NOTICE OF ANNUAL GENERAL MEETING
27 JANUARY 2021

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NOTICE OF ANNUAL GENERAL MEETING

Life Healthcare Group Holdings Limited
Registration number: 2003/002733/06
Share code: LHC
ISIN: ZAE000145892
("Life Healthcare" or the "Company")

Notice is hereby given in terms of section 62(1) of the Companies Act No 71 of 2008, as amended (the Companies Act) that the annual general meeting (AGM) of shareholders of Life Healthcare will be on **Wednesday, 27 January 2021, at 11:30**, or any adjournment or postponement thereto, to (i) consider, and if deemed fit to pass the following ordinary and special resolutions with or without modification/s; and (ii) deal with such other business as may be dealt with at the AGM.

For the safety of our stakeholders, the national restrictions regarding public gatherings and measures for social distancing will be applied to the forthcoming AGM, with proceedings being held through electronic communications as permitted by the JSE Limited, the provisions of the Companies Act and the Company's Memorandum of Incorporation. The virtual AGM will be hosted on an interactive electronic platform, in order to facilitate voting and remote participation by shareholders. Further details, including how to submit votes by proxy before the meeting, are contained in this notice of the virtual AGM.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action you should take, consult your broker, central securities depository participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately. The notice of AGM is only available in English, and copies may be obtained from the registered office of the Company and the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

REGISTERED AND CORPORATE OFFICE

Building 2, Oxford Parks, 203 Oxford Road, Cnr Eastwood and Oxford Roads, Dunkeld, 2196
Private Bag X13, Northlands, 2116
Telephone 011 219 9000

Included in this document are the following:

- The notice of AGM setting out resolutions to be proposed at the meeting, with explanatory notes.
- A proxy form for completion, signature and submission to the transfer secretaries by shareholders holding the Company's ordinary shares in certificated form or recorded in sub-registered electronic form in "own name".

Salient record dates

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to receive notice of annual general meeting is Friday, 11 December 2020.

The last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is Tuesday, 19 January 2021.

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is Friday, 22 January 2021.

PRESENTATION TO SHAREHOLDERS

Presentation of the audited annual financial statements

The audited annual financial statements of the Company and the Group for the year ended 30 September 2020 (as approved by the Board of directors of the Company), incorporating the external auditor, Audit Committee and Directors' reports, are presented to shareholders in terms of section 30(3) of the Companies Act.

A summary of the audited annual financial statements is contained herein as **ANNEXURE 7**. The complete audited annual financial statements appear on the Company's website at **www.lifehealthcare.co.za**

Presentation of the Social, Ethics and Transformation Committee report

To present the report of the Social, Ethics and Transformation Committee of the Company and the group for the year ended 30 September 2020, in terms of Regulation 43 of the Companies Regulations 2011 (the Regulations). The report has been included herein as **ANNEXURE 4** and is also available on the Company's website at **www.lifehealthcare.co.za**

ORDINARY RESOLUTIONS

Percentage of voting rights – ordinary resolutions

Ordinary resolutions numbered 1 to 5 contained in this notice of AGM, require the approval of a minimum of 50% plus 1 vote of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

1. ORDINARY RESOLUTION NUMBER 1

Appointment of independent external auditors

To re-appoint Deloitte & Touche (Deloitte) as independent external auditors of the Company, and Bongisipho Nyembe as the individual designated auditor, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act.

The Audit Committee has evaluated the independence and experience of both Deloitte and Bongisipho Nyembe and has concluded that both the firm and the individual designated auditor are independent of the Company in accordance with section 94(8) of the Companies Act. In compliance with the JSE Listings Requirements (paragraph 3.84(g)(iii), the Audit Committee obtained and considered all information listed in paragraph 22.15(h) of the Listings Requirements of the JSE in its assessment of the suitability of Deloitte, as well as Bongisipho Nyembe, for appointment.

There are no current, pending or finalised legal or disciplinary processes which affect the suitability of Deloitte or Bongisipho Nyembe for appointment as the Company's external auditors and individual designated auditor. Further information on the execution of the duties of the Audit Committee is set out in the Audit Committee report, contained in the annual financial statements.

Ordinary resolution number 1

"RESOLVED that Deloitte & Touche and Bongisipho Nyembe be and are hereby appointed as independent external auditors and individual designated auditor of the Company, to hold office until the conclusion of the next AGM in 2022 in terms of section 90(1) of the Companies Act."

2. ORDINARY RESOLUTION NUMBER 2

(Comprising separate ordinary resolutions numbered 2.1 to 2.6)

Rotation of directors

To re-elect, by way of separate resolutions, the following directors, each of whom retire in terms of the provisions of the Memorandum of Incorporation (MoI) of the Company, and, each being eligible, offer themselves for re-election:

2.1 Marian Jacobs*
2.2 Victor Litlhakanyane**
2.3 Audrey Mothupi***
2.4 Mahlape Sello***
2.5 Royden Vice*
2.6 Peter Wharton-Hood**

Shareholders are requested to consider and, if deemed fit, to re-elect these retiring directors as members of the Board of the Company, by way of passing the separate ordinary resolutions set out below. Brief résumés in respect of each director offering themselves for re-election as directors of the Company are attached hereto as **ANNEXURE 1**.

Ordinary resolution number 2.1

"RESOLVED that Marian Jacobs be and is hereby re-elected as an independent non-executive director of the Company with effect from 27 January 2021."

Ordinary resolution number 2.2

"RESOLVED that Victor Litlhakanyane be and is hereby re-elected as an independent non-executive director of the Company with effect from 27 January 2021."

Ordinary resolution number 2.3

"RESOLVED that Audrey Mothupi be and is hereby re-elected as an independent non-executive director of the Company with effect from 27 January 2021."

* *Retiring as a result of exceeding 70 years of age, as per the MoI of the Company.*
** *Appointed during the year and therefore standing for re-election before shareholders.*
*** *Routine re-election as per the MoI, and being longest in office since their last election.*

Ordinary resolution number 2.4
"RESOLVED that Mahlape Sello be and is hereby re-elected as an independent non-executive director of the Company with effect from 27 January 2021."

Ordinary resolution number 2.5
"RESOLVED that Royden Vice be and is hereby re-elected as an independent non-executive director of the Company with effect from 27 January 2021."

Ordinary resolution number 2.6
"RESOLVED that Peter Wharton-Hood be and is hereby re-elected as an executive director of the Company with effect from 27 January 2021."

3. ORDINARY RESOLUTION NUMBER 3

(Comprising separate ordinary resolutions numbered 3.1 to 3.4)

Election of Audit Committee members
To elect, by way of separate ordinary resolutions, the Audit Committee consisting of independent non-executive directors in terms of section 94(4) of the Companies Act and appointed in terms of section 94(2) of the Companies Act to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and other duties described in the Audit Committee's terms of reference which are available on the Company's website, **www.lifehealthcare.co.za**. In terms of Regulation 42 of the Act, at least one-third of the members of the Company's Audit Committee must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The Board has determined that each of the members standing for election is independent, and that they possess the required qualifications, skills and experience as contemplated in Regulation 42 of the Act and collectively, they have sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act. The following independent non-executive directors, each being eligible, offer themselves for election/re-election:

3.1 Peter Golesworthy
3.2 Audrey Mothupi*
3.3 Garth Solomon
3.4 Royden Vice*

** Subject to re-election as directors.*

The resolutions pertaining to the re-election of the members of the Audit Committee are to be voted on individually.

Brief résumés in respect of each independent non-executive director offering themselves for election as members of the Audit Committee are attached hereto as **ANNEXURE 1**.

Ordinary resolution number 3.1
"RESOLVED that Peter Golesworthy, who is an independent non-executive director, be and is hereby re-elected, with effect from 27 January 2021, as a member and the Chairman of the Audit Committee."

Ordinary resolution number 3.2
"RESOLVED that Audrey Mothupi, who is an independent non-executive director, be and is hereby re-elected, with effect from 27 January 2021, as a member of the Audit Committee."

Ordinary resolution number 3.3
"RESOLVED that Garth Solomon, who is an independent non-executive director, be and is hereby re-elected, with effect from 27 January 2021, as a member of the Audit Committee."

Ordinary resolution number 3.4
"RESOLVED that Royden Vice, who is an independent non-executive director, be and is hereby re-elected, with effect from 27 January 2021, as a member of the Audit Committee."

4. ORDINARY RESOLUTION NUMBER 4

Approval of the remuneration policy

In accordance with the King Code of Governance Principles for South Africa 2016™ (King IV), shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes. The non-binding votes enable shareholders to express their views on the Company's remuneration policy and on the implementation thereof. The detailed remuneration report, for which approval is being sought, is contained herein as **ANNEXURE 2**.

In the event that the remuneration report or the implementation report, or both have been voted against by 25% or more of the voting rights exercised by shareholders in the non-binding advisory vote, the Board will delegate representatives to actively engage with the dissenting shareholders to address and conciliate the substantiating objections and concerns and to ameliorate the policy and/or report as appropriate, taking cognisance of the shareholder feedback and proposals resulting from the engagement and as approved by the Board.

Ordinary resolution number 4.1

"RESOLVED that the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

Ordinary resolution number 4.2

"RESOLVED that the Company's implementation report be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

5. ORDINARY RESOLUTION NUMBER 5

Authorisation to sign documents to give effect to resolutions

"RESOLVED that any one director of the Company and/or the Group Company Secretary be and are hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to give effect to the resolutions set out in this notice of AGM."

SPECIAL RESOLUTIONS

Percentage of voting rights – special resolutions

Special resolutions numbered 1 to 3, contained in this notice of AGM, require approval of a minimum of 75% of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

6. SPECIAL RESOLUTION NUMBER 1

Remuneration payable to non-executive directors and the Chairman

"RESOLVED that, in terms of sections 66(8) and 66(9) of the Companies Act and on recommendation of the Human Resources and Remuneration Committee, the Company be and is hereby authorised to remunerate its non-executive directors and Chairman of the Board for their services as directors and/or pay any fees related thereto as detailed in the table below, which reflects that the directors' fees be increased by an aggregate 4.10% on the fees paid in the previous year, provided that the aforementioned authority to remunerate directors shall be valid until the annual general meeting of the Company in 2023.

Summary

Committee	Entity	2020 Retainer per annum	2020 Total meeting fees per annum	2020 Current annual cost	2021 Proposed retainer per annum	2021 Proposed fees per annum	2021 Proposed annual cost	% Increase in rate
Board fees	Chairman	**631 740**	**421 160**	**1 052 900**	653 856	435 900	1 089 756	3.50
	Board member	**175 128**	**116 208**	**291 336**	181 260	120 276	301 536	3.50
Lead independent director	Board member	**256 020**	**169 880**	**425 900**	271 380	180 072	451 452	6.00
Audit	Chairman	**173 748**	**115 712**	**289 460**	179 832	119 760	299 592	3.50
	Board member	**97 452**	**64 968**	**162 420**	100 860	67 240	168 100	3.50
HR and Remuneration	Chairman	**126 960**	**84 636**	**211 596**	131 400	87 597	218 997	3.50
	Board member	**63 540**	**42 360**	**105 900**	65 760	43 842	109 602	3.50
Nominations and Governance	Chairman	**88 464**	**118 008**	**206 472**	93 768	125 088	218 856	6.00
	Board member	**46 200**	**61 120**	**107 320**	48 972	64 788	113 760	6.00
Risk, Compliance and IT Governance	Chairman	**110 736**	**73 824**	**184 560**	117 384	78 252	195 636	6.00
	Board member	**57 732**	**38 490**	**96 222**	61 200	40 800	102 000	6.00
Investment	Chairman	**143 772**	**95 844**	**239 616**	148 800	99 200	248 000	3.50
	Board member	**75 504**	**50 332**	**125 836**	78 144	52 092	130 236	3.50
Clinical	Chairman	**118 272**	**78 848**	**197 120**	124 188	82 792	206 980	5.00
	Board member	**64 284**	**42 856**	**107 140**	67 500	45 000	112 500	5.00
Social, Ethics and Transformation	Chairman	**106 212**	**70 806**	**177 018**	109 932	73 284	183 216	3.50
	Board member	**51 900**	**34 602**	**86 502**	53 712	35 814	89 526	3.50
				4 067 318			4 239 745	4.10

Ad hoc, material Board and committee meetings

(Refers to any substantive meetings that are held in addition to the scheduled meetings and at which meetings, material decisions and discussions, outside the approved workplans, take place.)

Board	Proposed fee per meeting R
Chairman	**30 000**
Member	**20 000**

All Committees	Proposed fee per meeting R
Chairman	**15 000**
Member	**10 000**

The proposed fees per annum are based on a comprehensive benchmarking exercise conducted by an independent remuneration consultant against other industry sector companies (our peer group, consisting of direct and indirect competitors), and other similar-sized JSE listed companies. In line with the Board succession strategy, a process is underway to identify and potentially recruit an internationally based director. The Board has agreed that a differentiated payment structure will be applied to any such appointment. The Company will seek approval for this remuneration at the annual general meeting in 2022.

Reason and effect

In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to members of the Board for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MoI. Therefore, the reason for and effect of special resolution number 1 is for the Company to obtain the approval of shareholders for the payment of annual and ad hoc remuneration to its non-executive directors, as detailed above, for their services to the Company until the annual general meeting of the Company in 2023 in accordance with section 66 of the Companies Act. Shareholders are advised that should the need arise to increase directors' fees in 2022, the Company will table a special resolution to this effect at the annual general meeting of the Company in 2022.

7. **SPECIAL RESOLUTION NUMBER 2**

Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act

"RESOLVED that, to the extent required by the Companies Act, the Board of directors of the Company may, subject to compliance with the requirements of the Company's MoI, the Companies Act, and the Listings Requirements of the JSE, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act, by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company as contemplated under section 44 of the Companies Act; and/or
- to any person who is a participant in any of the share or other employee incentive schemes of the Company, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act

Such authority to endure for two years, until the annual general meeting of the Company in 2023.

Reason and effect

Notwithstanding the title of section 45 of the Companies Act, being 'Loans or other financial assistance to directors', on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or interrelated companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or interrelated companies, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or related or interrelated company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the Board of directors must be satisfied that (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The reason for and effect of special resolution number 2 is to grant the directors of the Company the authority until the annual general meeting of the Company in 2023 to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. This means that the Company is authorised, among other things, to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

The Board undertakes that, insofar as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company

As part of the authority above, the Company will not provide financial assistance to directors, prescribed officers or 'any person'. The Company also notes the obligation to send a letter to shareholders and trade unions as per section 45(5) of the Act within 10 business days after the Company's Board adopted the resolution if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the resolution; or within 30 business days after the end of the financial year, in any other case.

8. SPECIAL RESOLUTION NUMBER 3

General authority to repurchase shares

"RESOLVED that the Board of directors of the Company be and is hereby authorised, by a way of a renewable general authority, to approve the repurchase by the Company or by any of its subsidiaries of any of the shares issued by the Company, upon such terms and conditions and in such amounts as the Board of directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MoI of the Company and the Listings Requirements of the JSE, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book of the JSE and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited)
- this general authority shall only be valid until the next AGM of the Company, provided that it shall not extend beyond 15 months from the date of this resolution
- an announcement must be published as soon as the Company has repurchased shares constituting, on a cumulative basis, 3% of the number of shares in issue as at the date that this special resolution number 3 is passed, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares repurchased thereafter. Such announcement will be made as soon as possible and, in any event, by not later than 08:30 on the second business day following the day on which the 3% threshold is reached or exceeded
- subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 5% in the aggregate in any one financial year of the Company's issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 10% in the aggregate of the number of issued shares in the Company
- a resolution has been passed by the Board of directors of the Company, approving the purchase, that the group has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Company or the group
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the Company's securities have not traded in such five business day period
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf
- any such general repurchases are subject to exchange control regulations and approval at that point in time
- the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE, where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and full details thereof have been submitted to the JSE in writing prior to the commencement of the prohibited period

Reason and effect

The reason for and effect of special resolution number 3 is to grant the Board of directors a general authority in terms of the Listings Requirements of the JSE, up to and including the date of the following AGM of the Company (provided it shall not extend beyond 15 months from the date the resolution is passed) to authorise the Company and any of its subsidiary companies to repurchase the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above. In terms of the Company's MoI, the repurchase of securities must be undertaken in accordance with the Listings Requirements of the JSE.

In special resolution number 3, reference is made to sections 46 and 48 of the Companies Act. Section 46 regulates the making of 'distributions' by a company, which includes the transfer by a company of money or other property of a company, other than its own shares, to or for the benefit of one or more holders of any of the shares, or to the holder of a beneficial interest in any such shares, of that company or of another company within the same group of companies, as consideration for the acquisition (i) by a company of any of its shares, as contemplated in section 48 of the Companies Act; or (ii) by any company within the same group of companies, of any shares of a company within that group of companies. Section 46 of the Companies Act prohibits the making of such a distribution unless (a) the distribution is pursuant to an existing legal obligation of the Company, or a court order or the Board of the Company, by resolution, has authorised the distribution; (b) it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution; and (c) the Board of directors of the Company has, by resolution, acknowledged that it has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the solvency and liquidity test after completing the proposed distribution.

Section 48 of the Companies Act regulates the acquisition by a company of its own shares and the acquisition by a subsidiary company of shares in its holding company. Section 48(8) sets out those circumstances in which a special resolution of shareholders is required under the Companies Act for such acquisitions. Section 48(8) also requires compliance with sections 114 and 115 of the Companies Act if the acquisition considered alone, or together with other transactions in an integrated series of transactions, involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares. Sections 114 and 115 of the Companies Act regulate schemes of arrangement.

At the present time the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate. The Company wishes to confirm that any repurchase of shares, if implemented, will only be dealt with via the formal JSE trading system.

DISCLOSURES/INFORMATION REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

For the purposes of considering special resolution number 3 and in compliance with the Listings Requirements of the JSE, the following information is provided:

Directors' statement after considering the effect of a repurchase pursuant to a general authority

The directors of the Company agree that they will not undertake any repurchase, as contemplated in special resolution number 3 above, unless:

- the Company and the group are in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of the repurchase
- the assets of the Company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the group for a period of 12 months after the date of the repurchase
- the share capital and reserves of the Company and the group are adequate for ordinary business purposes for a period of 12 months after the date of the repurchase
- the available working capital of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase

Directors' responsibility statement

The Board of directors of the Company collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by the Listings Requirements of the JSE.

No material changes

Other than the facts and developments reported on in the Company's integrated report for 2020, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in Annexure 5 and 6, attached hereto:

- major shareholders of the Company
- share capital of the Company

VOTING AND PROXIES

Members who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, participate in, speak and vote at the AGM in their stead. The person so appointed as a proxy need not be a member. It is requested for administrative purposes only, that forms of proxy be completed and forwarded to The Meeting Specialists Proprietary Limited (TMS) by 11:30 on Monday, 25 January 2021, via one of the following channels:

- **Post:** PO Box 62043, Marshalltown, 2017, South Africa
- **Email:** proxy@tmsmeetings.co.za

Any forms of proxy not received by this date must be emailed to the Group Company Secretary at **company.secretary@life.co.za** immediately prior to the proxy exercising a shareholder's rights at the meeting. Forms of proxy must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration.

All meeting participants (including proxies) are required in terms of section 63(1) of the Companies Act to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport.

This notice of AGM includes the attached form of proxy. The attention of members is directed to the additional notes and instructions relating to the attached form of proxy, which notes and instructions are set out in the form of proxy. On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Equity securities held by a share trust or scheme will not have their votes taken into account for the purposes of the resolutions proposed in terms of the Listings Requirements of the JSE.

By order of the Board.

Avanthi Parboosing
Group Company Secretary

Illovo
21 December 2020

NOTICE OF ANNUAL GENERAL MEETING continued

VIRTUAL MEETING GUIDE FOR SHAREHOLDERS

How to access the virtual meeting.

1. In order to participate and vote in the meeting, each user must have an internet-enabled device (phone, laptop, desktop) capable of browsing to a regular website (in order to vote and participate).
2. As articulated in the Registration form on page 13 of the Notice, shareholders or their proxies who wish to participate in the annual general meeting via the virtual platform **MUST** register with the Company's meeting scrutineers. Please do so by emailing the signed application form to TMS at **proxy@tmsmeetings.co.za** by latest 11:30, Monday, 25 January 2021.
3. Closer to the meeting date or on the day of the virtual meeting, you will receive a registration link to allow you to register for the virtual meeting.
4. Once you have completed the registration form and our moderators have approved your registration, you will receive an email invitation to the meeting, which contains the meeting ID and password.
5. Click on the Link and you will be directed to the meeting platform.
6. An additional unique link will be sent, individually, to each shareholder who has made contact with The Meeting Specialist (Pty) Ltd on **proxy@tmsmeetings.co.za** and who has successfully been validated to vote at the meeting.
7. Guests will only be allowed to observe and listen to the proceedings of the meeting.

Navigating the meeting platform.

1. Shareholders who would like to pose questions, please click on the Q & A icon on the bottom of your screen, to ask your question.
2. If you have a question on a particular resolution, please type the resolution number, followed by your question and press enter or send.
3. Alternatively, if you would like to address the meeting directly, please click on the raise your hand icon. Once the chairperson has identified you, your microphone will be un-muted, and you will be able to address the meeting.

How to exercise your votes.

