 797	1.19
10 001 – 100 000 shares	1 409	6.91	45 599 189	3.11
100 001 – 1 000 000 shares	587	2.88	193 241 567	13.17
1 000 001 shares and above	156	0.76	1 209 135 665	82.40
<b>Total</b>	<b>20 398</b>	<b>100.00</b>	<b>1 467 349 162</b>	<b>100.00</b>

#### Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
<b>Non-public shareholders*</b>	<b>13</b>	<b>0.06</b>	<b>28 889 340</b>	<b>1.97</b>
Directors and associates	8	0.039	1 543 708	0.11
Life Healthcare employees share trust	1	0.005	13 031 933	0.88
Life Healthcare Provident Fund	1	0.005	1 214	0.00
Life Healthcare Deposit A/C	1	0.005	16 711	0.00
Life Healthcare Group Proprietary Limited	1	0.005	92 973	0.01
The Life Healthcare Share Matching and Performance Trust	1	0.005	14 202 801	0.97
<b>Public shareholders</b>	<b>20 385</b>	<b>99.94</b>	<b>1 438 459 822</b>	<b>98.03</b>
<b>Total</b>	<b>20 398</b>	<b>100.00</b>	<b>1 467 349 162</b>	<b>100.00</b>

\* Includes directors, pension/retirement funds and treasury shares.

**SHAREHOLDER DISTRIBUTION** continued**2. Substantial investment management and beneficial interests****Substantial investment management and beneficial interests above 3%**

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 29 September 2023:

Investment management shareholdings Investment manager	Total shareholding	%
Government Employees Pension Fund (PIC)	294 817 519	20.1
Allan Gray Proprietary Limited	152 014 612	10.4
Industrial Development Corporation (IDC)	69 867 972	4.8
Lazard Asset Management LLC Group	66 651 556	4.5
The Vanguard Group Inc	53 303 683	3.6
Sanlam Investment Management	49 318 881	3.4
Ninety One SA Proprietary Limited	48 835 578	3.3
<b>Total</b>	<b>734 809 801</b>	<b>50.1</b>

Beneficial shareholdings	Total shareholding	%
PIC	367 938 397	25.1
IDC	69 867 972	4.8
Allan Gray Balanced Fund	65 488 478	4.5
Alexander Forbes Investments	45 706 855	3.1
<b>Total</b>	<b>549 001 702</b>	<b>37.5</b>

**Previously disclosed holdings**  
**Investment managers now holding below 3%**

**Investment manager**

	Total shareholding	Current %	Previous %
Old Mutual Investment Group SA	43 411 529.00	2.96	3.65
<b>Total</b>	<b>43 411 529.00</b>	<b>2.96</b>	<b>3.65</b>

**Beneficial owners now holding below 3%**

	Total shareholding	Current %	Previous %
No Holdings	–	–	–



## Annexure D continued

### SHAREHOLDER DISTRIBUTION continued

#### 3. Geographic split of investment managers and Company-related holdings

Region	Total shareholding	% of issued capital
South Africa	1 145 312 095	78.1
United States of America and Canada	240 883 681	16.4
United Kingdom	37 893 880	2.6
Rest of Europe	24 989 806	1.7
Rest of World <sup>1</sup>	18 269 700	1.2
<b>Total</b>	<b>1 467 349 162</b>	<b>100.0</b>

#### Geographic split of beneficial shareholders

Region	Total shareholding	% of issued capital
South Africa	1 102 459 470	75.1
United States of America and Canada	216 766 243	14.8
United Kingdom	23 334 031	1.6
Rest of Europe	64 604 026	4.4
Rest of World <sup>1</sup>	60 185 392	4.1
<b>Total</b>	<b>1 467 349 162</b>	<b>100.0</b>

<sup>1</sup> Represents all shareholdings except those in the above regions.

**SHAREHOLDER DISTRIBUTION** continued**4. Shareholder categories**

An analysis of beneficial shareholdings, supported by the section 56 enquiry process, confirmed the following beneficial shareholder types:

Category	Number of shareholdings	Total shareholding	% of issued capital
Pension funds	188	562 438 964	38.3
Unit trusts	242	362 908 329	24.7
Mutual fund	108	116 044 674	7.9
Private investor	233	64 859 308	4.4
Insurance companies	22	44 199 561	3.0
Trading position	25	42 891 199	2.9
Sovereign wealth	8	27 797 507	1.9
American Depository Receipts	1	21 521 304	1.5
Hedge fund	11	20 513 332	1.4
Corporate holding	4	17 596 200	1.2
Exchange-traded fund	22	17 477 635	1.2
Investment trust	2	13 232 876	0.9
Medical aid scheme	12	6 759 578	0.5
Custodians	18	5 351 300	0.4
Charity	7	4 996 058	0.3
University	7	4 553 942	0.3
Local authority	2	3 586 516	0.2
Other managed funds	3	1 098 001	0.1
Foreign government	2	198 656	0.1
ESG	1	139 728	0.0*
Stock Brokers	1	28 650	0.0*
Remainder	19 479	129 155 844	8.8
<b>Total</b>	<b>20 398</b>	<b>1 467 349 162</b>	<b>100.0</b>

\* Rounded to less than 0.0%.