1. All shareholders or their representatives, who have requested to vote, would have received a link from Digital Cabinet to either their phone number or email address.
2. The voting will be available on all the resolutions when the chairman opens the meeting.
3. Please click on the vote now link and it will direct you to the voting platform.
4. You will notice that the voting platform contains all the resolutions which have been published in the notice of meeting, with your votes automatically defaulted to Abstain.
5. Please note – Once you click submit, your votes can not be retracted and re-voted.
6. You may vote on all the resolutions simultaneously by defaulting all your votes as either "For" or "Against" or keeping it as an "Abstained" vote and then clicking on the submit button on the bottom of the electronic ballot form.
7. You may also indicate your votes individually, per resolution, by selecting the relevant option (For, Against or Abstain), on a resolution by resolution basis.
8. Once you have voted on all the resolutions, scroll down to the bottom of the page and click submit.
9. You will receive a message on your screen confirming that your votes have been received.
10. Once again, please ensure that you have selected the correct option on a resolution. Either, For or Against or Abstain before clicking the submit button.

You will only be able to access both the meeting platform and the voting platform, 10 minutes prior to commencement of the virtual meeting.

FORM OF PROXY

Life Healthcare Group Holdings Limited
Registration Number 2003/002733/06
JSE code: LHC
ISIN: ZAE000145892

This proxy form is not for completion by those shareholders who have dematerialised their shares (other than those whose shareholding is recorded in their own name in the sub-register maintained by their CSDP or broker). Such shareholders should provide their CSDP or broker with their voting instructions.

I/We (please print name in full)

of (address) contact number

being the holder(s) of ordinary shares in the Company, do hereby appoint

or, failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held through electronic communication on Wednesday, 27 January 2021, at 11:30 and at any adjournment thereof.

I/We wish to vote as follows:

Voting instructions		**For**	**Against**	**Abstain**
Ordinary business				
1.	Appointment of independent external auditors			
2.	Re-election of directors			
2.1	M Jacobs			
2.2	V Litlhakanyane			
2.3	A Mothupi			
2.4	M Sello			
2.5	R Vice			
2.6	P Wharton-Hood			
3.	Re-election of audit committee members:			
3.1	P Golesworthy (Chairman)			
3.2	A Mothupi (subject to re-election as per 2.3)			
3.3	G Solomon			
3.4	R Vice (subject to re-election as per 2.5)			
4.	Advisory endorsement of the Group's remuneration policy and implementation report:			
4.1	Endorsement of the Group's remuneration policy			
4.2	Endorsement of the Group's remuneration implementation report			
5.	Authority to sign documents to give effect to resolutions			
Special resolutions				
1.	Approval of non-executive directors' remuneration			
2.	General authority to provide financial assistance			
3.	General authority to repurchase Company shares			

Signed this day of 2020/2021

Signature

NOTES TO THE FORM OF PROXY

1. Shareholders are advised that the Company has appointed The Meeting Specialists (Pty) Ltd ("TMS") as its proxy receiving agent.
2. Proxy appointment must be in writing, dated and signed by the Shareholder.
3. Forms of Proxy must be presented for administrative purposes via email to TMS at **proxy@tmsmeetings.co.za** to be received on or before **11:30 on Monday, 25 January 2021**.
4. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the holder's choice in the space provided, with or without deleting "the chairman of the meeting". Any such deletion must be initialed by the Shareholder.
5. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant percentage of voting rights exercisable by that holder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the meeting, as he deems fit, in respect of all the Shareholder's voting rights exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.
6. A Shareholder or their proxy is not obliged to use all the voting rights exercisable by the Shareholder or by their proxy, but the total of the voting rights cast and in respect whereof abstention is recorded may not exceed the total of the voting rights exercisable by the Shareholder or by their proxy.
7. A Shareholder's authorisation to the proxy, including the chairman of the meeting, to vote on their behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.
8. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the meeting and speaking and voting in person thereat and the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.
9. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this form. Without limiting the generality hereof, the Company will accept a valid identity document, a valid driver's license or a valid passport as satisfactory identification.
10. Any alteration to this form must be initialed by the signatory(ies).
11. A Shareholder may revoke the proxy appointment by: (i) cancelling it in writing with a copy to the Group Company Secretary, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to **proxy@tmsmeetings.co.za** to be received before the replacement proxy exercises any rights of the Shareholder, or any adjournment(s) thereof.
12. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's/proxies' authority to act on behalf of the Shareholder as of the later of: (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in paragraph 11.

In compliance with the provisions of Section 58(8)(b)(i) of the Act, a summary of the rights of a Shareholder to be represented, as set out in Section 58 of the Act, is set out immediately below:

1. A Shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a representative/proxy or as representatives/proxies to attend, participate in and vote at the AGM. A representative/proxy need not be a Shareholder of the Company.
2. A letter of representation or proxy appointment must be in writing, dated and signed by the Shareholder appointing a representative/proxy, and, subject to the rights of a Shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.
3. A representative/proxy may delegate the proxy's authority to act on behalf of a Shareholder to another person, subject to any restrictions set out in the instrument appointing the representative/proxy.
4. The appointment of a representative/proxy is suspended at any time and to the extent that the Shareholder who appointed such representative/proxy chooses to act directly and in person in the exercise of any rights as a Shareholder.
5. The appointment of a representative/proxy is revocable by the Shareholder in question cancelling it in writing or making a later inconsistent appointment of a representative/proxy, and delivering a copy of the revocation instrument to the representative/proxy and to the Company. The revocation of a representative/proxy appointment constitutes a complete and final cancellation of the representative/proxy's authority to act on behalf of the Shareholder as of the later of: (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
6. If the instrument appointing the representative/proxy or representatives/proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the Shareholder, must be delivered by the Company to (a) the Shareholder, or (b) the representative/s, proxy or proxies, if the Shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

REGISTRATION FORM TO PARTICIPATE IN THE VIRTUAL ANNUAL GENERAL MEETING

To be held on 27 January 2021 at 11:30

Life Healthcare Group Holdings Limited
(Incorporated in the Republic of South Africa)
Registration Number 2003/002733/06
("**Company**")

- Shareholders or their proxies who wish to participate in the annual general meeting via electronic communication ("**Participants**"), must register with the Company's meeting scrutineers to do so by emailing the signed form below ("**the application**") to The Meeting Specialists (Pty) Ltd ("**TMS**") at email **proxy@tmsmeetings.co.za** by no later than **11:30 on Monday, 25 January 2021**.
- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant ("**CSDP**") or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
  - to furnish them with their voting instructions; and
  - in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the annual general meeting, must provide TMS with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between **25 and 27 January 2021** via email/mobile with a unique link to allow them to participate in the virtual general meeting.
- The cut-off time, for administrative purposes, to participate in the meeting will be at **11:30 on Monday, 25 January 2021**.
- The Participant's unique access credentials will be forwarded to the email/cell number provided below.

APPLICATION FORM

Name and surname of shareholder	
Name and surname of shareholder representative (If applicable)	
ID number of shareholder or representative	
Email address	
Cell number	
Telephone number	
Name of CSDP or Broker (If shares are held in dematerialised format)	
SCA number/Broker account number or own name account number	
Number of shares	
Signature	
Date	

- The cost of dialing in using a telecommunication line/webcast/web-streaming to participate in the general meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Life Healthcare Group Holdings Limited, the Johannesburg Stock Exchange Limited ("**JSE**"), The Meeting Specialists (Pty) Ltd ("**TMS**") (virtual platform service provider) and/or its third party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Life Healthcare Group Holdings Limited, the JSE, TMS and/or its third party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the general meeting.
- Participants will be able to vote during the general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the general meeting, must act in accordance with the requirements set out above.
- Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the Participant and emailed to TMS at **proxy@tmsmeetings.co.za**.

By signing this registration form, I agree and consent to the processing of my personal information above for the purpose of participation in the annual general meeting.

Shareholder name	
Signature	
Date	

ANNEXURE 1: BOARD OF DIRECTORS' RESUMES

DETAILED RESUMES OF DIRECTORS STANDING FOR RE-ELECTION

MARIAN JACOBS

73

Role
Independent non-executive director

Date appointed
1 January 2014

Qualification
South African – MBChB (UCT), Diploma in Community Medicine (UCT), Fellowship of the Colleges of Medicine of South Africa (with paediatrics)

Marian Jacobs retired as Dean of the Faculty of Health Sciences at the University of Cape Town in 2012 and holds the position of Emeritus Professor, Paediatrics and Child Health at that institution. Previous positions of employment include: Professor of Child Health and Director of the Children's Institute at the University of Cape Town, where she was also employed as a community paediatrician in a joint position with the Provincial Health Department, and earlier, as a community (public) health lecturer and specialist. Her global experience includes service as Chair of the Boards of governance of the Medical Research Council in South Africa; the Centre for Health Research (ICDDRB) in Bangladesh; the Council for Health Research and Development (COHRED) in Geneva, Switzerland; and the African Population and Health Research Centre in Nairobi, Kenya. Marian has served as convenor and a member of the scientific committee of many national and international scientific congresses in the global health arena and has also co-authored a number of key publications over the course of her academic career.

VICTOR LITLHAKANYANE

56

Role
Independent non-executive director (Chairman-designate)

Date appointed
15 April 2020

Qualification
South African – MBChB, Masters in Medicine (Radiotherapy), Masters: Business Administration

Victor Litlhakanyane obtained his medical degree (MBChB) from the University of KwaZulu-Natal in 1988. He then completed a Masters in Medicine (Radiotherapy) postgraduate specialist degree at the University of the Free State in 1995, after which he registered as a Radiation and Clinical Oncologist with the Health Professions Council of South Africa (HPCSA). He also holds a Master´s in Business Administration in Health Care from the University of the Free State. Victor currently serves as the Managing Director of Bigen Africa Health and Executive Director of Bigen Africa Group Holdings. Victor has vast experience across the public and private sector in practice and in management.

AUDREY MOTHUPI

50

Role
Independent non-executive director

Date appointed
3 July 2017

Qualification
South African – BA (Hons), Political Science, Trent University, Canada

Audrey Mothupi is a businesswoman, entrepreneur and the Chief Executive Officer of SystemicLogic Group, a global financial innovation and technology disruptor. She currently serves on the Board of Pick n Pay. She serves as Chairman of the following non-profit Boards: Orange Babies of South Africa (HIV/Aids), Numeric Board of South Africa (Maths) and Roedean School (SA). Prior to SystemicLogic Group, Audrey served as the head of inclusive banking at the Standard Bank Group and Chief Executive of group strategic services at Liberty Group. As a result, her experience spans across various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management.

MAHLAPE SELLO

58

Role
Independent non-executive director

Date appointed
3 July 2017

Qualification
South African – Master of Arts and Law (Russia), LLB (Wits)

Mahlape Sello is a practising Advocate and a member of the Johannesburg Society of Advocates. She has been in practice since 2003. She is a panellist with the Arbitration Foundation of Southern Africa and China-Africa Joint Arbitration Centre. Mahlape was appointed a member of the South African Law Reform Commission in 2007, on which she served until December 2011, and was then reappointed in August 2013 to date. She is the chairperson of Murray & Roberts Limited having been appointed to the Board in 2009 and to the chair in 2013.

DETAILED RESUMES OF AUDIT COMMITTEE MEMBERS STANDING FOR RE-ELECTION

ROYDEN VICE

73

Role
Independent non-executive director

Date appointed
1 January 2014

Qualification
South African – BCom (Hons), CA(SA)

Royden Vice is the Chairman of the Board of Waco International Holdings Proprietary Limited since retiring in July 2011 after 10 years as the company's CEO. The Waco group of companies has subsidiaries in the UK, USA, Australia, New Zealand, Chile and southern Africa. Prior to this, Royden was CEO of Industrial and Special Products of the UK-based BOC Group, responsible for operations in over 50 countries and revenue of USD4 billion. He was also Chairman of African Oxygen Limited (Afrox) from 1994 to 2001 and Afrox Healthcare, which successfully listed in 1999. He previously served on the Board of Murray & Roberts Holdings. Royden is a governor of Rhodes University. He has extensive global leadership experience, having lived on three continents – America (New York), Africa (Johannesburg) and Europe (London).

PETER WHARTON-HOOD

55

Role
Chief Executive

Date appointed
1 September 2020

Qualification
South African – CA(SA)

Peter Wharton-Hood is a chartered accountant and has completed the Harvard Advanced Management Programme. He is a seasoned and proven business leader with strong global experience in strategy and operational delivery in complex and evolving environments. Peter has also gained deep experience in running retail businesses, operations and information technology, whilst in executive positions with the Standard Bank Group. During his time with Deutsche Bank (DB) in London, he was head of Operations for the Global Markets division, and subsequently Global COO for the Corporate & Investment Banking division, which included responsibility for technology and operations. He also managed the complex Brexit transition process for DB.

PETER GOLESWORTHY

62

Role
Independent non-executive director

Date appointed
10 June 2010

Qualification
British – BA (Hons) (first class), Accountancy Studies, CA

Peter Golesworthy graduated from Exeter University in the UK and qualified as a chartered accountant with the Institute of Chartered Accountants of Scotland. He currently serves as a director of a number of private companies and as a member of various investment committees of certain Old Mutual businesses. He was previously the Finance Director of Old Mutual (South Africa), and prior to joining Old Mutual was a Finance Manager in the corporate and international finance department of Anglo American Corporation of South Africa Limited.

GARTH SOLOMON

54

Role
Independent non-executive director

Date appointed
10 June 2010

Qualification
South African – BCom, BCompt (Hons), CA(SA)

Garth Solomon completed his articles with Deloitte & Touche, thereafter he served in various commercial and corporate finance roles with the South African Revenue Service, Group Five Properties and African Harvest Limited before joining Old Mutual Private Equity in 2003. He was appointed head of Private Equity in 2012, and was a member of the Old Mutual Private Equity team until 2013. In this capacity he was involved in numerous investments and served on the Boards and subcommittees of a number of large private businesses including Air Liquid, Metro Cash & Carry, the Tourvest Group and Liberty Star Consumer Holdings. Garth is currently the co-owner and a director of Evolve Capital, an investment trust that invests in small and medium-sized businesses.

ANNEXURE 2: REMUNERATION REPORT

At Life Healthcare we feel a deep sense of responsibility to ensure we appropriately reward, retain and develop our people. The remuneration committee is committed to reviewing and evolving the Group's reward and talent philosophies on an ongoing basis to ensure appropriate incentives for "doing what is right", fair application in the organisation, enforceability, and alignment to market best practice.

Chairman: Human Resources and Remuneration Committee
Royden Vice

This report comprises three sections:

Section 1	Human Resources and Remuneration Committee Chairman's Report (Remco)
Section 2	Life Healthcare's remuneration philosophy, policy and framework
Section 3	Implementation report

1. REMUNERATION COMMITTEE CHAIRMAN'S REPORT

Dear Shareholder

I am pleased to present the 2020 remuneration report on behalf of the Board. The COVID-19 pandemic has had a severe impact on our employees, our clinical partners, our suppliers, our patients and our financial outcomes. From a people perspective, our primary objectives have been to ensure the safety and wellbeing of our employees, whilst remaining cognisant of the financial sustainability of the Company. The Company has demonstrated resilience, teamwork, innovation and adaptability under these difficult circumstances.

Key developments and highlights for the year include:

- Shrey Viranna stepped down as Chief Executive Officer and as executive director of the Board of the Company and related subsidiaries with effect from 17 January 2020. Shrey emigrated to Australia for personal reasons. Pieter van der Westhuizen, the current Chief Financial Officer, was appointed acting Chief Executive Officer with effect from 18 January 2020. Pieter retained his role as CFO, supported by a highly capable finance function. Shrey remained with the Company as a special adviser until 29 February 2020, to provide continuity and to ensure a smooth and managed transition.
- I wish to acknowledge Pieter for his unwavering commitment and dedication to lead the Company in the absence of the Chief Executive Officer. He also led the way for our executive team, making significant personal financial contributions to the Life Healthcare Employee Assistance Fund; details of which are included in the implementation report.
- The appointment of a new Chief Executive Officer, Peter Wharton-Hood with effect from 1 September 2020.

- A targeted cyber-attack on our southern African operation during the peak of the pandemic affected all connectivity with IT systems and financial reporting. Manual processes were required, however, quality care and clinical excellence were not compromised during this period. I wish to recognise the contribution of our employees during the recovery period.
- Robust policies and procedures were established timeously to address the unforeseen changes to work protocols.
- Cash preservation measures were established, which included:
  - Our South African and international Group executive colleagues voluntarily contributing a portion of their guaranteed remuneration for three months to the Life Healthcare Employee Assistance Fund and deferring their short-term incentive payment.
  - Our Board forfeiting a portion of their non-executive director fees for a period of three months to contribute to the Life Healthcare Employee Assistance Fund.
  - The support of our management teams, both in South African and our international business, in deferring part or all of their H1 performance incentive to November to alleviate cash constraints on the Company due to COVID-19.
  - A hold on recruitment of all non-clinical positions and a review and hold placed on non-essential contractors' working arrangements.
  - Utilising government support schemes in South Africa, the UK, Ireland, Italy, Germany and Poland, where appropriate and in line with published guidelines and regulations.
- An Employee Assistance fund in South Africa was established through the generous donations of the executive team, the Board and donors to ease the financial burden of employees severely affected by the pandemic.
- A proactive and practical support network was established to provide temporary accommodation for front-line staff who would need to treat or be exposed to COVID-19 compromised patients and would temporarily be unable to return to their community during this period.

Impact of COVID-19 on shareholders

Life Healthcare's share price has not been immune to the volatility in equity markets during the 2020 financial year due to COVID-19. We recognise that shareholders have been impacted by the decline in the value of their shares during this period. The share price decline also impacted executives and employees via their individual shareholding or in respect of employees via the impact on the Employee Share Plan. The decline in share price also impacts the underlying value of performance shares in the Long-Term Incentive Plan. The alignment between shareholders and Life Healthcare executive is clearly demonstrated through this reality.

Remuneration outcomes

The Board remains focused on ensuring there is a robust and rigorous process in place whereby significant oversight and prudence are applied to ensure remuneration outcomes are aligned both with individual and company-wide performance, with outcomes delivered to our shareholders. In addition, it aims to retain key critical skills and be market competitive ensuring productivity, performance excellence and Company sustainability.

Certain adaptations to remuneration elements have been required to effect this:

- **Short-term incentivisation**
  - Group executives delayed their short-term incentive payment due in April 2020 to the end of year.
  - As a once-off dispensation, short-term objectives for H2 were aligned with the challenges that were posed by the COVID-19 pandemic. Details are provided in the remuneration report.
  - With effect from FY2021, the current twice-yearly payment will change to an annual payment to align with the Company's annual budget cycle and market best practice.
- **Employee Share Plan (South Africa)**

  To demonstrate the Company's value in its employees, the Board has approved the purchase of shares, albeit less than previous years, for the benefit of qualifying employees. Details of this retention measure are specified in the remuneration report.
- **Once-off gratuity payment (South Africa)**

  To further support our employees during these unprecedented times, the Company decided to allocate R45 million as a once-off gratuity bonus in October 2020 to improve its value proposition to employees and to also support qualifying employees. Directors, prescribed officers and senior management (participants on the Long-term Incentive Scheme) did not receive these gratuity payments.

  Life Healthcare continues to strive towards delivering strong Company performance over the short and long term. To achieve this objective, we must attract, motivate and retain competent people whilst upholding and aligning their interests with shareholders.

ANNEXURE 2: REMUNERATION REPORT continued

Shareholder engagement

At our January 2020 AGM, we received a vote of 69.9% in favour of our implementation report and 66.5% in favour of our remuneration policy, and hence engaged with various shareholders via a virtual platform on the issues that led to the Company not receiving the requisite percentage of 75% or more.

Supporting me during the engagement was Mustaq Brey, Chairman of the Board, Victor Litlhakanyane, the Chairman-designate, Pieter van der Westhuizen, the then-Acting Chief Executive Officer, Avanthi Parboosing, the Group Company Secretary and Chris Gouws, the HR Executive for southern Africa.

Taking various shareholders' valuable suggestions into account, the following commitments with regards to our remuneration practices have been made:

- Guaranteed remuneration – the Company continues to be cognisant of and align increases in remuneration with Company growth and overall returns.
- The Company aims to improve disclosure of executive performance against results.
- A number of arrangements with key executives have been established to increase shareholding in the Company.
- Malus and clawback provisions have been included in both the short- and long-term incentives.
- The Company commits to disclose more detail with regards to budgeting, performance conditions and outcomes of incentive schemes in advance.

In the event that this remuneration and implementation report receive less that the required support at the annual general meeting, Life Healthcare will continue to invite dissenting shareholders to provide reasons for such votes in writing, where, after further engagements may be scheduled.

Achievement of Remuneration objectives

One of our primary objectives has been to ensure that the Company's employee value proposition allows the attraction and retention of the human capital required to deliver on the Company's strategic objectives. It is pleasing to note that turnover of employees in South Africa has remained at the low levels experienced during FY2019 (10.8% vs 10.5%). I am therefore satisfied that we have achieved the outcomes we have set notwithstanding the many challenges we have faced during the past year.

Future Focus Areas

Looking forward, Group Remco's main focus areas will be to ensure the following:

- A full, holistic review of the Company's reward philosophy is a key consideration for FY2021
- We will consider the views of our shareholders when planning our reward strategy to ensure a holistic approach to total reward
- To encourage the Group executive team to hold Company shares to better align the interests of executives with shareholders
- Ensure continued performance driven reward
- Global integration will include focus on organisational culture, global mobility, talent management, HR metrics, and reporting on retirement fund matters at a global level
- There is tremendous uncertainty in the healthcare sector due to the poor economic conditions, the length it may take to control COVID-19 and the SA government's National Health Initiative. Setting long-term incentive awards under these conditions will take careful consideration
- Diversity will continue to be a strategic objective to ensure equal opportunity and fair representation of the communities we serve

Yours sincerely

Royden Vice

Chairman: Human Resources and Remuneration Committee

2. REMUNERATION PHILOSOPHY, POLICY AND FRAMEWORK

2.1 Scope and aims of the Policy

The remuneration policy is approved by the Board and forms part of our operating philosophy, policies and protocols. Our remuneration framework and policies, which are a key component of our broader employee value proposition, aim to:

- attract, motivate, reward and retain our people;
- promote the achievement of strategic objectives within the Group's values and risk appetite;
- promote diversity in our workforce to align with the communities we serve;
- promote an ethical culture and responsible corporate citizenship; and
- provide a balanced remuneration mix within the Group's financial constraints.

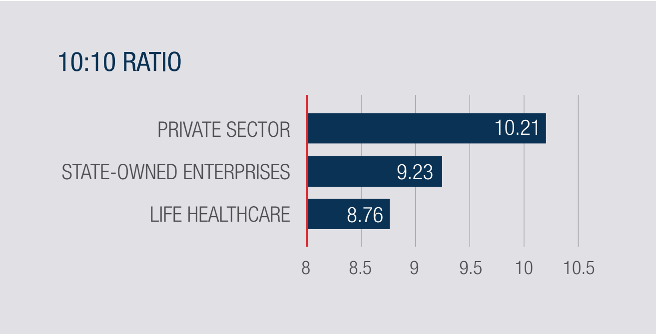
Life Healthcare's remuneration philosophy is to make certain that employees are rewarded **fairly and appropriately** for their contribution to value creation for the Group. Our remuneration philosophy informs our reward framework and guides policy. In a continually evolving context, we continually review our remuneration policies to ensure our approach remains relevant, fair and responsible.

The Group periodically consults market survey providers for an indication of the guaranteed remuneration and annual cash incentive payments made generally and sectorally. We utilise these inputs, along with guidance from external remuneration experts, to assess our positioning compared to the market in terms of key talent. We then overlay various contextual factors, including industry trends, the Group's financial position and legislative requirements, evaluating our performance in delivering fair and equitable remuneration as part of our employee value proposition.

Ultimately our goal is to design reward for business sustainability, balancing what is required to attract and retain the best talent, with affordability considerations.

2.2 Wage Gap (South Africa)

In this context, the Group applies the 10:10 methodology to gauge the fairness of our wage gap. The 10:10 ratio expresses the sum of the salaries of the highest paid 10% of employees as a ratio of the sum of the salaries earned by the lowest earning 10% of employees. The larger this ratio, the more inequality exists, the ratios based on 2019 South Africa salaries are as follows:



21st Century's salary database (www.21century.co.za) – (Morton & Blair, 2019)

Life Healthcare demonstrates a smaller income gap between the top and lower earners compared to both state-owned enterprises and the private sector in general.

In addition, the Company annually reviews and grants higher increases to the lowest earners as it aims to transition from applying a minimum wage to a minimum living wage. This process is supported by a focus on skills development.

2.3 Remuneration Governance

Our Human Resources and Remuneration Committee follows a systematic agenda to review remuneration strategy and overall policy. It oversees, without interfering in areas where management ordinarily have discretion, the implementation of policy over an annual cycle. This verifies that policy enables fair and equitable remuneration, and ensures sound governance. In SA we comply with King IV and draft guidelines and practice notes of the Institute of Directors SA (IoDSA). Formal feedback is provided to the Board annually on how the policy objectives are being achieved, and this feedback forms part of the process of obtaining approval of the remuneration report. Life Healthcare's remuneration philosophy and supporting policies are widely shared with employees.

ANNEXURE 2: REMUNERATION REPORT continued

2.4 Performance Management

The aim of our performance management process is to promote alignment of individual and team performance objectives with strategic focus areas, as follows:

- Performance management is consistently applied
- Objectives feature both financial and non-financial indicators aligned to strategic imperatives
- Outcomes are appropriately differentiated to reflect the different levels of contributions made by employees and constructive interventions are made to improve poor performance
- Performance outcomes influence remuneration to ensure appropriate differentiation based on contribution and performance

2.5 Malus and Clawback

The Company has achieved its objective, as advised in the FY2019 remuneration report, of including malus and clawback provisions in both the short and long-term incentive schemes. The scheme rules and award letters to eligible employees now include policy provisions for both malus and clawback. Funds will be recovered after following due process and will not preclude legal action in instances where actions constitute a criminal act.

In the event that a participant is found guilty following a disciplinary hearing, the payment will be withheld if not yet paid, or will be recovered from the individual with a three-year period after delivery of payment. Where bona fide errors have been made, the monies will be corrected or recovered against the ensuing incentive payment.

2.6 Company-matched shares

The Company offered a once-off opportunity of Company matched shares to the CEO on engagement and extended this opportunity to the CFO. The intention of this offer is to retain the executive as well as to encourage shareholding in the Company thereby aligning to shareholder interests. The condition being that these executives needed to personally acquire Life Healthcare shares and the Company would match the shares with a premium. The matched shares are restricted and held in an escrow account and will vest over five years, provided certain performance conditions (set out below) are met. Forfeiture of the matched Company shares will apply should the performance and employment conditions not be met.

Vesting will occur in three equal tranches, i.e. in December 2023, December 2024 and December 2025.

Executive	Executive's contribution	Company-matched shares purchased	Performance conditions
CEO	**R5 million**	**R15 million**	■ To remain in service for at least five years and to groom a successor ■ To retain a level of investment in Company shares of at least this initial investment over the vesting period ■ Total Shareholder Return (TSR) of the Company from date of engagement to respective vesting dates must exceed the average of the TSR of our direct competitors ■ Progress on transformation, diversity and stakeholder relationships will be considered by the Board ■ Termination of employment and change in capital structure will align to the Company long-term incentive scheme, except in the case of change of control and the appointment of a successor, in which case the shares will vest with no time pro-rating for the period of the vesting period, although the applicable performance conditions will not be waived
CFO	**R2 million**	**R6 million**	■ Total Shareholder Return (TSR) of the Company from date of engagement to respective vesting dates must exceed the average of the TSR of our direct competitors ■ Progress on transformation, diversity and stakeholder relationships will be considered by the Board ■ Termination of employment and change in capital structure will align to the Company long-term incentive scheme, except in the case of change of control and the appointment of a successor, in which case the shares will vest with no time pro-rating for the period of the vesting period, although the applicable performance conditions will not be waived

The total shareholding of the above purchase (personal and matched shares) represented as a percentage of guaranteed package, together with additional Life Healthcare shares held in a personal capacity as at 30 September 2020 amounts to:

- CEO 252% of annual guaranteed package
- CFO 194% of annual guaranteed package

2.7 Executive Retention

Retention shares

It was agreed that shares would be purchased for the International CEO and SA CEO to ensure retention and hence operational stability and continuity following the exit of Dr Shrey Viranna as CEO effective 29 February 2020. The number of shares and vesting dates are reflected in the table below:

	Shares to be allocated	Value	Vesting date
Adam Pyle	82 590	R1 500 000.00	30 September 2021
Mark Chapman	185 787	R3 374 250.00 (£165 000)	1 March 2022
Total	**268 377**	**R4 874 250.00**	

The shares are restricted and held in an Escrow account with Investec from 1 April 2020 and will vest subject to specified performance conditions being met by both executives.

The performance conditions are as follows:

	Performance conditions
Adam Pyle	■ Continued service with the Company in the roles of CEO SA ■ Identify and gain in principle agreement by 30 September 2021 on a process to fill two SA executive roles with Black African candidates
Mark Chapman	■ Vesting remains condition on achievement of performance hurdles as outlined below, where each hurdle corresponds to one third of the total number of restricted shares allocated, however, a flexible vesting date will apply from 30 September 2021 to 31 March 2022, providing an additional six-month period in which to deliver against the incentive objectives: — Five cyclotrons operational with 90% up-time for a 12-month period between 1 October 2020 to 31 March 2022 — 1% improvement in Alliance EBITDA margin in each six-month period in an 18-month period under review, as compared to the comparative period in prior year — Six radiology practices acquired and operational per business case by 31 March 2022

2.8 Employment Contracts

Executive employment contracts for management have historically been subject to a three-month notice period and a subsequent six-month restraint of trade. These conditions apply to the CFO, however, given the fact that the Company operates globally, the Company's policy position has been changed to:

- A six months' notice period
- A three months' global restraint of trade
- A twelve months' undertaking to refrain from the recruitment of Life Healthcare employees.

These provisions have been applied to the employment contract of the new CEO and will be extended to the rest of the Group executive committee.

2.9 Non-Executive Directors Remuneration

Fees in respect of non-executive directors are reviewed on an annual basis, and a comprehensive benchmarking exercise was conducted by an independent remuneration consultant against other industry sector companies (our peer group, consisting of direct and indirect competitors) and other similar-sized JSE listed companies.

Fees are paid as a combination of a retainer and a fee per meeting to ensure alignment with emerging market practice.

To align with shareholder recommendations, the Human Resources and Remuneration Committee approved an average 5% increase across-the Board to the non-executive fees effective 1 January 2020, however, a few anomalies to market required higher increases to the following committee members' fees, which resulted in an overall increase of 7.5% for FY2020:

- Board members of the main Board, Investment and Risk, Compliance and IT Governance committees
- The Lead Independent Director (based on emerging market practice for this relatively new role)
- The Chairmen of the Audit, Nominations and Governance, Risk, Compliance and IT Governance and Social, Ethics and Transformation committees

ANNEXURE 2: REMUNERATION REPORT continued

2.10 Group Reward Integration

Over the past two years we have continued to integrate remuneration practices across countries to ensure Group alignment and application of best practice.

Alignment of international territories with Life Healthcare in terms of job grading, benchmarking principles and short and long-term incentives is in place.

Our integration efforts in the coming months will focus on organisational culture, global mobility and talent management, HR metrics, and reporting on retirement fund matters at a global level.

2.11 Remuneration Framework

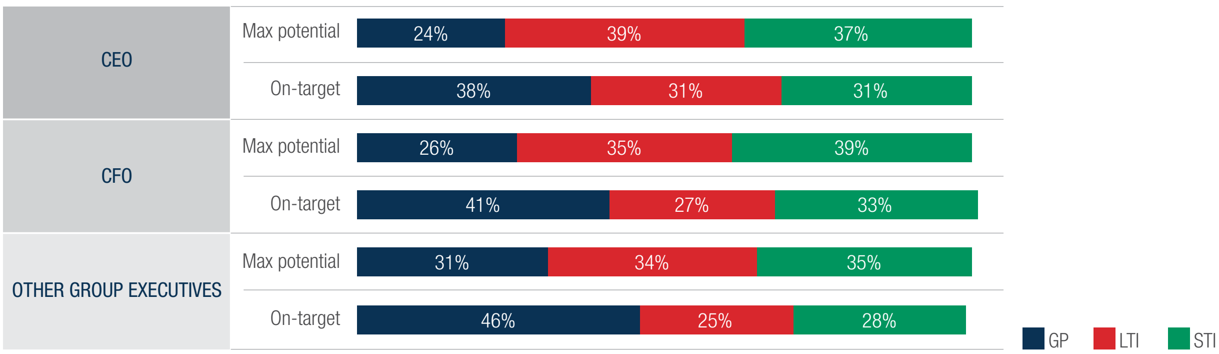
We take a total reward approach to remuneration. Our remuneration framework has been designed to achieve a fair and sustainable balance between annual, short and long-term variable remuneration, where participation in short and long-term incentive schemes depend on an employee's role and level within the Group.

The King IV principles relating to fair and responsible remuneration guide application of our policy. The Remco will continue to monitor our remuneration practices to ensure that any potential for unfair bias is eliminated and fairness prevails in the attraction and retention of top talent.

The remuneration components offered in Life Healthcare include guaranteed package, short- and long-term incentives and share based incentives.

Remuneration mix

The on-target and maximum pay mix apportionment for the Group executive in Life Healthcare is graphically displayed below:



As indicated above, the relationship between the respective reward elements is illustrated on the basis of on-target and maximum potential payment in terms of incentive schemes. The maximum outperformance potential on the VCP scheme (STI) is illustrated in paragraph 2.13 below.

Details of each remuneration element are outlined below:

2.12 Guaranteed remuneration

Guaranteed remuneration	Base salary	Fixed benefits		
Annual individual performance review for all employees	■ Market-related progressive pay policy, tailored to role ■ Influenced by market conditions, Company performance, internal equity, individual performance, individual potential	13th cheque (below senior management)	Retirement funding and risk benefits	Medical aid subsidy
		Car/travel allowance	Cell phone	Specialist and market allowances
		Leave entitlement	Long service	Flexible work conditions

Life Healthcare has a formal guaranteed pay progression model that rewards employees for their contribution to value creation. As an organisation it is critical that we ensure correct base pay, as guaranteed pay serves as the foundation of our reward design and is hence a crucial determinant of variable pay. Specifically, we will pay up to 75th percentile for exceptional/top performing employees, ensuring that average guaranteed pay for the Group remains anchored at market median via a symmetrical overall pay distribution. We assess three pay progression factors: comparative ratio to market rate for job, individual performance and potential. Poor performers and those whose premium positioning in range is not supported by their performance, potential or criticality of skills, will receive commensurately lower increases.

The Company makes extensive use of survey houses to support its reward benchmarking process. The services of Deloitte, PwC Remchannel and PE Corporate (Willis Towers Watson) are utilised. We typically benchmark against market median, but in respect of top talent and critical skills, our reward philosophy allows payment at the 75th percentile. In respect of the Group executives, a bespoke reward survey is provided by PE Corporate (Willis Towers Watson) which takes cognisance of geographic spread, employee levels, complexity of market and the financial accountability. The survey targets companies with similar characteristics.

This pay model is supported by a disciplined and rigorous annual talent review process that focuses on both performance and potential, using best practice tools to interrogate and plot each of these dimensions. This talent process will be refined over time to ensure a robust talent identification and management practice which is shared across the Group, demonstrating factually that we out-reward top talent in a disciplined and rigorous way.

- **Retirement funds**

  South Africa

  The Company operates two defined contribution retirement funds:

  — The Life Healthcare Provident Fund

  — The Life Healthcare DC Pension Fund

  In addition, the Company operates two defined benefit funds that have been closed to new membership since 1996. The Life Healthcare DB Pension Fund provides retirement benefits for 80 active members and 226 pensioners. The Lifecare Group Holdings (LGH) Pension Fund no longer has active members. The fund has purchased an annuity policy which covers the liability to pay pensions.

  The Company-supported retirement funds offer Group life cover and disability benefits to members. Permanent disability and death are covered by lump sum payments that are underwritten by an insurer. The standard cover for new employees is three times annual salary for death and disability cover. Some historical anomalies to this standard cover exist.

  International

  Our international businesses operate a range of retirement funds in line with legal requirements and local market practice. Defined contribution pension schemes are in operation in the UK, Ireland, Germany and Holland, all of which are provided by third party pension providers, with other regions contributing to government social security plans as required by regional legislation.

- **Medical aid**

  South Africa

  It is a condition of SA employment for permanent employees earning above R10,000 per month (with effect from 1 January 2020) to belong to a Company-supported medical aid, unless membership of a spouse's medical aid can be proven. Membership of a principal member, spouse and up to two children is subsidised by the Company.

  The Company participates in the open medical scheme market and offers Medshield and Discovery Health as options to employees. In addition, medical aid membership is voluntary for employees who earn below the threshold level. However, the Company has procured a primary health benefit for employees earning below this threshold who opt not to join a medical aid. This benefit covers, via a bespoke network, doctors' consultations, medication and a certain number of prescribed minimum benefits.

  International

  Our international businesses operate a range of healthcare benefits in line with local market practice. All such schemes are provided by third party healthcare insurance providers and cover a range of benefits including private medical insurance, life assurance and permanent illness or injury insurance.

- **Benefits**

  Benefits are industry benchmarked, priced and reviewed as part of the annual salary review process. They are integrated towards wellness to drive employee effectiveness and engagement and comply with relevant legislation. In South Africa, additional specialist and market retention allowances are paid to recognise skills and to incentivise and retain employees. Other variable allowances are paid for additional services rendered.

ANNEXURE 2: REMUNERATION REPORT continued

2.13 Variable compensation plan (VCP)

Variable pay	Short-term incentive scheme	Variable compensation plan
	Executives and senior managers who have line of sight and contribute to the profitability of the business	■ Determined by Company, business unit and individual performance with line of sight measures (balanced scorecard approach) ■ Pay for performance: rewards performance against stretch targets to encourage superior performance ■ Formula directed, with committee discretion ■ Delivered in cash bi-annually based on performance outcomes (see changes in VCP scheme for FY2021 below)

- **Policy**
  The short-term incentive bonus is discretionary. Our executives and senior management receive short-term rewards aligned to our standard remuneration policy.

  Measures, threshold and maximum rewards as a percentage of 'on-target' performance for all employees are as follows:

Area	Measures	** Gatekeeper	Threshold	On-target	Maximum
			Achievement against stretch budget		
Group Company performance	70% Operating Profit 30% Working Capital management	75%	75%	95%	225%
Business unit performance	EBITA is measured to ensure effects of depreciation are adequately accounted for, considering the capital-intensive nature of our business		88.3%	95%	225%
Non-financial measures	Captures key strategic objectives via personal measures	Personal performance rating of 3	70%	100%	160%

** ***Gatekeeper:*** *The Group emphasises pay for performance, and should the Group's financial performance be less than 75% of agreed financial targets, no VCP payments will be made, irrespective of business unit or individual performance. In addition, should job-required outputs in respect of personal performance not be met, no short-term incentive payment will be made, irrespective if other measures are met.*

We continue to set challenging stretch targets during our budget process, where budgeted target is only achieved if executives deliver fully to plan. Thus, 95% achievement of financial targets attracts 100% of on-target reward and 100% achievement attracts 125% of on-target reward, where we benchmark our STI reward levels at 'on-target' level and thus demand excellent performance before benchmarked reward is earned.

Maximum reward is earned as follows in respect of the different measurement categories:

Area	Performance against target	Maximum reward
Group Company performance	140%	225%
Business unit performance	140%	225%
Non-financial measures	On a rating scale of 1 to 7, where 7 is exceptional performance	160%

Maximum reward is influenced the weighting of each reward key performance area (KPA) and in respect of the Group executive, this translates to the following:

KPA	Weighting	Maximum reward %	Weighted maximum reward
Group Company performance	70%	225%	157.5%
Non-financial measures	30%	160%	48.0%
Total maximum reward			**205.5%**

In setting targets, we are mindful that external factors, some of which are unpredictable, can influence performance. That said, we strongly believe overall sustainable performance should be evaluated and targeted, using a mix of financial and non-financial measures that are directly controllable, but equally affordable and aligned with shareholder outcomes.

The Board may apply its discretion on all payments, to mitigate the impact of unintended consequences, but this discretion is reluctantly applied and used only in exceptional circumstances. Such discretion for executives is fully disclosed in the implementation report. We apply a balanced scorecard approach which rewards achievement of short-term strategic, financial and non-financial objectives aligned to our one-year business plan.

Balanced scorecard measures are weighted differently at each level of the organisation in line with the accountability of employees and the behaviour that needs to be encouraged; and both modifiers and gatekeepers are applicable where appropriate. The introduction of the concept of the gatekeeper ensures that the scheme does not reward participants if overall performance does not justify payment. In respect of individual performance, the gatekeeper ensures that poor performers do not qualify for any payment.

- **Group executive's scorecard – FY2020**

  The Board agrees a set of objectives with the CEO and CFO at the beginning of each financial period, which includes a balance of financial and non-financial measures. In respect of H2 FY2020 the Board took cognisance of the impact of the COVID-19 pandemic and set measures appropriate to market and operational conditions.

  The detailed measures in respect of FY2020 are outlined below:

  — **CEO and CFO**

Performance metric	FY2020 H1	FY2020 H2	Measures	Subweightings H1	Subweightings H2
Financial Sustainability	**70%**	**40%**	Group EBITA	70%	25%
			Group working capital management	30%	25%
			Group Preservation measure (new measure)		50%
			— Realisation of cash savings vs. H2 target		
Clinical Metrics	**10%**	**12%**	Improve average SA Acute composite quality score Improve SA Acute Never Events (stage gate)	70%	70%
			Improve International clinical metrics Improve International Escalated events (stage gate)	30%	30%
Strategic Innovation	**10%**	**12%**	Progress SA hospital asset optimisation	20%	
			Progress SA government partnership	20%	
			Build a minimum SA Radiology network	20%	
			Progress outpatient care	20%	
			Sell Poland	20%	
			Deliver SA funder strategy		60%
			Deliver PET renewal strategy		40%
People	**10%**	**12%**	Build leadership capacity and deliver on our diversity commitments	100%	
			Succession planning – Group Exco		50%
			Optimise operating model		50%
COVID-19 measure	**–**	**24%**	Sufficient and appropriate availability and management of employees		
			Sufficient PPE available and appropriate use		20%
			Effective reputation management		20%
			Success of capital preservation measures		20%
			Pricing agreement with provincial departments		20%

The outcomes for FY2020 against measures are specified in the implementation report.