# Annexure E

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION PER REGION AT 30 SEPTEMBER 2023

This information is presented for analysts. This information as presented below is not reviewed by the CODM.

		2023				
	Notes	Group R'm	South Africa R'm	Botswana R'm	LMI R'm	AMG
<b>ASSETS</b>						
<b>Non-current assets</b>						
		<b>16 201</b>	<b>14 699</b>	<b>208</b>	<b>1 294</b>	<b>-</b>
Property, plant and equipment	10	10 572	10 304	179	89	-
Intangible assets	11	3 287	2 327	-	960	-
Investment in associates and joint ventures	12	6	6	-	-	-
Employee benefit assets	13	416	416	-	-	-
Deferred tax assets	14	1 733	1 461	27	245	-
Other assets		187	185	2	-	-
<b>Current assets</b>						
		<b>4 971</b>	<b>4 134</b>	<b>415</b>	<b>422</b>	<b>-</b>
Cash and cash equivalents	15	846	609	143	94	-
Trade and other receivables	16	3 625	3 092	234	299	-
Inventories	17	451	421	15	15	-
Income tax receivable		33	10	23	-	-
Other assets		16	2	-	14	-
<b>Assets held for sale</b>	29	<b>24 443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 443</b>
<b>Total assets</b>		<b>45 615</b>	<b>18 833</b>	<b>623</b>	<b>1 716</b>	<b>24 443</b>
<b>Total equity</b>		<b>21 289</b>	<b>9 397</b>	<b>368</b>	<b>(262)</b>	<b>11 786</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
		<b>13 128</b>	<b>3 797</b>	<b>171</b>	<b>1 566</b>	<b>7 594</b>
Interest-bearing borrowings	20	11 010	2 169	167	1 080	7 594
Employee benefit liabilities	13	-	-	-	-	-
Deferred tax liabilities	14	1 535	1 531	4	-	-
Trade and other payables	21	27	-	-	27	-
Provisions	22	-	-	-	-	-
Contingent consideration liabilities	23	504	48	-	456	-
Cash-settled share-based payment liability	24	3	-	-	3	-
Other liabilities		49	49	-	-	-
<b>Current liabilities</b>						
		<b>6 135</b>	<b>5 639</b>	<b>84</b>	<b>412</b>	<b>-</b>
Bank overdraft	15	187	187	-	-	-
Trade and other payables	21	3 743	3 254	84	405	-
Interest-bearing borrowings	20	1 992	1 992	-	-	-
Provisions	22	139	139	-	-	-
Contingent consideration liabilities	23	17	17	-	-	-
Cash-settled share-based payment liability	24	1	-	-	1	-
Income tax payable		41	35	-	6	-
Other liabilities		15	15	-	-	-
<b>Liabilities directly associated with assets classified as held for sale</b>	29	<b>5 063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 063</b>
<b>Total liabilities</b>		<b>24 326</b>	<b>9 436</b>	<b>255</b>	<b>1 978</b>	<b>12 657</b>
<b>Total equity and liabilities</b>		<b>45 615</b>	<b>18 833</b>	<b>623</b>	<b>1 716</b>	<b>24 443</b>

2022

Group R'm	South Africa R'm	Botswana R'm	AMG (including LMI) R'm
34 454	14 016	196	20 242
15 566	9 955	185	5 426
16 514	2 222	–	14 292
56	3	–	53
415	415	–	–
1 739	1 287	10	442
164	134	1	29
7 784	4 345	390	3 049
2 802	1 347	178	1 277
4 319	2 454	182	1 683
583	484	16	83
64	44	14	6
16	16	–	–
–	–	–	–
42 238	18 361	586	23 291
19 860	8 521	352	10 987
14 729	5 159	166	9 404
12 124	3 759	160	8 205
131	–	–	131
1 770	1 342	6	422
85	–	–	85
120	–	–	120
378	11	–	367
74	–	–	74
47	47	–	–
7 649	4 681	68	2 900
335	335	–	–
5 482	2 867	66	2 549
1 226	957	2	267
348	334	–	14
125	125	–	–
33	–	–	33
85	48	–	37
15	15	–	–
22 378	9 840	234	12 304
42 238	18 361	586	23 291