ANNEXURE 2: REMUNERATION REPORT continued

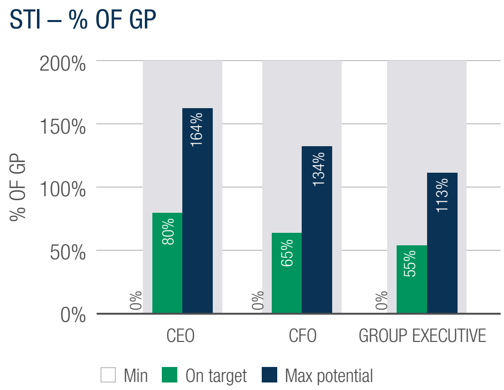
- **Chief Executive Officer's scorecard – FY2021**

The CEO scorecard as approved at the Board human resources and remuneration committee for 2021 includes:

Measure	Weighting	Performance
Financial stability	60%	Group EBITDA (80%) Gross cash % (10%) Capex % of EBITDA (10%)
Clinical metrics	15%	Improve SA acute composite quality score and international clinical metrics and deploy an integrated global clinical governance structure
Other	25%	
■ People		■ Progress diversity quotient of senior management and establish clear succession plans for Group Exco
■ Stakeholder management		■ Clear and constructive engagement with stakeholders
■ IT delivery		■ Stabilise SA technology platform and monitor budget and established timelines of IT systems
■ Operational delivery		■ Ensure best practice protocols, drive nursing excellence programme and improve AMG key performance metrics
■ Strategic delivery		■ Effective and precise programme oversight of key strategic imperatives
■ Leadership, values, culture and teamwork		■ Clear evidence of teamwork and removal of cultural obstacles throughout the Group

Short-term incentive on target and maximum potential reward percentage of guaranteed package (%)

The on-target and maximum** opportunity is graphically displayed below:



** *To calculate the maximum percentage reward as a percentage of guaranteed remuneration, the targeted reward in terms of the STI is multiplied by the blended maximum reward, i.e. in respect of the CEO, 80% multiplied by 205.5% amounts to 164%.*

- **FY2020 H2 COVID-19 adjusted measures:**

The disruption to the delivery of healthcare services and the current economic climate as a result of the COVID-19 pandemic has had a significant impact on Life Healthcare. The Company obtained approval from the Board human resources and remuneration committee to introduce a once-off VCP dispensation for FY2020 H2 due to this disruption.

The following changes have been applied to FY2020 H2:

— The stated Company financial budget targets in respect of Operating Profit and Working Capital Management would remain unchanged, however the achievement of 75% of budget to qualify for payment would be waived for H2. This would acknowledge the substantial personal contributions made by management and employees over this unprecedented period

— Due to the COVID-19 surge impacting business units at different times, it was deemed potentially unfair to penalise managers for conditions out of their control. All scheme participants would therefore be measured on exactly the same measures and the same weightings in respect of FY2020 H2, with the exception of the personal rating

— The Group executive also agreed to defer their FY2020 H1 bonus to the end of the year

- **Changes in the VCP scheme for FY2021:**
  The past months and the impact on COVID-19 on our business has revealed that the current reward policy is not sufficiently flexible to respond to shifting market conditions. The Company will change its current practice of two half-yearly payments to a one-year/single assessment period and this will be effective from the beginning of the new financial year, i.e. 1 October 2020. This will reduce the extent and impact of unforeseen market influences (e.g. COVID-19 pandemic) on the financial budgeting processes. Importantly, this also aligns with best market practice.

  All other financial measures will remain unchanged.

  With effect from the new financial year, the Group team performance targets will cease, and personal performance measures per executive will apply, focusing on strategic focus areas that are non-financial in nature. This will reinforce personal accountability for outputs.

2.14 Long-term incentive plan (LTIP)

Variable pay	Long-term performance incentives	Long-term incentive plan
	Executives and senior managers who have a more strategic focus and are able to influence the long-term performance and sustainability of the Group	■ Designed to ensure long-term sustainability of the Group ■ Promotes employee retention, recruitment and motivation by enabling personal wealth creation when the Group grows ■ Aligns managers' interests with those of shareholders ■ Performance-based (award is conditional on achievement of Group performance against long-term targets) — Formula directed — Delivered annually (January)

- **Current LTIP scheme**
  The long-term incentive scheme is a notional performance share scheme with a three-year vesting period. The notional value of the performance shares is determined by the price of Life Healthcare shares on the JSE using a 30-day VWAP preceding the date of allocation.
  - The first allocation on this scheme was made on 1 January 2019 and a further allocation was made on 1 January 2020.
  - The allocation value is influenced by expected salary increases, Life Healthcare share price growth, tier and individual performance. The scheme continues to allow for enhanced allocation of performance units at allocation based on personal performance and additionally for key talent retention, via a strategic modifier. The methodology to enhance allocations are applied as follows:
    - Individual performance level prior to allocation – the Company assesses individual performance on an annual basis and applies a methodology to the allocation where on target performance results in 100% of targeted reward allocation, poor performance disqualifies from allocation and exceptional performance results in 160% of targeted allocation – this is however rarely applied. In exceptional instances, scheme rules allow for up to two times normal allocation. This is done typically when retention of key individuals is essential to the sustainability of the Company.

ANNEXURE 2: REMUNERATION REPORT continued

Weightings and performance conditions for our CEO and CFO for the 2020 allocation are as follows:

<table>
<tr><th>Performance measure</th><th>Description</th><th>Weight</th></tr>
<tr><td>Capital efficiency</td><td>
In a constrained healthcare environment, management must simultaneously balance sweating its assets with investing for growth and sustainability of the Group.

To resolve this dilemma, we measure capital efficiency in two parts:
1. Satisfactory returns on businesses-usual capital (BAU) versus WACC for our core business (excluding acquisitions) (79% weighting)
<table>
<tr><th>Threshold ROCE</th><th>On-target ROCE</th><th>Outperformance ROCE</th></tr>
<tr><td>WACC</td><td>WACC +2%</td><td>WACC +4%</td></tr>
</table>
2. Prudent capital allocation for delivery of business performance in line with business case for our key growth initiatives: SA radiology; new outpatient models and Life Molecular Imaging (21% weighting)
The rational for the second measure is to ensure investment in long-term projects which might deliver returns below WACC in the short term, but will still achieve desired returns in the long term. Business cases are constructed prudently, including key milestones and timelines.

• On-target performance per initiative is earned by delivering forecast EBITDA for budget capital spend
• Threshold performance is earned by delivering 80% of forecast EBITDA
• Stretch performance is earned through delivery of 120% of forecast EBITDA

Weightings for measures have been assigned based on 2025 forecast contributions to Group EBITDA, as this ensures management alignment to a long-term view of our strategy for sustainability of the Group.

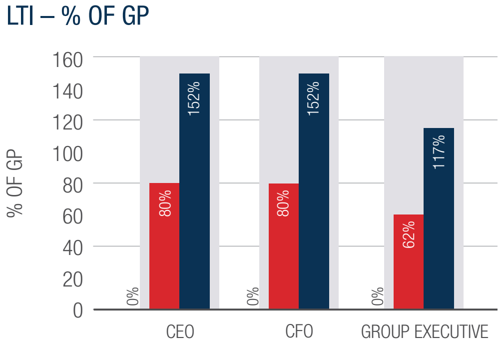
Vesting will occur on a straight line between threshold and on-target, and on-target and outperformance limit, as follows:
<table>
<tr><th>Threshold</th><th>On-target</th><th>Outperformance</th></tr>
<tr><td>0%</td><td>100%</td><td>200%</td></tr>
</table>
</td><td>40%</td></tr>
<tr><td>Normalised Group HEPS</td><td>
The choice of measure reflects the ability of these executives to influence the capital structure of the Group.

Vesting will occur in a straight line from threshold to outperformance and performance conditions are as follows:
<table>
<tr><th>Threshold HEPS</th><th>On-target HEPS (100%)</th><th>Outperformance HEPS (200%)</th></tr>
<tr><td>CPI+1%</td><td>CPI+3%</td><td>CPI+7%</td></tr>
</table>
</td><td>40%</td></tr>
</table>

Performance measure	Description	Weight
Life core purpose outcomes	As a healthcare business, patient outcomes and experience underpin everything we do. The Life Core Purpose (LCP) measure reflects the extent to which the Group achieves the clinical measures that drive long-term sustainability. We have identified country-specific measures and targets, which are aggregated to form a Group score against which the CEO and CFO are measured. **LCP performance measures by country are as follows:** ■ South Africa – Patient incident rate as a percentage of admissions; – Patient experience ■ UK – Patient satisfaction; – Mandatory training compliance ■ Italy, Ireland – Radiology clinical audit (grade 1 and 2 discrepancies); – Patient satisfaction; – Radiopharmacy: dose reliability ■ Poland – Health associated infection rate; – Return to theatre (re-surgery) rate; – Re-admission rates ■ Radiopharma/Northern Europe – Dose reliability performance To warrant payment, an achievement of 80% or higher against target is required, applying a three-year rolling average between offer and vesting. For the Group executive, a vesting multiplier between 0% and 150% is applied on a sliding scale, based on achievement of 80% or higher again target applying a 3-year rolling average between offer and vesting: **Threshold:** 80% of target **On-target vesting (100%):** 100% of target **Outperformance (150%):** 120% of target	20%

- **Vesting**
  All performance shares vest at the end of the third year (subject to performance related vesting criteria being met) and proceeds after tax will be delivered as follows:
  - South Africa: Life Healthcare shares to be purchased on the open market and transferred to participants
  - International: The cash value will be paid to participants

- **Executive: On-target and maximum potential**
  In the case of the CEO and CFO, the opportunity and maximum limit on the LTIP scheme based on an on-target allocation are as follows (see explanation below**):



Once an allocation is made, the performance of the Company has a significant impact on the extent to which vesting occurs. The weighted impact of maximum outperformance in all KPAs is illustrated below.

KPA	Performance against target	Maximum reward	Blended maximum
Capital efficiency	40%	200%	80%
Normalised Group HEPS	40%	200%	80%
Life Core Purpose Outcomes	20%	150%	30%
Maximum earnings potential**			**190%**

*** To calculate the maximum percentage reward as a percentage of guaranteed remuneration, the targeted reward in terms of the LTIP is multiplied by the blended maximum reward, i.e. in respect of the CEO, 80% multiplied by 190% amounts to 152%.*

- **Focus areas for future allocation**
  - SA – a single composite quality score is being considered for the Life Core Purpose outcomes
  - International – change from settlement in cash to delivery in Life Healthcare shares for future allocations

- **Historical LTI scheme (introduced from 2015 to 2017)**
  The historical LTI scheme was a notional performance share scheme for all senior managers and executives. Allocations were made annually and the last allocation was made in January 2017.

  The final vesting of this scheme occurred at the end of December 2019. The notional performance shares were linked to the Company's share price and the performance shares were equally split between two performance measures, namely:

Category	Description	Weighting	
Actual TSR compared to a comparator group of companies	50%	Below 50th percentile	= No payment
		60th percentile	= "On-target" performance
		80th percentile	= 200% award
Actual EBIT growth compared to a composite inflation rate plus a hurdle rate	50%	Below CPI+1%	= No payment
		CPI+4%	= "On-target" performance
		CPI+8%	= 200% award

The outcome of performance against vesting criteria shows that the LTIP 2017 allocation yielded only a partial vesting (80%) of the TSR component.

In South Africa, the after-tax value generated from the scheme was utilised to purchase Life Healthcare shares in the open market which is then delivered to recipients' personal trading accounts.

The details in respect of the Group executive are disclosed in the FY2020 implementation report.

Historical LTI 2018 allocation

Once-off alternative LTI scheme 2018

As detailed in our 2018 remuneration report, the 2018 offer in terms of the 2015 LTIP scheme was not made as a result of the Company being in an extended closed period since November 2017. In order to provide a consistent pattern of long-term incentive awards, an alternative once-off long-term bonus scheme was approved by the Board to cover this period. One of the major limitations in scheme selection was the fact that we could not use any scheme that utilises the Life Healthcare share as a building block to determine the number of units awarded to participants (as a consequence of operating under a cautionary).

The once-off alternative offering is based on an additional third of the FY2018, FY2019 and FY2020 short-term bonus outcomes which will be banked and payment will be made in January 2021 to coincide with the date when the normal LTIP 2018 allocation would have vested.

The details will be provided in the 2021 remuneration report. This will be the final payment in respect of this allocation.

2.15 Other incentive schemes

Variable pay	Other Incentive schemes	Outperformance Incentive Scheme
	The scheme was only offered to senior management who were in service from at least 1 January 2016	■ A short-term Outperformance (or kicker) scheme was introduced and will run annually for two years only (2019 and 2020), to secure the Company's key talent in the extraordinary circumstances of the extended period of corporate activity in the healthcare sector ■ Its intention is to incentivise superior business and personal performance and further retain the loyalty and commitment of key management, and to ensure that true outperformance is rewarded

- **Outperformance Incentive Scheme**
  The details of this scheme were fully reported in both the 2018 and 2019 remuneration reports. The final payment in terms of this scheme occurred in February 2020 and details of payment in respect of the CFO are outlined in the implementation report.

2.16 Share-based awards

Variable pay	Share-based Rewards	Employee Share Plan
	Permanent employees who belong to specified Company retirement funds and have one year's service at the date of grant are eligible for an allocation. Not applicable to managers participant on the long-term incentive plan.	■ Commencing in 2012, the Company has funded, via a trust, the purchase of shares on an annual basis for the benefit of employees ■ Permanent employees who belong to specified Company retirement funds and have one year's service at the date of grant are eligible for an allocation ■ The objectives of the plan are to incentivise and retain employees ■ The trust holds the shares and confers 'rights' or units of shares to employees ■ Employees need to remain in the employ of the Company for seven years to obtain the full quota of the rights of each allocation made ■ Delivered annually in July from year five

Employee share plan (southern Africa)

Policy

The Remco agreed to a further purchase of Life Healthcare shares to the value of R20 million for the benefit of qualifying employees this year. Despite the reduced purchase, the decrease in the share price will result in the acquisition of more shares per employee and creates a greater upside potential for participants. These shares will be held in a Trust until years 5, 6 and 7, where vesting will occur as follows, provided participants are still in the employ of the Company:

- Year 5: 25% of rights to shares
- Year 6: 25% of rights to shares
- Year 7: 50% of rights to shares

The shares, or the after tax equivalent in cash, are transferred from the Trust to the employee at vesting.

Employees who resign or are dismissed during the duration of the scheme will lose their rights to all allocations made, and their rights will be distributed equally among the remaining employees. Thus, the number of rights will increase by the time of transfer of shares to remaining employees. Good leavers, for example those who are retrenched or retire, will have the proportionate number of shares they hold at the time of termination paid out to them, less tax and costs. They will no longer participate in the employee share plan.

The scheme is fully ramped up to provide 100% vesting to each employee who have been employed since inception of the scheme.

Vesting

The vesting of 50% of the 2013 grant and 25% of the 2014 and 2015 employee share plan (ESP) grants occurred at the end of June 2020. The majority of participants (95%) opted to sell their shares.

2.17 Once-off gratuity payment (southern Africa)

The COVID-19 pandemic caused a number of operational challenges. The State launched a major recruitment campaign for critical nursing skills and the Company lost a number of key resources, especially in the Eastern Cape region. Concurrently, whilst the Company paid all employees in full at all times, many employee households came under severe financial pressure as a result of job losses of partners or close family members. To stem the outflow of key clinical skills and assist our employees during this difficult time, the Company decided to pay a once-off gratuity bonus to all permanent employees, who do not participate in the long-term incentive scheme. This payment also served as recognition for the incredible efforts, bravery and commitment of employees during the COVID-19 surge. The value of the total payment made amounted to R45 million and was distributed equally to approximately 15 000 SA employees.

ANNEXURE 3: IMPLEMENTATION REPORT

3. REMUNERATION IMPLEMENTATION REPORT

3.1 Introduction

This implementation report discloses the remuneration outcomes for executive directors for the 2020 financial year.

Fair and responsible pay

- The Board human resources and remuneration committee ensures, on an ongoing basis, that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.
- To this end, the Group executive holds management accountable for ensuring that total remuneration is distributed fairly and ensures appropriate oversight; and where differentials exist, that they can be reasonably explained.
- The Board human resources and remuneration committee is committed to ensuring the remuneration of executive management is fair and responsible in the context of overall employee remuneration.

3.2 Remuneration outcomes

3.2.1 Non-binding shareholder vote

The 2019 remuneration report received 70.14% and 66.74% votes in favour of the remuneration and implementation report's respectively. As per King IV requirements, if more than 25% of its members' present votes again both remuneration report and implementation report, the governing body has to engage with those shareholders. We have subsequently engaged with key shareholders to address their concerns and have taken their valuable suggestions into consideration with the revised 2020 remuneration report. The key considerations are highlighted in the Chairman's report of the Human Resources and Remuneration Report.

3.2.2 Guaranteed remuneration

The increases in annual guaranteed packages in January 2020 are set out in the table below:

	Guaranteed package % increase	
Group executives	5.0	5.9 total
Group executives with additional responsibilities**	8.6	
Senior executives and top management	4.9	
Clinical staff	5.9	
Other staff	6.0	
Total	**5.8**	

*** An average increase of 5% was granted to the Group executives, however, additional adjustments were made to the remuneration of two Group executives who assumed additional responsibility which resulted in their market benchmarks being revised upwards. This led to the overall 5.9% increase, at executive level.*

ANNEXURE 3: IMPLEMENTATION REPORT continued

3.2.2.1 Total single figure of remuneration

The tables below reflect the actual amounts paid as well as earned year-on-year for FY2019 and FY2020:

	S Viranna CEO**		**P Wharton-Hood CEO***		**PP van der Westhuizen CFO**	
	FY2020 R'000	FY2019 R'000	**FY2020 R'000**	FY2019 R'000	**FY2020 R'000**	FY2019 R'000
Salaries	**3 083**	5 887	**641**		**5 333**	4 084
Other allowances	**31**	33	**10**		**146**	95
Medical aid	**5**	32	**–**		**6**	37
Retirement fund	**129**	247	**27**		**226**	174
Guaranteed package	**3 249**	6 199	**678**		**5 711**	4 391
% increase	**(46.3%)**		**–**		**30.1%**	
Outperformance Incentive scheme	**–**	–	**–**	–	**1 853**	–
Long service award			**–**	–	**–**	5
Leave paid out	**14**	–	**–**	–	**–**	–
VCP earned in FY	**–**	7 087		–	**3 394**	3 564
Vested Company matched shares	**2 805**	3 038	**–**	–	**–**	–
Gains on Long-term Incentive Scheme✘	**–**	–	**–**	–	**776**	872
Performance and other	**2 819**	10 125	**–**	–	**6 023**	4 441
% increase	**(60.2%)**				**35.6%**	

	S Viranna CEO**		**P Wharton-Hood CEO***		**PP van der Westhuizen CFO*****	
	FY2020 R'000	FY2019 R'000	**FY2020 R'000**	FY2019 R'000	**FY2020 R'000**	FY2019 R'000
Acting allowance	**–**	–	**–**	–	**300**	–
Acting performance bonus	**–**	–	**–**	–	**2 125**	–
Total acting remuneration					**2 425**	
Total remuneration earned in FY	**6 068**	16 323	**678**	–	**14 161**	8 832
% increase	**(53.8%)**		**–**		**60.3%**	

	S Viranna CEO**		**P Wharton-Hood CEO***		**PP van der Westhuizen CFO**	
	FY2020 R'000	FY2019 R'000	**FY2020 R'000**	FY2019 R'000	**FY2020 R'000**	FY2019 R'000
STI performance bonus (H2 of prior year)	**4 463**	6 501	**–**	–	**2 311**	5 100
Total remuneration	**4 463**	6 501	**–**	–	**2 311**	5 100
% increase	**46.9%**		**–**		**(54.7%)**	
Total remuneration paid in FY	**10 531**	15 738	**678**	–	**13 078**	10 368
% increase	**15.9%**		**–**		**26.1%**	

* *Peter Wharton-Hood commenced services as CEO on 1 September 2020. His remuneration thus only reflects one month of service and no bonus as tenure too short to measure performance.*

** *The CEO terminated his employment on 17 January 2020 and ceased to be a director effective 21 January 2020. No STI payment was made. He was however in service at the second vesting of the Company matched shares, which vested on 1 February 2020 (Gross amount – R2 804 870). The first vesting of Company matched shares (as reflected under FY2019 above occurred on 1 February 2019 – gross value R3 038 050.*

*** *Please refer to acting remuneration and outperformance bonus under paragraphs 3.2.6 and 3.2.5 respectively.*

✘ *Please refer to paragraph 3.2.3.1 with regards to the gains realised due to the vesting of the LTIP 2017 scheme allocation.*

	A Pyle CEO: SA**		M Chapman**** CEO: International	
	FY2020 R'000	FY2019 R'000	**FY2020 £'000**	FY2019 £'000
Salaries	**3 331**	3 374	**£268**	£92
Other allowances	**18**	194	**£13**	£3
Medical aid	**6**	37	**–**	–
Retirement fund	**151**	142	**£28**	£9
Guaranteed package	**3 507**	3 747	**£308**	£104
% increase	**(6.4%)**		**195.2%**	
	A Pyle CEO: SA		**M Chapman**** CEO: International**	
	FY2020 R'000	FY2019 R'000	**FY2020 £'000**	FY2019 £'000
Outperformance Incentive Scheme	**1 273**	–	**–**	–
VCP earned in FY	**2 012**	2 357	**£170**	£67
Gains on Long-term Incentive Scheme[x]	**405**	–	**–**	–
Performance and other	**3 690**	2 357	**£170**	£67
% increase	**56.6%**		**153.5%**	
Total remuneration earned in FY	**7 196**	6 104	**£478**	£171
% increase	**17.9%**		**178.9%**	
	A Pyle CEO: SA		**M Chapman**** CEO: International**	
	FY2020 R'000	FY2019 R'000	**FY2020 £'000**	FY2019 £'000
STI performance bonus (FY2019 H2)	**1 370**	1 752	**£67**	–
Total remuneration	**1 370**	1 752	**£67**	–
% increase	**(21.8%)**		**–**	
Total remuneration paid in FY	**6 555**	5 499	**£375**	£104
% increase	**19.2%**		**259.7%**	

**** *Mark Chapman was appointed CEO International from 1 June 2019, thus only four months of FY2019 reflected. Salaries are reflected in British Pounds.*

3.2.3 Short-term incentivisation

Given the uncertainty and negative impact of the COVID-19 pandemic, the full Group executive agreed to delay their short-term incentive payment due in April 2020 to the end of year.

Because Life Healthcare played a pivotal role in fighting the disease on the frontline, the Board and management agreed to set specific objectives for H2 FY 2020 to manage the operational, health and safety challenges brought about by the COVID-19 pandemic. The financial measures constituted 40% of the total weighting whilst the various aspects of managing under COVID-19 conditions made up the balance. This weighting aligns with the predominant focus of management during this challenging time.

ANNEXURE 3: IMPLEMENTATION REPORT continued

The Board will closely monitor performance against agreed targets during FY2021 and may apply discretion to outcomes should there be a significant divergence from the macro assumptions underlying our plan.

Stretch budgets are set at the beginning of the financial year. These are agreed with the Life Healthcare Board.

The financial measures are rewarded as per the table set out below:

Actual % against stretch budget	Rating	% payment
87.5%	1.00	0%
88.3%	2.00	25%
90.0%	3.00	50%
91.7%	4.00	75%
95.0%	5.00	100%
100.0%	6.00	125%

The outcome of the performance scorecard for the Group executive in respect of FY2020 was as follows.

Period	Measurement category	Weighting	Rating	% Award	Weighted Award
H1	Company Financial	70%	4	75%	52.5%
	Non-financial	30%	4	100%	30.0%
	Total				**82.5%**
H2	Company Financial	40%	3	50%	20%
	Non-financial	60%	6	140%	84%
	Total				**104%**

However, as per agreement with the Board, H2 award will be capped at **100%** in respect of the Group executive.

Group Financial Rating

H1	Financial scorecard performance metrics	H1	H1 Target	H1 Actual	% Achievement	Rating	% Award
70%	Group EBITA (R'm)	70%	2 142	2 126	99.2%	4.00	75%
	Group working capital management (R'm)	30%	(223)	(529)	(42.2%)		

H2	Financial scorecard performance metrics	H2	H2 Target	H2 Actual	% Achievement	Rating	% Award
40%	Group EBITA (R'm)	70%	4 656	2 694	57.9%	3.00	50%
	Group working capital management (R'm)	30%	(131)	(49)	267.3%		

Personal team rating (H2 – 60% weighting)

Measure	Achievement
Clinical Metrics	The Group exceeded its clinical metrics and despite the challenges of COVID-19 produced the best quality metrics in the Company's history. This is a reflection of the processes in place, careful management and focus on the key quality initiatives by both the SA and International businesses.
Strategic Innovation	Objectives pertained to the development of a funders' strategy for SA and a PET-CT strategy for the international business. Both objectives were met.
People	An agreed succession plan was developed, presented and approved by the Board. Key resourcing strategies for critical positions have been actioned.
COVID-19 specific deliverables	The following key outputs were delivered during the COVID-19 surge: ■ COVID-19 specific plans covering facilities, operational, staffing and clinical interventions were implemented ■ The Group adopted guidelines issued by the DoH, NICD, WHO and various medical societies ■ Ensured sufficient availability of PPE and the appropriate usage of this to ensure staff, doctors and patient safety as well as the management of costs associate with this (had sufficient stock levels) ■ Universal masking implemented in order to reduce transmission risk, including cloth masking our employees when not at work ■ Implementation of a dynamic forecasting model used for logistical, capacity and employee planning ■ Employee efficiency and safety measures which included deployment strategies, hygiene and social distancing, travel policies, leave, communication campaigns, wellness initiatives, infection prevention which included PPE utilisation and a freeze on non-essential recruitment. ■ **Facilities management:** — Entrances reduced and screening protocols implemented at all facilities — Visiting patients suspended, with limited exceptions — Operational model created for all hospitals — Detailed 'surge' plans prepared by all facilities within the Group guidelines, covering: • reconfiguration of existing wards within different surge scenarios • patient flow (split between COVID-19 and non-COVID-19) • employee planning • doctor capacity • A&E triage and patient flow/isolation — The Group implemented plans across its facilities to ensure that the COVID-19 risk is appropriately managed, including testing, screening and facility quality, people and safety plans, incorporating guidelines from various medical societies as well as international best practice. ■ Effective reputation management ■ An internal communications campaign focused on maintaining staff morale, building Company loyalty and expressing the values of appreciation, care and hope ■ Ensured successful implementation of capital preservation ■ Agreed pricing agreements with provincial governments In addition to the specific COVID-19 management initiatives the management team also had to deal with the cyber-incident during this time. The IT incident stretched management's ability to manage COVID-19 as well as the day-to-day operations. The cyber-incident reflected the strength of management at a facility level. Overall we were able to continue admitting patients without impacting the quality of care and once systems were back-up submit bills to the medical aid and collect the funds.
OVERALL RATING	**6 out of 7 which results in payment of 140% of targeted reward**

ANNEXURE 3: IMPLEMENTATION REPORT continued

The targeted % of Total Cost to Company for the Group executive and the payment made in respect of each period is set out below. Please note that no STI payment was made to the newly appointed CEO as one month's service was insufficient to measure his performance contribution:

	PP van der Westhuizen CFO	A Pyle CEO – SA	M Chapman CEO – International
Targeted % of TCTC	**65%**	**57.5%**	**57.5%**
H1	**R1 534 345**	**R909 445**	**£91 317**
H2	**R1 859 813**	**R1 102 357**	**£79 063**
Total	**R3 394 158**	**R2 011 802**	**£170 380**

3.2.4 Long-term incentivisation

The LTI details regarding the vesting of the 2017 allocation, the two unvested 2018 and 2019 allocations and the recent 2020 allocations are set out below.

3.2.4.1 Vesting of the LTIP 2017 Allocation

As advised in the remuneration report, the outcome of performance against vesting criteria shows that the LTIP 2017 allocation yielded a partial vesting (80%) of the TSR component.

The details were as follows:

Performance measure	Weight	Outcome		Result
Actual TSR compared to a comparator group of companies	50%	Life Healthcare ranked at the 56th percentile against the comparator group		80% vesting
Actual EBIT growth compared to a composite inflation rate plus a hurdle rate	50%	Average composite inflation	= 4.4%	No payment
		Compound annual growth EBIT	= **(0.2%)**	
		Over/under composite CPI	= **(4.6%)**	

In South Africa, the after-tax value generated from the scheme was utilised to purchase Life Healthcare shares in the open market which is then delivered to recipients' personal trading accounts.

The vesting details per executive are as follows:

Job Title	Date of Allocation	Offer Price	Number of Notional Per-formance Shares	Vesting Date	No of Shares vested	Price at Exercise Date	Gross Payment
AM Pyle	01-Jan-17	**31.59**	**34 126**	31-Dec-19	**41 418**	**R24.46**	**R405 272**
Rights issue adjustment to performance shares		**24.50**	**7 292**				
PP van der Westhuizen	01-Jan-17	**31.59**	**65 380**	31-Dec-19	**79 350**	**R24.46**	**R776 434**
Rights issue adjustment to performance shares		**24.50**	**13 970**				

3.2.4.2 Historical LTIP Allocations (unvested)

- **LTIP 2018 Once-Off Alternative**

The once-off alternative cash offering is based on an additional third of the FY2018, FY2019 and FY2020 short-term bonus outcomes which will be banked and payment will be made in January 2021 to coincide with the date when the normal LTIP 2018 allocation would have vested. Please refer to 2.1.4 of the remuneration report. The final payment will be made in January 2021 and details will be reflected in the 2021 remuneration report.

- **Unvested LTIP 2019 scheme allocations**

The details of allocations made in 2019 are set out below:

First Name	Job Title	Date of Allocation	Offer Price	Per-formance Shares	Vesting Date	Allocation Value R'000	Value based on 30 Sept 2020 share price R'000
Pyle AM	Chief Executive Officer – SA	01-Jan-19	25.86	114 969	31-Dec-21	2 973 359	1 961 371
Van Der Westhuizen PP	Chief Financial Officer	01-Jan-19	25.86	220 803	31-Dec-21	5 710 477	3 766 899
Viranna SB **	Chief Executive Officer	01-Jan-19	25.86	235 992	31-Dec-21	6 103 308	4 026 024
Chapman M	Chief Executive Officer – International	01-Jan-19	25.86	127 191	31-Dec-21	3 289 444	2 169 878

*** The performance shares for Dr SB Viranna were forfeited due to his resignation, as per the rules of the LTI Scheme.*

3.2.4.3 2020 LTIP Allocation

The resignation of Shrey Viranna as CEO on 17 January 2020 left the Group vulnerable to potential executive exits. In particular, the Board held the view that additional measures needed to be implemented to retain the services of the two country Chief Executive Officers: Adam Pyle (SA CEO) and Mark Chapman (International CEO) as well as the CFO (Pieter van der Westhuizen). These executives are critical to ensure continuity in the operations of the Group, which is vital for the short- to medium-term performance and sustainability of the Group.

After considering various retention mechanisms, the Board approved the allocation of restricted Life Healthcare shares (refer to the remuneration report par 2.7 to these executive as well as the application of the existing strategic modifier embedded in the rules of the LTI scheme to 2020 LTIP allocations. To this effect all three executives received enhanced allocations of notional performance shares.

First Name	Job Title	Share Allocation	Offer Price	Per-formance Shares	Vesting Date	Allocation Value R'000	Value based on 30 Sept 2020 share price R'000
Van Der Westhuizen PP	Chief Financial Officer	01-Jan-20	24.46	434 145	31-Dec-22	4 425 077	7 406 514
Pyle AM	Chief Executive Officer – SA	01-Jan-20	24.46	254 531	31-Dec-22	2 594 344	4 342 299
Chapman M	Chief Executive Officer – International	01-Jan-20	24.46	290 448	31-Dec-22	2 960 429	4 955 043

ANNEXURE 3: IMPLEMENTATION REPORT continued

3.2.5 Outperformance incentive kicker

The final payment in terms of this scheme was made in February 2020. This scheme was introduced to ensure that top performers were significantly rewarded for their efforts. The duration of the scheme was only for 2 years ending in February 2020.

The Human Resources and Remuneration Committee agree to the ratings ascribed to each Group executive as assessed by the Chief Executive Officer. Each component is equally weighted at 20% each and a % award is linked to each rating as follows:

Rating	% Award
1.00	0%
2.00	50%
3.00	70%
4.00	100%
4.50	120%
5.00	130%
5.50	140%
6.00	150%
7.00	150%

The breakdown of the critical sustainability measures and scores (of equal weighting) were as follows:

- **CFO**

Historical Performance over prior 4 years for long time view of performance – average out of 7 (4 being on-target)	5
Innovation – innovative ideas to sustain continued success of the organisation	4
Talent Retention (expertise and value-talent, difficultly in replacing with a similar skill- and experience set.	5
Being a **cultural ambassador**, representative of values and culture of the Company	5
Complexity of role, including competitor pressures, doctor relationships etc.	6
Total score	**5**

This amounted to a bonus payment of R1 853 473.

- **CEO – southern Africa**

Historical Performance over prior 4 years for long time view of performance – average out of 7 (4 being on-target)	5.5
Innovation – degree to which manager brings original, innovative ideas and solutions that result in sustained continued success of the organisation	4
Talent Retention (expertise and value-talent)	6
Being a **cultural ambassador**, representative of values and culture of the Company	6
Complexity of role, including competitor pressures, doctor relationships etc.	5
Total score	**5.3**

This amounted to a bonus payment of R1 272 750.

3.2.6 Actuals achieved 2019 and 2020 in relation to 2020 pay mix targets

Total remuneration outcomes for the current and prior financial years for the executive directors are tabulated below. Explanatory footnotes are provided where necessary. All figures are displayed in South African Rand and R'000, except for the CEO International where figures are reflected in British Pounds.

Total Cost to Company (TCTC) based on annual increments granted. STI payments are based on bonuses earned during the financial year, however, not necessarily paid within the financial year under review.

- **Former CEO: SB Viranna**

Due to the resignation as CEO on 17 January 2020, only 5 months of the financial year are reflected under Actual Total Cost to Company (TCTC) for FY2020, thus no comparison to prior year can be made. According to policy, no STI payment was made as a result of the resignation and the long-term incentive allocation in respect of the 2019 allocation was forfeited.

R'000	Annual TCTC	STI Performance Bonus	Total Annual Compensation	Actual TCTC	Actual STI Performance Bonus	Total annual Compensation	LTIP Expected Value	1/3rd Co Matched Shares Vested	Total Actual Remuneration
FY2019	7 600	7 087	14 687	6 199	7 087	13 285	–	3 038	16 323
FY2020	**7 980**	**–**	**7 980**	**3 249**	**–**	**3 249**	**–**	**2 805**	**6 054**
% increase	***5%***	***(100.0%)***	***(45.7%)***	**–**	***(100%)***	***(76%)***	**–**	***(8%)***	***(8%)***

The CEO purchased Life Healthcare shares to the value of R3 million in 2018 as agreed on appointment. The Company matched with a purchase of restricted Life Healthcare shares to the value of R9 million (337 096 shares @ issue price of R26.46). Vesting would occur in 3 equal tranches over a period of 3 years. The second vesting occurred on 1 February 2020 – gross value R2 805 000. The last tranche was forfeited due to his resignation.

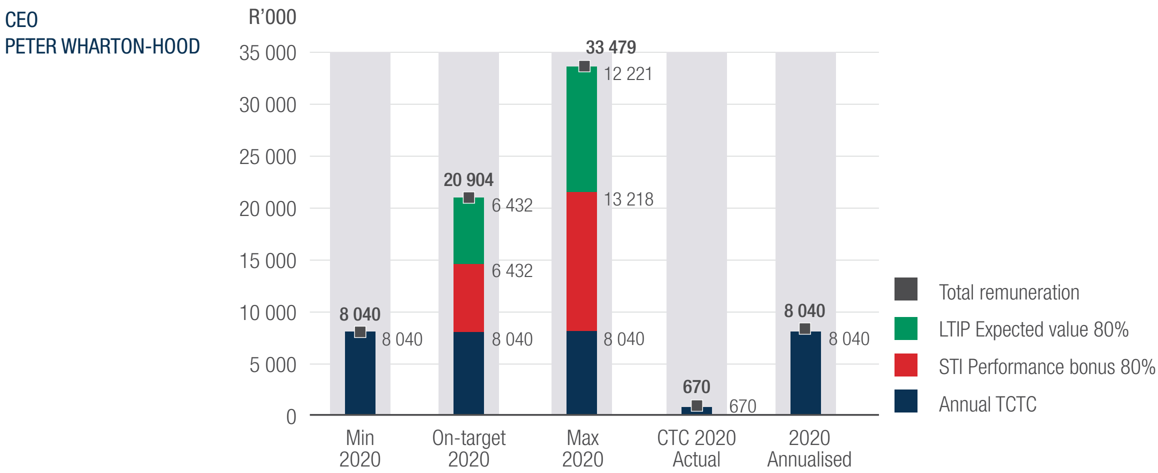
- **CEO: P Wharton-Hood**

As the appointment of the new CEO appointment was made on 1 September 2020, only one month's actual remuneration has been paid and no comparison to the prior year can be made. Figures have been annualised to reflect remuneration against minimum, on-target and maximum incentive potential payments.

As detailed in paragraph 2.3 of the remuneration report, Peter Wharton-Hood invested in Life Healthcare shares, which was matched by the Company with a purchase of restricted shares to the value of R15 million. These are held in an escrow account and will vest over five years, provided certain performance conditions are met. Please refer to paragraph 2.6 of the remuneration report.

R'000	Annual TCTC	STI Performance Bonus	Total Annual Compensation	LTIP Expected Value	Total Actual Remuneration
		80%		**80%**	
Min 2020	**8 040**	**–**	**8 040**	**–**	**8 040**
On-target 2020	**8 040**	**6 432**	**14 472**	**6 432**	**20 904**
Max 2020	**8 040**	**13 218**	**21 258**	**12 221**	**33 479**
Annual 2019	–	–	–	–	–
CTC 2020 actual	**670**	**–**	**670**	**–**	**670**
2020 annualised	**8 040**	**–**	**8 040**	**–**	**8 040**

ANNEXURE 3: IMPLEMENTATION REPORT continued



CFO: PP van der Westhuizen

The CFO acted in the role of CEO for the period 17 January 2020 to 31 August 2020 following the resignation of the previous CEO. Remuneration linked to this acting appointment, which included an enhanced performance bonus was introduced (as set out below). He also received the last payment in respect of the Outperformance Scheme in February 2020 (please refer to par 4.2.4 above).

Acting Remuneration

The Board approved additional guaranteed remuneration to the CFO for his role as Acting CEO while the Company recruited a suitable CEO replacement.

In addition, it was agreed that the CFO would receive a performance dependent bonus. The quantum was based on the delta between the VCP due to the former CEO for performance in the period under review minus the CEO's on-target short-term incentive. The on-target performance amounts to R2 125 000 for the period.

Key strategic and operational deliverables that he was held accountable for during his acting capacity, were as follows:

— Delivering on the Group short-term incentive scorecard
— Leading and directing the Group executive
— Accountable for effective management of the business during the COVID-19 pandemic
— Restoration of IT systems, business operations, financial reporting, cash collections and communication barriers as a result of the recent cyber-attack on all systems
— Supporting the integration and transition of the new CEO on appointment.

Performance Outcomes

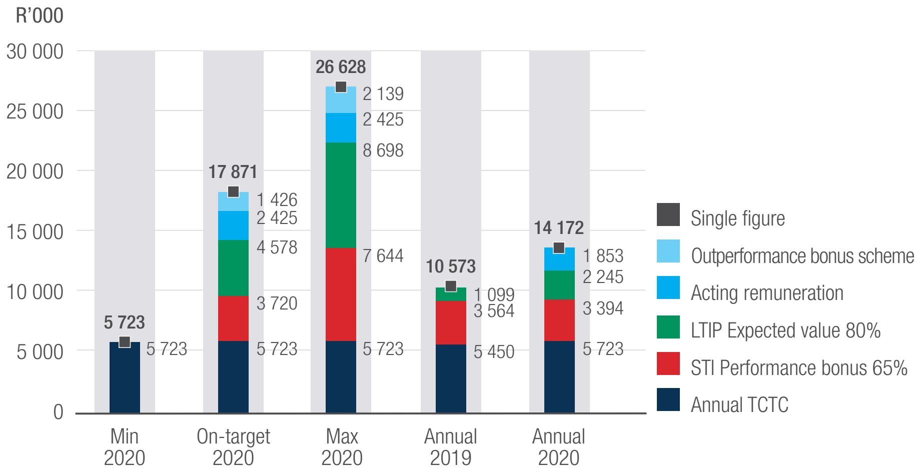
The CFO voluntarily forfeited the first 6-months of the fixed portion of the acting remuneration, to the amount of R1.2 million towards the Employee Assistance Fund to support employees in dire financial constraints as a result of the pandemic. The balance of R300 000 for the period between 18 July 2020 and 31 August 2020 was paid to him.

In terms of the performance-linked acting bonus, Pieter effectively fulfilled both CFO and CEO roles and was instrumental in leading the Group executive, both locally and internationally, during the unprecedented COVID-19 pandemic. The full on-target acting bonus of R2 125 000 has been paid to him.

Total remuneration against FY2019 and pay mix targets for FY2020 are set out below:

R'000	Annual TCTC	STI Performance Bonus	Total Annual Compensation	LTIP Expected Value	Acting Remuneration	Outperformance Bonus Scheme	Total Actual Remuneration
Targeted reward		**65%**		**80%**			
Min 2020	5 723		**5 723**				**5 723**
On-target 2020	5 723	3 720	**9 442**	4 578	2 425	1 426	**17 871**
Max 2020	5 723	7 644	**13 366**	8 698	2 425	2 139	**26 628**
Annual 2019	5 450	3 564	**9 014**	459		1 099	**10 573**
Annual 2020	5 723	3 394	**9 117**	776	2 425	1 853	**14 172**
Year-on-year	***5.0%***	***(5%)***	***1%***	***69%***			***34%***
				Excluding Acting Remuneration			***11%***

CFO
PP VAN DER WESTHUIZEN



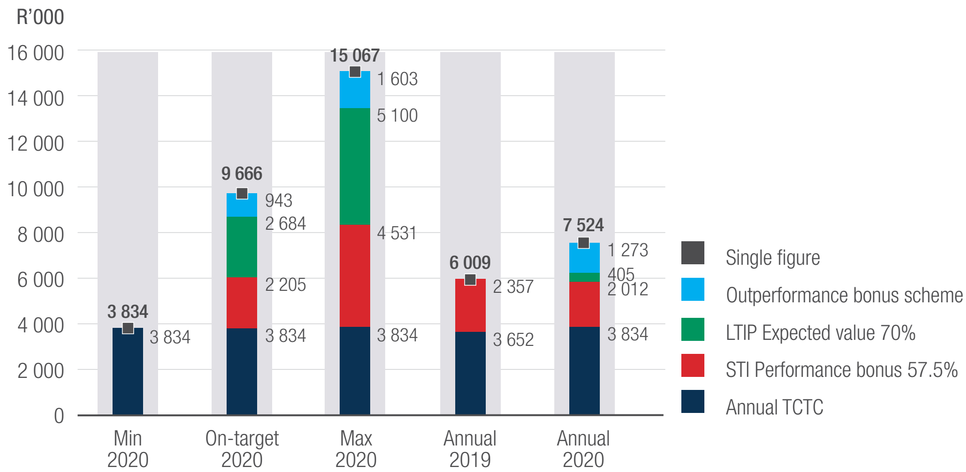
ANNEXURE 3:
IMPLEMENTATION REPORT continued

CEO SA: AM Pyle

Adam Pyle has successfully managed the SA operations during his two-year tenure as CEO SA from 1 January 2019. He was participant in Outperformance Bonus for the second payment, details of which can be found in paragraph 4.2.4. Due to tenure, no LTIP payment was due in FY2019 (three-year vesting).

R'000	Annual TCTC	STI Performance Bonus	Total Annual Compensation	LTIP Expected Value	Outperformance Bonus Scheme	Outperformance Bonus Scheme
Targeted reward		**57.5%**		**70%**		
Min 2020	3 834	–	**3 834**			**3 834**
On-target 2020	3 834	2 205	**6 039**	2 684	943	**9 666**
Max 2020	3 834	4 531	**8 365**	5 100	1 603	**15 067**
Annual 2019	3 652	2 357	**6 009**	–	–	**6 009**
Annual 2020	3 834	2 012	**5 846**	405	1 273	**7 524**
Year-on-year	***5.0%***	***(14.6%)***	***(3%)***	***100%***	***100%***	***25%***

CEO: SOUTH AFRICA
A PYLE

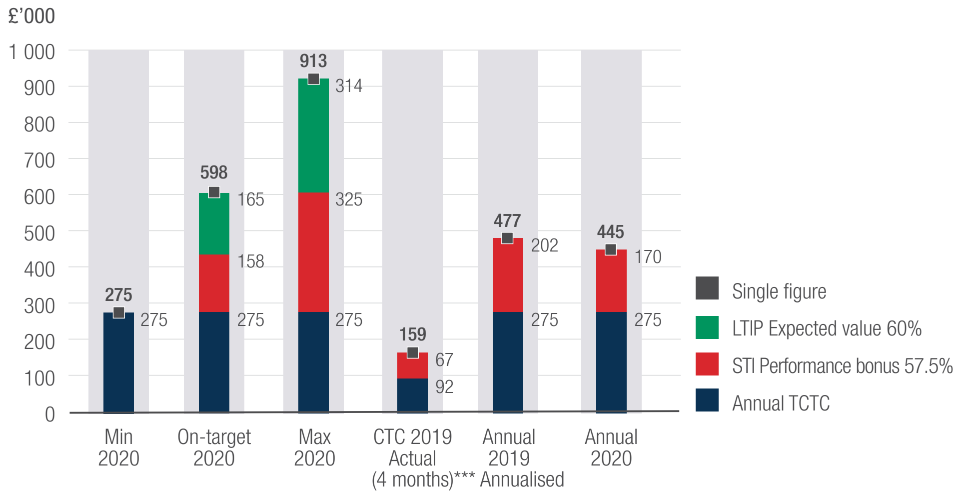


CEO International: M Chapman

Mark Chapman was appointed CEO International from 1 June 2019. *** Remuneration for FY2019 has been annualised for comparative purposes. Salary is reflected in British Pound (£). As part of a legacy long-term incentive scheme, he was granted 10 000 C-shares.

£'000	Annual TCTC	STI Performance Bonus	Total Annual Compensation	LTIP Expected Value	Total Remuneration
Targeted reward (%)		**57.5**		**60.0**	
Min 2020	275	–	**275**	–	**275**
On-target 2020	275	158	**433**	165	**598**
Max 2020	275	325	**600**	314	**913**
CTC 2019 actual (4 months)	92	67	**159**	–	**159**
2019*** annualised	275	202	**477**	–	**477**
Annual 2020	275	170	**445**	–	**445**
Year-on-year	***0.0%***	***(15%)***	***(7%)***		***(7%)***

CEO: INTERNATIONAL
M CHAPMAN



ANNEXURE 3: IMPLEMENTATION REPORT continued

3.3 Exit arrangements – former CEO

The CEO resigned as a director and resigned from all offices and trusteeships held by him in the Employer and any related Company with effect from 17 January 2020.

As he was in service at vesting date, he continued to receive the Company matched shares due to him on 1 February 2020, however, he forfeited the third tranche of 112 366 Life Healthcare shares due in February 2021

	Date	Initial No of Shares Awarded	Shares Vested	No of Shares Retained	No of Ordinary Shares Sold	VWAP	Value of transaction
Granted	20-Sep-18	337 096					
1/3rd vested	01-Feb-19		112 365	59 197	53 168	R25.8817	R3 038 050
1/3rd vested	01-Feb-20		112 365	60 885	51 480	R25.1802	R2 804 870
Total Vested				**120 082**	**104 648**		**R5 842 920**
Shares Forfeited:		**112 366**					

3.4 Non-executive directors' fees

The following number of meetings were held between October 2019 to September 2020

Committee	No of Meetings 2020
Main Board	**4 and 1 special meeting**
Audit	**4 and 2 special meetings**
Remuneration	**2 and 1 special meeting**
Risk, compliance and IT governance	**3**
Investment	**3 and 2 special meetings**
Clinical	**3 and 1 special meeting**
Social, ethics and transformation	**3**
Nominations and governance	**4**

The following fees were paid for the period October 2019 to September 2020:

Non-Executive Director	Oct 2019 to Sept 2020
MA Brey	R1 135 695
PJ Golesworthy	R1 061 204
ME Jacobs	R590 503
VL Litlhakanyane	R220 722
AM Mothupi	R667 220
JK Netshitenzhe	R500 563
MP Ngatane	R572 070
M Sello	R397 149
GC Solomon	R728 808
RT Vice	R712 485
	R6 586 418

ANNEXURE 4:
SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

I am pleased, on behalf of the social, ethics and transformation committee ("the committee"), to present this report to shareholders for the financial year ended 30 September 2020, in accordance with the requirements of the Companies Act. This report is being delivered during what is definitively, the most uncertain of times with the outbreak of COVID-19. Life Healthcare, and the portfolio of businesses within its stable, is therefore operating in an unpredictable and complicated environment. In addition, we experienced a cyber-attack on our IT systems.

However, this unique environment also presented a distinct opportunity to observe the Company's culture, and in doing so – develop a deep appreciation for its resilience and resolve. For the year under review, the committee therefore focused keenly on its role in supporting the Board and the business in general, to best understand how to navigate these difficult times.

Our ability to effectively respond to the pandemic and provide quality care to our patients in this time of crisis is largely due to the dedication and unwavering support of all our frontline employees. The Company wishes to acknowledge their invaluable contribution and to sincerely thank them.

Chairman: Social, Ethics and Transformation Committee
Audrey Mothupi

COMPOSITION OF THE COMMITTEE

The current constitution of the committee is as follows:

- Audrey Mothupi (Chairman and independent non-executive director)
- Marian Jacobs (independent non-executive director)
- Joel Netshitenzhe (independent non-executive director)
- Malefetsane Ngatane (independent non-executive director)
- Peter Wharton-Hood (Chief Executive Officer and executive director)

The following directors resigned as members of the committee, during the year under review:

- Peter Golesworthy (independent non-executive director)
- Shrey Viranna (previous Chief Executive Officer and executive director)

Senior executives and functional heads attend meetings of the committee, as appropriate. All members of management who present on various matters are experts on each of the disciplines or areas falling within the mandate of the committee specified in regulation 43(5) of the Companies Act. The Chairman of the Board is a standing invitee. The committee met three times during the year under review, and the proceedings of each meeting were reported to the Board.

The mandate of the committee is contained in formal terms of reference, which guides the committee in performing its oversight role to ensure that the Group, as a responsible corporate citizen, conducts business in an ethical, transparent and sustainable manner.

RESPONSIBILITIES

The Group continues to strive to deliver value to all our stakeholders as a responsible and caring corporate citizen in line with our core values of providing quality and effective healthcare to our patients. The committee has a statutory responsibility to monitor the Group's activities in terms of the Companies Act with regard to matters relating to:

- ethics and business integrity
- social and economic development
- good corporate citizenship
- environment, health, patient and public safety
- consumer relationships
- labour and employment practices.

The committee continues to execute on its responsibility to draw matters within its mandate to the attention of the Board and to shareholders, when necessary.

FUNCTIONING

The committee oversees the Group's social and organisational activities relating to the environment and its stakeholders. It monitors the Group's sustainability performance to ensure that the organisation's business integrity framework supports its culture, it is seen as a responsible corporate citizen, and that there is a balance between the Group and the accompanying needs, interests and expectations of all its stakeholders.

The committee, together with the clinical committee of the Board, also pays credence to the ethical standards adopted by the Company in ensuring and promoting moral and social values such as patients' welfare and safety, patients' privacy, clinical quality and compliance with relevant legislation.

During the financial year ended 30 September 2020, the committee addressed the following key issues:

- Oversight of the final stage of the group-wide implementation plan of the Group's global code of conduct, which requires all employees and others to be treated with fairness, equality and respect to foster an open, transparent, progressive and trusting environment that is free from prejudice, discrimination and harassment
- The environment, health and public safety and compliance to relevant legislation
- Focus on the recently enacted POPIA legislation, and the impact on the Group
- Performance with regard to the B-BBEE scorecard, procurement and enterprise development, and effective and ethical leadership
- Skills and other development programmes aimed at employees' education
- Labour and employment practices and policies
- Corporate social initiatives, including the Company's role during the pandemic
- Consumer relationships and reputation management, including the Group's advertising, public relations and compliance with consumer protection laws.

Corporate Social Responsibility and Employee Assistance during COVID-19

During the COVID-19 period, we provided 770 employees, who could not isolate or quarantine at home with Company funded accommodation. Additionally, the Employee Assistance Fund paid out R5.8 million in support of 1 435 employees during these unprecedented times. The Company also paid out a gratuity bonus totaling R45 million to 14 947 employees. We donated R1.5 million towards a food relief project that provided approximately 4 000 food parcels to communities across Gauteng, the Western Cape, Eastern Cape, North-West, Mpumalanga, Limpopo, KwaZulu-Natal and the Free State. Each food parcel feeds a family of four for one month. We additionally donated approximately 2 000 cloth masks for students and employees at the SANCB Optima College, and 750 cloth masks to the volunteer employees at SA Depression and Anxiety Group – an NGO with a focus on mental health. We also provided funding to families for the funerals of employees who tragically lost their lives as a result of COVID-19.

Stakeholder engagement

The outbreak of COVID-19 highlighted the importance of engagements between the public and private sectors in South Africa. Guided by our belief that healthcare providers have an obligation to partner with government, especially during times of unprecedented crisis, we were and continue to be ready to assist the South African government in various ways to treat public sector patients in our facilities. During the pandemic, the Group also engaged with the various governments and regulators in the other countries in which we operate, to ensure that Life Healthcare contributed, where it could, to a collective effort in fighting the pandemic. We believe that a sustainable social compact was created during these unprecedented times, which provides hope for a future of sustained economic recovery, post-COVID-19.

Diversity and inclusion

Diversity and inclusion remain key drivers of our transformation journey and are, we believe, integral to building a workforce that reflects our commitment to equal employment opportunities regardless of race, gender, age, disability, political belief or activity, religion, or sexual preference, and reflects the demographics of the countries in which we operate. As a Group, we continue to support transformational strategies, with racial and gender parity remaining key focus across the Group.

Broad-Based Black Economic Empowerment (B-BBEE)

The Group has retained a level 4 B-BBEE contributor in 2020), based on the measurement criteria contained in the B-BBEE Codes of Practice. The independent verification process was completed during September 2020.

CONCLUSION

The committee was pleased to note that the Group retained its position as a constituent of the FTSE/JSE Responsible Index based on the FTSE environmental, social and governance (ESG) rating. This achievement reinforces the committee's view that ESG responsibilities are imperative to the Group. Based on its monitoring activities for the year, no substantive non-compliance with legislation and regulations relevant to the committee's mandate was raised.

The committee remains cognisant of the fact that our material matters are those issues that could affect the economic, environment and social value we create for our stakeholders. With this in mind, the committee continued to play a key role in assisting with the strategic management of our material matters, to ensure sustainable value in the short, medium and long term.

The committee is satisfied that it has discharged its responsibilities in accordance with its mandate for the year ended 30 September 2020.

Audrey Mothupi

Chairman: Social, Ethics and Transformation Committee

ANNEXURE 5: SHAREHOLDER DISTRIBUTION

SHAREHOLDER DISTRIBUTION

1. Analysis of registered shareholders and Company schemes

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as detailed in the annual report and accounts dated 25 September 2020 was:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	6 194	61.3	1 240 097	0.1
1 001 – 10 000 shares	2 127	21.1	7 256 270	0.5
10 001 – 100 000 shares	1 070	10.6	39 274 188	2.7
100 001 – 1 000 000 shares	548	5.4	180 278 872	12.3
1 000 001 shares and above	162	1.6	1 239 299 735	84.4
Total	**10 101**	**100.0**	**1 467 349 162**	**100.0**

Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders*	**11**	**0.11**	**18 846 720**	**1.28**
Directors and associates	6	0.06	4 475 185	0.30
Brimstone Investment Corporation Limited	1	0.01	1 040 807	0.07
Life Healthcare employees share trust	1	0.01	11 928 195	0.81
Life Healthcare Provident Fund	1	0.01	5 096	0.00
Life Healthcare Deposit A/C	1	0.01	18 692	0.00
Life Healthcare Group Holdings Limited	1	0.01	1 378 745	0.09
Public shareholders	**10 090**	**99.89**	**1 448 502 442**	**98.72**
Total	**10 101**	**100.00**	**1 467 349 162**	**100.00**

* *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 25 September 2020:

Investment management shareholdings

Investment manager	Total shareholding	%
Allan Gray Proprietary Limited	291 000 195	19.8
Government Employees Pension Fund (PIC)	226 855 077	15.5
Lazard Asset Management LLC Group	87 548 807	6.0
Old Mutual Limited	81 478 880	5.5
Industrial Development Corporation (IDC)	69 867 972	4.8
BlackRock Inc	60 759 615	4.1
The Vanguard Group Inc	52 956 230	3.6
Total	**870 466 776**	**59.3**

Beneficial shareholdings	Total shareholding	%
PIC	251 033 116	17.1
Allan Gray Balanced Fund	105 820 737	7.2
IDC	69 867 972	4.8
Old Mutual Life Insurance Company Limited	46 652 296	3.2
Total	**473 374 121**	**32.3**

Previously disclosed holdings

Investment managers now holding below 3%

Investment manager	Total shareholding	%	Previous %
Sanlam Investment Management	23 104 042	1.6	3.7
Coronation Asset Management	17 336 865	1.2	5.3
Total	–	–	

Beneficial owners now holding below 3%

Beneficial owners	Total shareholding	%	Previous %
Total	–	–	–

ANNEXURE 5: SHAREHOLDER DISTRIBUTION continued

SHAREHOLDER DISTRIBUTION continued

3. Geographic split of shareholders

Geographic split of investment managers and Company-related holdings

Region	Total shareholding	% of issued capital
South Africa	959 824 361	65.4
United States of America and Canada	278 225 270	19.0
United Kingdom	19 631 281	1.3
Rest of Europe	96 825 086	6.6
Rest of World[1]	112 843 164	7.7
Total	**1 467 349 162**	**100.0**

Geographic split of beneficial shareholders

Region	Total shareholding	% of issued capital
South Africa	996 016 883	67.9
United States of America and Canada	312 647 136	21.3
United Kingdom	46 335 614	3.2
Rest of Europe	38 774 759	2.6
Rest of World[1]	73 574 770	5.0
Total	**1 467 349 162**	**100.00**

[1] Represents all shareholdings except those in the above regions.

4. Shareholder categories

An analysis of beneficial shareholdings, supported by the section 56 enquiry process, confirmed the following beneficial shareholder types:

Category	Total shareholding	% of issued capital
Pension funds	472 577 506	32.21
Unit trusts	431 664 849	29.42
Government of South Africa	69 867 972	4.76
Insurance companies	76 277 701	5.20
Mutual fund	91 971 065	6.27
Sovereign wealth	62 532 516	4.26
Medical aid scheme	3 981 448	0.27
Trading position	45 272 119	3.08
Charity	2 250 711	0.15
Exchange-traded fund	30 939 382	2.11
American depository receipts	14 812 898	1.01
Other managed funds	39 142 766	2.67
Employees	11 928 195	0.81
Custodians	14 313 481	0.98
Private investor	53 569 013	3.65
Corporate holding	1 983 281	0.14
American depository receipts	14 812 898	1.01
Hedge fund	1 064 202	0.07
University	6 678 655	0.45
Local authority	2 114 473	0.14
Black economic empowerment	1 627 146	0.11
ESG	403 916	0.03
Foreign government	399 541	0.03
Investment trust	909 404	0.06
Remainder	16 254 024	1.11
Total	**1 467 349 162**	**100.00**

ANNEXURE 6: SHARE CAPITAL

at 30 September 2020

STATED CAPITAL

	2020 R'm	2019 R'm
Stated capital comprises:		
Share capital	**10 507**	10 507
Share premium	**3 373**	3 373
Treasury shares	**(349)**	(365)
	13 531	13 515
Reconciliation of number of shares		
Ordinary shares	**'000**	'000
Authorised (Share capital of R0.000001 each)	**4 149 980**	4 149 980
Total value = R4 149 (2019: R4 149)		
Issued and fully paid:		
Balance at 30 September	**1 467 349**	1 467 349
Total value = R1 467 (2019: R1 467)		

	Number of shares		Value of shares	
	2020 '000	2019 '000	**2020 R'm**	2019 R'm
Treasury shares				
Balance at 1 October	**12 856**	11 782	**(365)**	(370)
Granted	**2 536**	3 284	**(44)**	(72)
Forfeited	**(112)**	(17)	**3**	1
Transferred	**112**	–	**(3)**	–
Exercised	**–**	(14)	**–**	1
Vested	**(1 779)**	(2 179)	**60**	75
Balance at 30 September	**13 613**	12 856	**(349)**	(365)

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 and long-term incentive schemes).

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2020

	2020 R'm	Change %	2019 R'm
Revenue	**25 386**	(1.1)	25 672
Operating expenses	**(23 206)**		(21 728)
Operating profit[1]	**2 180**	(44.7)	3 944
Fair value adjustments to contingent consideration	**(37)**		2
Fair value loss on derivative financial instruments	**(5)**		(438)
Gain on derecognition of lease asset and liability	**75**		–
Impairment of assets and investments	**(798)**		(164)
Profit on disposal of investment in joint venture	**–**		1 501
Profit on disposal of investment in subsidiary	**–**		11
Loss on disposal of property, plant and equipment	**(6)**		–
Transaction costs relating to acquisitions and disposals	**(17)**		(148)
Other	**–**		(22)
Finance income	**93**		60
Finance cost[1]	**(918)**		(1 058)
Share of associates' and joint ventures' net profit after tax	**14**		18
Profit before tax[1]	**581**	(84.3)	3 706
Tax expense	**(543)**		(835)
Profit after tax	**38**	(98.7)	2 871
Other comprehensive income/(loss), net of tax			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve	**1 833**		117
Items that will not be reclassified to profit or loss			
Retirement benefit asset and post-employment medical aid	**(13)**		(54)
Total comprehensive income for the year	**1 858**	(36.7)	2 934
Profit after tax attributable to:			
Ordinary equity holders of the parent	**(93)**	> (100)	2 569
Non-controlling interest	**131**		302
	38	(98.7)	2 871
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	**1 708**	(34.9)	2 622
Non-controlling interest	**150**		312
	1 858	(36.7)	2 934

[1] *Impact of adopting IFRS 16 on statement of profit or loss – refer to note 3.*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS continued

for the year ended 30 September 2020

	2020	Change %	2019
(Loss)/earnings per share (cents)	**(6.4)**	>(100)	176.4
Diluted (loss)/earnings per share (cents)	**(6.4)**	>(100)	175.8

HEADLINE EARNINGS PER SHARE

for the year ended 30 September 2020

	2020	Change %	2019
Weighted average number of shares in issue (million)	**1 455**	(0.1)	1 456
Headline earnings per share (cents)	**48.7**	(45.1)	88.7
Diluted headline earnings per share (cents)	**48.5**	(45.1)	88.4
Headline earnings (R'm)			
(Loss)/profit attributable to ordinary equity holders	**(93)**		2 569
Adjustments (net of tax)			
Impairment of assets and investments	**798**		140
Profit on disposal of investment in joint venture	**–**		(1 407)
Profit on disposal of investment in subsidiary	**–**		(11)
Loss on disposal of property, plant and equipment	**3**		–
Headline earnings	**708**	(45.2)	1 291

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2020

	Notes	2020 R'm	2019 R'm
ASSETS			
Non-current assets		**35 328**	31 588
Property, plant and equipment	3	**15 361**	12 929
Intangible assets[1]		**18 238**	16 969
Deferred tax assets		**1 162**	1 102
Other non-current assets		**567**	588
Current assets		**7 377**	5 978
Cash and cash equivalents		**2 279**	1 544
Other current assets		**5 098**	4 434
Total assets		**42 705**	37 566
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital		**13 531**	13 515
Reserves		**3 527**	2 673
Non-controlling interest		**1 220**	1 303
Total equity		**18 278**	17 491
LIABILITIES			
Non-current liabilities		**14 535**	11 632
Interest-bearing borrowings	1, 3	**12 034**	9 399
Deferred tax liabilities		**1 450**	1 371
Other non-current liabilities	2	**1 051**	862
Current liabilities		**9 892**	8 443
Bank overdraft		**2 181**	867
Interest-bearing borrowings	1, 3	**2 180**	2 596
Other current liabilities	2	**5 531**	4 980
Total liabilities		**24 427**	20 075
Total equity and liabilities		**42 705**	37 566

[1] *Intangible assets increased mainly as a result of a R2.5 billion movement in foreign currency rates, offset by a R798 million impairment.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2020

	Total capital and reserves R'm	Non-controlling interest R'm	Total equity R'm
Balance at 1 October 2019[1]	**16 188**	**1 303**	**17 491**
Total comprehensive income for the year	**1 708**	**150**	**1 858**
(Loss)/profit for the year	**(93)**	**131**	**38**
Other comprehensive income	**1 801**	**19**	**1 820**
Transactions with non-controlling interests	**(108)**	**(34)**	**(142)**
Distributions to shareholders	**(778)**	**(199)**	**(977)**
Net movement in treasury shares for staff benefit schemes	**(40)**	**–**	**(40)**
Share-based payment charge for staff benefit schemes	**88**	**–**	**88**
Balance at 30 September 2020	**17 058**	**1 220**	**18 278**
Balance at 1 October 2018 (as previously reported)	14 916	1 286	16 202
Transition adjustment relating to IFRS 9	20	–	20
Balance at 1 October 2018 (restated)	14 936	1 286	16 222
Total comprehensive income for the year	2 622	312	2 934
Profit for the year	2 569	302	2 871
Other comprehensive income	53	10	63
Transactions with non-controlling interests	(60)	(44)	(104)
Disposal of subsidiary	(5)	(18)	(23)
Distributions to shareholders	(1 321)	(233)	(1 554)
Net movement in treasury shares for staff benefit schemes	(62)	–	(62)
Loss on disposal of treasury shares	(3)	–	(3)
Share-based payment charge for staff benefit schemes	81	–	81
Balance at 30 September 2019	16 188	1 303	17 491

[1] *There was no impact on retained earnings on 1 October 2019 as a result of adopting IFRS 16.*

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2020

	2020 R'm	Change %	2019 R'm
Cash generated from operations	**4 562**	(23.0)	5 927
Transaction costs paid relating to acquisitions and disposals	**(17)**		(147)
Finance income received	**93**		60
Tax paid	**(597)**		(1 185)
Net cash generated from operating activities	**4 041**	(13.2)	4 655
Capital expenditure	**(1 964)**		(2 060)
Investments (net of cash acquired) and contingent considerations paid	**(43)**		(269)
Proceeds from disposal of subsidiary and joint venture	**–**		4 395
Premiums paid/settlement of foreign exchange option contracts relating to disposal of joint venture	**–**		(322)
Other	**13**		27
Net cash (utilised in)/generated from investing activities	**(1 994)**		1 771
Proceeds from interest-bearing borrowings	**12 766**		5 996
Repayment of interest-bearing borrowings	**(13 525)**		(10 052)
Contingent considerations paid	**(37)**		–
Dividends paid to Company's shareholders	**(778)**		(1 321)
Finance costs paid	**(823)**		(984)
Other	**(381)**		(404)
Net cash utilised in financing activities	**(2 778)**		(6 765)
Net decrease in cash and cash equivalents	**(731)**		(339)
Cash and cash equivalents – beginning of the year	**677**		1 006
Effect of foreign currency rate movements	**152**		10
Cash and cash equivalents at end of the year[1]	**98**		677

[1] *Cash and cash equivalents at the end of the year are net of bank overdrafts.*

SEGMENTAL INFORMATION

for the year ended 30 September 2020

The Group's segments are aligned to those business units that are evaluated regularly by the chief operating decision maker (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 and oncology. The healthcare services segment comprises Life Esidimeni and Life Employee Health Solutions.

International comprises diagnostic services (Alliance Medical) and healthcare services (Scanmed) across Europe and the United Kingdom.

Growth initiatives comprise the new outpatient business model, developing the imaging services opportunity, investing in data analytics and clinical quality products within South Africa and product development internationally.

Corporate is a non-operating segment.

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 (2019: R5 million) is eliminated and relates to revenue between Life Employee Health Solutions and the southern Africa business.

	2020 Reported R'm	**Impact of IFRS 16 R'm**	**2020 Pre-IFRS 16 Pro forma R'm**	2019 R'm
Revenue[1]				
Southern Africa				
Hospitals and complementary services	**15 899**	**–**	**15 899**	17 213
Healthcare services	**1 346**	**–**	**1 346**	1 259
International				
Diagnostic services	**6 286**	**–**	**6 286**	5 582
Healthcare services	**1 535**	**–**	**1 535**	1 349
Growth initiatives	**320**	**–**	**320**	269
	25 386	**–**	**25 386**	25 672

[1] *Revenue of approximately 31% (2019: 33%) is derived from two (2019: two) external customers. The revenue is attributable to the southern Africa segment.*

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

SEGMENTAL INFORMATION continued

for the year ended 30 September 2020

	2020 Reported[2] R'm	Impact of IFRS 16 R'm	2020 Pre-IFRS 16[2] Pro forma R'm	2019 R'm
Normalised EBITDA[1, 4]				
Southern Africa				
Hospitals and complementary services	**2 583**	**(219)**	**2 364**	3 933
Healthcare services	**135**	**(1)**	**134**	148
International				
Diagnostic services	**1 311**	**(127)**	**1 184**	1 253
Healthcare services	**191**	**(51)**	**140**	97
Growth initiatives	**(60)**	**(4)**	**(64)**	(25)
Corporate				
Recoveries	**1 205**	**154**	**1 359**	1 292
Corporate costs	**(1 019)**	**–**	**(1 019)**	(971)
	4 346	**(248)**	**4 098**	5 727
Depreciation				
Southern Africa				
Hospitals and complementary services	**(636)**	**33**	**(603)**	(576)
Healthcare services	**(24)**	**5**	**(19)**	(18)
International				
Diagnostic services	**(732)**	**111**	**(621)**	(521)
Healthcare services	**(118)**	**46**	**(72)**	(62)
Growth initiatives	**(17)**	**3**	**(14)**	(10)
Corporate	**(67)**	**10**	**(57)**	(49)
	(1 594)	**208**	**(1 386)**	(1 236)
EBITA[3, 4]				
Southern Africa				
Hospitals and complementary services	**1 947**	**(186)**	**1 761**	3 357
Healthcare services	**111**	**4**	**115**	130
International				
Diagnostic services	**579**	**(16)**	**563**	732
Healthcare services	**73**	**(5)**	**68**	35
Growth initiatives	**(77)**	**(1)**	**(78)**	(35)
Corporate	**119**	**164**	**283**	272
	2 752	**(40)**	**2 712**	4 491

[1] 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.
[2] Difference between reported and pre-IFRS 16 totals relates to the impact of IFRS 16, which is a once-off adjustment in FY2020.
[3] EBITA is defined as normalised EBITDA less depreciation.
[4] The presentation of normalised EBITDA and EBITA is not an IFRS requirement, nor a JSE Listing requirement and is a measurement used by the CODM. Investors should not consider normalised EBITDA and EBITA in isolation or as an alternative to operating profit, profit after tax or any other measure of financial performance presented. Normalised EBITDA and EBITA as disclosed above may not be comparable to other similarly titled measures of performance of other companies.

	2020 Reported[1] R'm	Impact of IFRS 16 R'm	2020 Pre-IFRS 16[1] Pro forma R'm	2019 R'm
Amortisation of intangible assets				
Southern Africa				
Hospitals and complementary services	**(64)**	**–**	**(64)**	(110)
International				
Diagnostic services	**(466)**	**–**	**(466)**	(411)
Healthcare services	**(14)**	**–**	**(14)**	(17)
Growth initiatives	**(20)**	**–**	**(20)**	(18)
Corporate	**(40)**	**–**	**(40)**	(30)
	(604)	**–**	**(604)**	(586)
Operating profit before items detailed below				
Southern Africa				
Hospitals and complementary services	**1 883**	**(186)**	**1 697**	3 247
Healthcare services	**111**	**4**	**115**	130
International				
Diagnostic services	**113**	**(16)**	**97**	321
Healthcare services	**59**	**(5)**	**54**	18
Growth initiatives	**(97)**	**(1)**	**(98)**	(53)
Corporate	**79**	**164**	**243**	242
	2 148	**(40)**	**2 108**	3 905
Retirement benefit asset and post-employment medical aid income	**32**	**–**	**32**	39
Operating profit[2]	**2 180**	**(40)**	**2 140**	3 944
Fair value adjustments to contingent consideration	**(37)**	**–**	**(37)**	2
Fair value loss on derivative financial instruments	**(5)**	**–**	**(5)**	(438)
Gain on derecognition of lease asset and liability	**75**	**–**	**75**	–
Impairment of assets and investments	**(798)**	**–**	**(798)**	(164)
Profit on disposal of investment in joint venture	**–**	**–**	**–**	1 501
Profit on disposal of investment in subsidiary	**–**	**–**	**–**	11
Loss on disposal of property, plant and equipment	**(6)**	**–**	**(6)**	–
Transaction costs relating to acquisitions and disposals	**(17)**	**–**	**(17)**	(148)
Other	**–**	**–**	**–**	(22)
Finance income	**93**	**–**	**93**	60
Finance cost	**(918)**	**65**	**(853)**	(1 058)
Share of associates' and joint ventures' net profit after tax	**14**	**–**	**14**	18
Profit before tax	**581**	**25**	**606**	3 706

[1] *Difference between reported and pre-IFRS 16 totals relates to the impact of IFRS 16, which is a once-off adjustment in FY2020.*
[2] *Operating profit before items detailed includes the segment's share of shared services and rental costs. These costs are all at market-related rates.*

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

SEGMENTAL INFORMATION continued

for the year ended 30 September 2020

	Reported 2020 R'm	Impact of IFRS 16 R'm	Pre-IFRS 16 Pro forma 2020 R'm	2019 R'm
Total assets before items below				
Southern Africa	**14 659**	**(488)**	**14 171**	13 550
International	**26 332**	**(976)**	**25 356**	22 342
	40 991	**(1 464)**	**39 527**	35 892
Employee benefit assets	**379**		**379**	448
Deferred tax assets	**1 162**	**–**	**1 162**	1 102
Income tax receivable	**173**	**–**	**173**	124
Total assets per the balance sheet	**42 705**	**(1 464)**	**41 241**	37 566
Net debt[1]				
Southern Africa	**5 366**	**(558)**	**4 808**	4 481
International	**8 750**	**(1 011)**	**7 739**	6 837
	14 116	**(1 569)**	**12 547**	11 318
Cash and cash equivalents (net)				
Southern Africa	**(1 463)**	**–**	**(1 463)**	(141)
International	**1 561**	**–**	**1 561**	818
	98	**–**	**98**	677

[1] *Net debt is a key measure for the Group, which comprises all interest-bearing borrowings, overdraft balances and cash on hand. Net debt is not an IFRS requirement, nor a JSE Listing requirement.*

Pro forma information

The adoption of IFRS 16 from 1 October 2019 complicates performance comparison between the results of the year under review and the prior financial year. To provide a more meaningful assessment of the Group's performance, pro forma information has been presented for the year ended 30 September 2020. The pro forma financial information has been prepared for illustrative purposes and represents the impact on segmental information for FY2020 as if IFRS 16 had not been applied at 1 October 2019. This is a once-off adjustment in FY2020.

The full audited annual financial statements contained on the Company's website show the impact of IFRS 16 on the numbers disclosed on the segmental statement of profit or loss, total assets and net debt as at 30 September 2020. IFRS 16 balances have been removed from the reported figures in order to determine the pro forma figures to enable a like-for-like comparison to FY2019 where IFRS 16 had not been applied.

ACQUISITIONS AND DISPOSALS OF INVESTMENTS

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Increases and decreases in ownership interest in subsidiaries

The Group had marginal increases and decreases in its percentage shareholdings in some of its South African subsidiary companies due to transactions with minority shareholders. The individual transactions are immaterial.

BUSINESS COMBINATIONS

Priamar SRL

The Group, through Alliance Medical Group Limited (Alliance Medical), acquired 100% of Priamar SRL, incorporated in Italy, on 30 December 2019 for a total consideration of EUR0.7 million (R10 million). Goodwill of EUR0.8 million (R12 million) was recognised. No significant contingent liabilities existed at the acquisition date.

NOTES

1. INTEREST-BEARING BORROWINGS

	R'm
Total borrowings at 30 September 2019	11 995
Proceeds from interest-bearing borrowings	12 766
Repayment of interest-bearing borrowings	(13 525)
Additional lease liabilities recognised on 1 October 2019 as a result of adopting IFRS 16	1 292
Additional lease liabilities recognised during the year	355
Derecognition of lease liability	(173)
Other movements	2
Effect of foreign currency movement	1 502
Total borrowings at 30 September 2020	**14 214**

2. FINANCIAL INSTRUMENTS

Fair value

Other non-current liabilities and other current liabilities as presented in the statement of financial position, include contingent consideration liabilities of R642 million (2019: R543 million) and derivative financial instrument liabilities of R53 million (2019: R30 million) at fair value (through profit or loss).

The largest contingent consideration payable (R629 million) relates to a potential amount payable to the previous owners of Life Molecular Imaging (LMI), acquired during June 2018. The contingent consideration will become payable when the acquired business is generating 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, discounted to present value using a discount rate of 13.25%.

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 2020.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 extent to which the fair values are observable. All of the resulting fair value estimates for the derivative financial instruments used for hedging are included in level 2. The contingent considerations are included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

NOTES continued

3. NEW ACCOUNTING STANDARD (IFRS 16 LEASES)

The Group adopted IFRS 16 from 1 October 2019, and changed its accounting policies accordingly. The Group has elected the modified retrospective approach, with no restatement to comparative years.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate, as of 1 October 2019.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	2020 R’m
Operating lease commitments disclosed as at 30 September 2019	**1 293**
Discounted using the lessee’s incremental borrowing rate at the date of initial application	**(367)**
Finance lease liabilities recognised as at 30 September 2019	**1 427**
Short-term leases recognised on a straight-line basis as expense	**(5)**
Low-value leases recognised on a straight-line basis as expense	**(4)**
Adjustments as a result of a different treatment of extension and termination options	**375**
Lease liability recognised at 1 October 2019 as included in interest-bearing borrowings	**2 719**
Current lease liabilities	**647**
Non-current lease liabilities	**2 072**
	2 719

The associated right-of-use assets for all lease classes were recognised at an amount equal to the lease liabilities on 1 October 2019, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised on the balance sheet as at 30 September 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 Sep 2020 R’m	1 Oct 2019 R’m
Land and buildings	**2 083**	1 840
Medical equipment	**921**	904
Motor vehicles and other equipment	**73**	79
Total right-of-use assets	**3 077**	2 823

3. NEW ACCOUNTING STANDARD (IFRS 16 LEASES) continued

The change in accounting policy affected the following items in the statement of financial position on 1 October 2019:

- Right-of-use assets included under property, plant and equipment – increased by R1.2 billion
- Prepayments included under other liabilities – decreased by R86 million
- Lease liabilities included as part of interest-bearing borrowings – increased by R1.3 billion

There was no impact on retained earnings on 1 October 2019.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its initial assessment made by applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Leasing activities and how these are accounted for

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 below. 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.

Until FY2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 October 2019, 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 consumer price index, the Polish inflation rate or Warsaw Interbank Offer Rate
- Amounts expected to be payable by the lessee under residual value guarantees (only in our Polish operations)
- 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

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.

(i) 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.

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

NOTES continued

3. NEW ACCOUNTING STANDARD (IFRS 16 LEASES) continued

Leasing activities and how these are accounted for continued

Critical judgements in determining the lease term

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 would 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.

(ii) Discount rate applied to leases

The lease payments are discounted using the incremental borrowing rate, which is the rate that the relevant business unit (lessee) would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Critical estimates in calculating discount rates

The incremental borrowing rate was calculated using an adjusted Group weighted average cost of capital (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

The weighted average incremental borrowing rate applied to the lease liabilities on 1 October 2019 was 9.33% for the Group's leases in southern Africa and 3.35% for the Group's international operations.

Should the discount rate applied at the date of transition change by 0.5%, the impact would be as follows:

- Increase by 0.5%: Right-of-use asset and lease liability decrease by R33 million
- Decrease by 0.5%: Right-of-use asset and lease liability increase by R34 million

Impact on statement of profit or loss

	2020 Reported R'm	IFRS 16 impact R'm	**2020 Pre-IFRS 16 Pro forma R'm**	Change % Pre-IFRS 16	2019 R'm
Operating profit	**2 180**	(40)	**2 140**	(45.7)	3 944
Finance cost	**(918)**	65	**(853)**		(1 058)
Profit before tax	**581**	25	**606**	(83.6)	3 706

No impact on FY2019.

Impact on earnings per share (EPS)

EPS decreased by 1.2 cps for the year ended 30 September 2020 as a result of the adoption of IFRS 16.

4. EVENT AFTER REPORTING PERIOD

The Group has in November 2020 received an offer to dispose of its Polish operation, Scanmed. The offer is lower than the carrying value of Scanmed. With the receipt of the offer, it is considered prudent and appropriate to impair the carrying value at 30 September 2020 to reflect the value of the offer. The impairment for the year ended 30 September 2020, relating to Scanmed, is R793 million.

The disposal of Scanmed is in line with the Group strategy that has previously been communicated. The Group is in negotiations regarding the offer and is expecting to finalise the disposal of Scanmed after successful conclusion of the related agreements. The disposal will be subject, inter alia, to regulatory approvals in Poland.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The audited condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for audited reports, and the requirements of the South African Companies Act, 71 of 2008 (as amended) applicable to condensed financial statements. The JSE Listings Requirements require audited reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the audited condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the prior year consolidated annual financial statements, except for the adoption of the new standard IFRS 16 Leases.

These financial results have been prepared under the supervision of PP van der Westhuizen CA(SA), the Chief Financial Officer.

Pro forma information

To provide a more meaningful assessment of the Group's performance for the year, pro forma information and non-IFRS measures (normalised EBITDA, EBITA and net debt) have been included. Pro forma information includes H2 FY2020 results, IFRS 16 *Leases* financial information that represents the impact on FY2020 as if IFRS 16 had not been applied as well as the estimated impact of the COVID-19 pandemic on the Group results for the year under review. The pro forma financial information and non-IFRS measures are the responsibility of the Group's directors. Pro forma financial information is presented for illustrative purposes only. Because of its nature, the pro forma financial information and non-IFRS measures may not fairly present the Group's financial position, results of operations, changes in equity or cash flows for the year under review.

The pro forma information and non-IFRS measures are not an IFRS requirement. The Group's external auditor, Deloitte & Touche, has reviewed the pro forma information. A copy of independent reporting accountant's assurance report on the compilation of the pro forma financial information is available for inspection at the registered office of the Company.

REPORT OF THE INDEPENDENT AUDITOR

Deloitte & Touche has issued an unmodified review conclusion on the audited condensed consolidated financial statements. A copy of their review report on the audited condensed consolidated financial statements is available for inspection at the Company's registered office and on the Company's website. Any perceived reference to future financial performance included in this announcement has not been audited nor reviewed and reported on by the Group's external auditors and is the responsibility of the directors. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report together with the accompanying financial information from the Company's website.

The directors take full responsibility for the preparation of the audited report.

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

COMMENTARY

OVERVIEW

Life Healthcare's 2020 financial year was a year of vastly different halves. The Group delivered an excellent performance during H1 FY2020 but trading was significantly impacted in H2 FY2020 by the COVID-19 pandemic (the pandemic). The primary focus of the Group in H2 FY2020 was to manage the impact of the pandemic. A number of actions were taken over the period since the outbreak of the pandemic to ensure that we continued to deliver a safe environment providing quality care to our patients, protected the health, safety and job security of our employees in the short term and preserved liquidity. While there is still a high degree of uncertainty regarding the future progression of the pandemic, the Group is pleased with its response to the challenges that arose during H2 FY2020 and we are confident that the lessons learned will enable us to respond effectively to future COVID-19-related challenges.

Revenue for the year ended 30 September 2020 (year under review) decreased by 1.1% against last year and Group normalised EBITDA before the impact of IFRS 16 is 28.4% down against last year. The H2 FY2020 performance was significantly impacted by the pandemic. Normalised EBITDA was impacted to a greater extent, due to additional costs associated with the pandemic and lower activity levels, resulting in negative operational leverage.

H1 and pro forma H2 results comparison:

	FY2020 R'm	FY2019 R'm	**H1 FY2020[1] R'm**	H1 FY2019[1] R'm	**H2 FY2020[2] R'm**	H2 FY2019[2] R'm
Revenue	**25 386**	25 672	**13 244**	12 399	**12 142**	13 273
Normalised EBITDA pre-IFRS 16	**4 098**	5 727	**2 806**	2 733	**1 292**	2 994
Attributable (loss)/profit	**(93)**	2 569	**781**	357	**(874)**	2 212

[1] *H1 numbers are unaudited and were released in the interim published results for the six months ended 31 March 2020.*
[2] *H2 numbers are unaudited and derived from deducting the H1 unaudited published results from the full year reported results.*

The H2 FY2020 attributable loss included the following items:

- Impairment of Scanmed investment of R793 million
- Deferred tax charge on the unrecognised exchange gain on a loan with Scanmed of R133 million
- Provision for additional expected credit losses of R186 million

The Group's efficiency programmes contributed R125 million in the year under review.

The Group has, however, seen a good recovery, since May 2020, in medically necessary procedures in southern Africa and the return to approximately 90% of pre-COVID-19 scan volumes in the majority of the geographies in the international operations.

The Group successfully refinanced its term debt in the international operations during March 2020 and thereby extended the debt maturities that were due in November 2020 out to 2023 and 2025. Given the significant uncertainty caused by the pandemic the Group pre-emptively negotiated amended bank covenants for the period up to 31 March 2021. In addition, banking facilities have been increased and the Group's committed undrawn bank facilities as at 30 September 2020 are R6.3 billion.

COVID-19 PANDEMIC

The impact of the pandemic has varied across the Group's geographic regions and business lines due to the timing of the spread of the disease and the responses of the various governments. Stakeholders are referred to the Group's detailed COVID-19 narrative contained in the trading statement released on 20 April 2020, and trading updates released on 6 March 2020 and 31 August 2020 on Stock Exchange News Services (SENS).

Pro forma information

To provide more meaningful information on the performance of the operations, the pro forma information has been included to illustrate the impact of the pandemic on the FY2020 results.

The impact of the pandemic on revenue and normalised EBITDA was estimated based on the actual performance and activities pre-COVID-19 adjusted for the full year, and deducting management's estimated unaudited results from the reported results.

Southern Africa

The southern Africa business performed well up to mid-March 2020 but saw a significant reduction in hospital admissions following the announcement of the national lockdown during March 2020. The southern African operation experienced its lowest monthly occupancy in April 2020 before recovering and peaking in July 2020 due to the high number of COVID-19 cases in that month. Occupancies decreased again in August 2020 and September 2020 as the increase in medically necessary procedures was slower than the drop-off in COVID-19 cases. The overall weighted occupancy for H2 FY2020 was 50% resulting in overall weighted occupancy for the year under review of 58.4% (2019: 69.7%). Occupancy levels have continued to improve in October 2020 and the first half of November 2020.

The estimated impact of the pandemic for the year ended 30 September 2020 on revenue and normalised EBITDA for southern Africa was R2.3 billion and R1.8 billion respectively.

International

The Alliance Medical diagnostic imaging business experienced significant reductions in volumes (approximately 60% to 65% reduction on average) from mid-March 2020 to mid-May 2020 across all its major geographies. The reduction in volumes was due to national healthcare systems prioritising urgent and emergency cases as well as country-specific self-isolation and social distancing guidelines, resulting in a significant reduction in patient referrals, increase in patient cancellations and non-attendance for appointments.

The increase, however, in scan volumes across all Alliance Medical businesses, since the gradual easing of lockdowns in Europe from May 2020, has been encouraging. The scan volumes in our PET-CT centres in the United Kingdom (UK) are ahead of the prior year (1.8%), with these scan volumes increasing by 5.2% for Q4 FY2020 compared to Q4 FY2019, demonstrating the robustness of our molecular imaging offering. Scan volumes have continued to improve with total scan volumes for October 2020, up 7.0% against October 2019.

Within our Alliance Medical business, we delivered a number of services to support governments in their response to the pandemic, such as COVID-19 testing in Italy and the delivery of a dedicated mobile CT service for up to 16 units in England, which continues into FY2021. This contributed positively at a revenue level to compensate for the reduction in scan volumes.

The estimated net impact of the pandemic for the year ended 30 September 2020 on revenue and normalised EBITDA for our international operations was R437 million (GBP21 million) and R291 million (GBP14 million) respectively. The impact of the pandemic was reduced as a result of the benefit received due to the additional services to governments to support their COVID-19 responses.

The Group's operational response to the pandemic included:

In southern Africa

- Established COVID-19 committees across the organisation with representation from internal leadership and management teams as well as various medical specialities, and where possible, leveraging scarce expertise across the hospitals to drive consistent best practice
- Implemented strict access control and entrance screening for all people entering our facilities
- Focused on the sourcing of personal protective equipment (PPE) and implementation of standards and protocols across all facilities, including the implementation of universal masking
- Implemented a dynamic forecasting model that the hospitals are using for logistical, capacity and staff planning including, where practical, designation of COVID-19 and non-COVID-19 teams and areas
- Restricted the number of visitors in our facilities
- Extensive workforce management, including redeployment of permanent employees and reduction in the use of agencies

COMMENTARY continued

- Representation on various national and provincial structures as well as participating in the Business Unity for South Africa initiatives in order to ensure broader alignment
- COVID-19 testing of patients before admission
- Daily monitoring of symptoms of all employees and doctors
- Random COVID-19 testing of hospital employees and doctors
- Developed facility response plans covering:
  - Staggered admission times
  - The split of facilities between COVID-19 and non-COVID-19 patients
  - Bed capacity management to ensure social distancing
  - Appropriate protocols in theatre covering utilisation, cleaning and social distancing
  - Revised PPE protocols
  - Employee rotation
- Incorporated guidelines from various medical societies and considered international best practice in the adopted approach

Internationally

- Established processes for the rapid deployment of employees to manage fluctuation in demand of sites as the need arises
- Trained employees in different modalities in the scanning business to enable redeployment where the need arises
- Introduced restricted opening hours and limited site closures in all regions where needed
- Prepared sites and employees for an increase in scanning demand post-lockdown
- Introduced screening and treatment protocols in all facilities to manage in a COVID-19 environment
- Reviewed post-COVID-19 opportunities including permanent changes to practices, continuation of new clinical services, and revised customer and supplier relationships

This operational response is continuously monitored and adapted in response to the changing environment as the pandemic progresses.

Life Healthcare has also introduced cash preservation levers to manage liquidity. This was done through continuous cash forecasting, adapting and implementing operational controls, limiting capital expenditure without compromising patient safety, suspending discretionary operational expenses, suspending dividends and deferring management bonuses.

OPERATIONAL REVIEW

Southern Africa

Southern Africa includes hospitals and complementary services, healthcare services and corporate.

	2020 Reported R'm	Change versus FY2019 %	**2020 Pre-IFRS 16 Pro forma R'm**	Change versus FY2019 %	2019 R'm
Revenue					
Hospitals and complementary services	**15 899**	(7.6)	**15 899**	(7.6)	17 213
Healthcare services	**1 346**	6.9	**1 346**	6.9	1 259
	17 245	(6.6)	**17 245**	(6.6)	18 472
Normalised EBITDA					
Hospitals and complementary services	**2 583**	(34.3)	**2 364**	(39.9)	3 933
Healthcare services	**135**	(8.8)	**134**	(9.5)	148
Corporate					
Recoveries	**1 205**	(6.7)	**1 359**	5.2	1 292
Corporate costs	**(1 019)**	4.9	**(1 019)**	4.9	(971)
	2 904	(34.0)	**2 838**	(35.5)	4 402

Revenue for the southern African operations for the year under review decreased by 6.6% to R17.2 billion (2019: R18.5 billion) and normalised EBITDA pre-IFRS 16 decreased by 35.5% to R2.8 billion (2019: R4.4 billion).

The main operating segment, hospitals and complementary services, did well to manage the pandemic. The overall weighted occupancy for the year decreased to 58.4% (2019: 69.7%).

Paid patient days (PPDs) for the year decreased by 15.7% (2019: +0.8%) with PPDs for H2 FY2020 declining by 30.5% (H1 FY2020: +0.2%). The revenue per PPD for the year increased by 8.9% from FY2019. The higher than expected increase is due to a change in case mix as well as an increased proportion of higher acuity patients being admitted to hospital. The increase in revenue per PPD is made up of a 4.4% tariff increase and a 4.5% positive change in case mix.

The healthcare services segment was less affected with revenue for the year up 6.9% to R1 346 million (2019 R1 259 million) and normalised EBITDA pre-IFRS 16 down 9.5% to R134 million (2019: R148 million).

Normalised EBITDA pre-IFRS 16, for the southern African operations, decreased by 35.5% with a normalised EBITDA margin pre-IFRS 16 of 16.5% for the year (2019: 23.8%). As a large percentage of costs are fixed, the decline in activities due to the pandemic had a direct impact on the normalised EBITDA margin. The pandemic also resulted in additional costs incurred of approximately R244 million. The normalised EBITDA margin excluding the estimated pandemic impact was 23.7%.

The southern African operations were a victim of a criminal cyber-attack in June 2020. In response, the Group immediately took its systems offline and switched to manual processes and procedures. Although the care of patients was not impacted, the Group was unable to issue bills for a period of around 45 days. This billing backlog was resolved by end August 2020 and most of the outstanding accounts were collected by end September 2020. The direct costs of the restoration of the information technology (IT) infrastructure amounted to R64 million.

The Group had excellent patient quality scores, with pleasing improvements shown in the healthcare associated infection (HAI) rate and the patient safety adverse event rate.

International

International comprises diagnostic services (Alliance Medical) and healthcare services (Scanmed) with operations across Europe and the UK.

	2020 Reported R'm	Change versus FY2019 %	**2020 Pre-IFRS 16 Pro forma R'm**	Change versus FY2019 %	2019 R'm
Revenue					
Diagnostic services	**6 286**	12.6	**6 286**	12.6	5 582
Healthcare services	**1 535**	13.8	**1 535**	13.8	1 349
	7 821	12.8	**7 821**	12.8	6 931
Normalised EBITDA					
Diagnostic services	**1 311**	4.6	**1 184**	(5.5)	1 253
Healthcare services	**191**	96.9	**140**	44.3	97
	1 502	11.3	**1 324**	(1.9)	1 350

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

COMMENTARY continued

Revenue in diagnostic services increased by 12.6% to R6.3 billion (2019: R5.6 billion). This increase was driven by the good growth of the volumes within our PET-CT centres (1.8 %) in the UK, along with additional services to support governments' responses to the pandemic and the weakening of the rand against the pound sterling and the euro. Revenue in diagnostic services was negatively impacted by the pandemic, from February 2020 but more acutely between mid-March 2020 and mid-May 2020 with scan volumes dropping by an average 60% to 65% against pre-COVID-19 levels. Up to the end of February 2020, revenue in pound sterling was 8.4% ahead of the prior period. However, due to the impact of the pandemic, revenue in pound sterling for the year ended 30 September 2020 only increased by 0.3% compared to the prior year. The Alliance Medical operations showed good recovery in diagnostic scan volumes from June 2020 with Q4 FY2020 scan volumes up 0.2% against Q4 FY2019.

Within our UK business, our fourth cyclotron site in Preston was reopened in March 2020 after a period of closure for refurbishment. By having four sites operational again, we were able to meet demand, providing a more reliable PET-CT service. The fifth site, Dinnington, is going through its final accreditation and should be able to produce commercially from Q1 FY2021. This will further enhance our reliability of isotope production.

PET-CT scan volumes were impacted less severely than other modalities during the initial pandemic surge between mid-March 2020 and mid-May 2020. The full-year volume growth in our PET-CT scan centres in the UK was 1.8%, with Q4 FY2020 showing growth of 5.2% against Q4 FY2019.

Normalised EBITDA pre-IFRS 16 for diagnostic services was R1.2 billion (2019: R1.3 billion).

The normalised EBITDA margin pre-IFRS 16 for Alliance Medical of 18.8% (2019: 22.4%) was negatively impacted by the pandemic.

The normalised EBITDA margin, excluding the estimated pandemic impact, net of the benefit received due to the additional services to governments to support their COVID-19 response alongside cost-saving initiatives, was 21.9%.

Healthcare services' revenue for the year under review increased by 13.8% to R1 535 million (2019: R1 349 million). The normalised EBITDA margin pre-IFRS 16 increased to 9.1% (2019: 7.2%). The pandemic had a minimal financial impact on Scanmed during the year under review.

Scanmed had a good performance in the year under review, with an improvement on the prior year, as some of its facilities were designated as non-COVID-19 facilities and provided elective treatments to patients from other government facilities. The Group restarted the Scanmed disposal process during September 2020, and received an offer during November 2020 to dispose of its Polish operation. The offer is lower than the carrying value of Scanmed at 30 September 2020. With the receipt of the offer, it is considered prudent and appropriate to impair the carrying value at 30 September 2020 to reflect the value of the offer. The impairment for the year under review relating to Scanmed is R793 million. The disposal of Scanmed is in line with the Group's previously communicated strategy. The Group is in negotiations regarding the offer and is expecting to finalise the disposal of Scanmed after successful conclusion of the related agreements. The disposal will be subject, inter alia, to regulatory approvals in Poland and it is anticipated that the proceeds will be used to reduce debt levels.

Growth initiatives

Growth initiatives comprise the development of a new outpatient business model, the development of the imaging services opportunity, the investment in data analytics, and clinical quality products in South Africa and product development internationally.

The Group has made good progress with its imaging services opportunity in South Africa but delays were experienced in the execution of its first few transactions due to the pandemic. The acquisition process has restarted and the Group hopes to conclude the transactions in H1 FY2021.

The outpatient business model continues to evolve and we have two standalone clinics, and four retail clinics in partnership with a large retailer. The management team has successfully developed a COVID-19 symptom checker, as well as a telemedicine tool with the ability to offer direct-to-patient doctor virtual consultations.

LMI, our primary international growth initiative, had a strong performance and contributed revenue of R319 million (2019: R268 million) and a normalised EBITDA pre-IFRS 16 loss of R7 million (2019: profit of R18 million). The loss in the year under review included a non-trading foreign exchange loss of R8 million (2019: profit: R30 million). Excluding this item the normalised EBITDA for 2020 was R1 million (2019: loss of R12 million) achieving its objective of breaking even in 2020 at normalised EBITDA level.

FINANCIAL POSITION AND LIQUIDITY

The Group is in a strong financial position with net debt to normalised EBITDA as at 30 September 2020 at 2.96 times (2019: 1.96 times).

The Group negotiated amended bank covenants for the periods ended 30 September 2020 (net debt to normalised EBITDA of 4.0 times) and ending 31 March 2021 (net debt to normalised EBITDA of 4.5 times) due to the uncertainty of the pandemic. The Group agreed not to pay dividends without lender approval as part of the covenants amendment terms. The Group was well within its original bank covenant for net debt to normalised EBITDA of 3.50 times as at 30 September 2020.

The Group has implemented additional structures and processes to forecast, monitor and mitigate liquidity risks.

The refinancing of the term debt in the international operations has increased the committed facilities by approximately GBP55 million.

The Group's available undrawn bank facilities as at 30 September 2020 amounted to R6.3 billion.

To ensure the Group has sufficient cash reserves, in addition to securing additional bank facilities, management has implemented a number of mitigating actions and cash preservation levers across the Group's operations. These levers include the reduction and deferral of capital expenditure (capex) projects, suspending the interim and final dividend, placed an interim embargo on non-critical spend, reduced temporary employee costs through increased utilisation of permanent employees, negotiated extended payment terms with suppliers, and utilised government incentive programmes, as far as possible. The Group's executive team has also agreed to defer their short-term incentives.

FINANCIAL PERFORMANCE

Group revenue decreased by 1.1% to R25.4 billion (2019: 25.7 billion) consisting of a 6.6% decrease in southern African revenue to R17.2 billion (2019: R18.5 billion), a 12.6% increase in international revenue to R7.8 billion (2019: R6.9 billion) and R336 million revenue contribution from growth initiatives (2019: R269 million).

Normalised EBITDA pre-IFRS 16 decreased by 28.4% to R4.1 billion (2019: R5.7 billion).

Normalised EBITDA was negatively impacted by the pandemic and related costs.

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

COMMENTARY continued

	2020 R'm	%	2019 R'm
Normalised EBITDA			
As reported			
Operating profit	**2 180**	(44.7)	3 944
Depreciation on property, plant and equipment	**1 594**	29.0	1 236
Amortisation of intangible assets	**604**	3.1	586
Retirement benefit asset and post-employment medical aid income	**(32)**		(39)
Normalised EBITDA as reported	**4 346**	(24.1)	5 727
Impact of IFRS 16	**(248)**		–
Normalised EBITDA pre-IFRS 16 (pro forma)	**4 098**	(28.4)	5 727
Southern Africa	**2 838**	(35.5)	4 402
International	**1 324**	(1.9)	1 350
Growth initiatives	**(64)**	>(100)	(25)

CASH FLOW AND CAPITAL EXPENDITURE

The Group had strong working capital management despite the challenging environment in which the Group operated. The cash generated from operations amounted to R4.6 billion, and represented 111% of normalised EBITDA pre-IFRS 16 (2019: 103%).

During the financial year under review, the Group invested approximately R2.0 billion (2019: R2.3 billion), comprised mainly of capital projects of R2.0 billion (2019: R2.1 billion) and a new acquisition (net of cash acquired) by Alliance Medical of R6.0 million. The maintenance capital expenditure (capex) for the year was R1.2 billion (2019: R1.2 billion).

(LOSS)/EARNINGS PER SHARE (EPS), HEADLINE EARNINGS PER SHARE (HEPS) AND NORMALISED EARNINGS PER SHARE (NEPS)

EPS decreased by more than 100% to -6.4 cps (2019: 176.4 cps). The impairment of R793 million relating to Scanmed reduced EPS by 54.5 cps.

HEPS decreased by 45.1% to 48.7 cps (2019: 88.7 cps). NEPS, which excludes non-trading-related items listed on page 28, decreased by 47.6% to 61.0 cps (2019: 116.4 cps). The presentation of normalised earnings is a non-IFRS measure.

EPS, HEPS and NEPS for the year ended 30 September 2020 include the impact of IFRS 16 (2019: no impact).

Earnings in the prior year included a non-recurring profit on the disposal of our equity investment in Max Healthcare (net profit on the disposal in FY2019 of 68.5 cps). The earnings in the year under review have been positively impacted (+9.3 cps) by the reduction in post-tax interest cost of R135 million as a result of the repayment of debt in Q4 FY2019, following the disposal.

	2020 R'm	Change %	2019 R'm
Weighted average number of shares in issue (million)	**1 455**	(0.1)	1 456
Normalised earnings			
Profit attributable to ordinary equity holders	**(93)**		2 569
Adjustments (net of tax and non-controlling interest)			
Retirement benefit asset and post-employment medical aid income	**(23)**		(28)
Fair value adjustments to contingent consideration	**37**		(2)
Fair value loss on the Max foreign exchange option contracts	**–**		292
Gain on derecognition of lease asset and liability	**(50)**		–
Impairment of assets and investments	**798**		140
Profit on disposal of investment in joint venture	**–**		(1 407)
Profit on disposal of investment in subsidiary	**–**		(11)
Loss on disposal of property, plant and equipment	**3**		–
Transaction costs relating to acquisitions and disposals	**17**		148
Other	**–**		30
Unwinding of contingent consideration	**66**		44
Deferred tax raised on unrecognised exchange gain on intercompany loan	**133**		–
Deferred tax raided on historical losses	**–**		(80)
Normalised earnings	**888**	(47.6)	1 695
NEPS (cents)	**61.0**	(47.6)	116.4
NEPS pre-IFRS 16 (cents)	**62.2**	(46.6)	116.4

CHANGES TO THE BOARD OF DIRECTORS

Shrey Viranna resigned from the Company and the Board with effect from 17 January 2020. Peter Wharton-Hood was appointed as Group Chief Executive effective 1 September 2020.

Victor Litlhakanyane was appointed to the Board from 15 April 2020 and as Chairman-designate on 27 July 2020.

DIVIDEND DECLARATION

The Board of directors has decided, considering the current trading conditions and in order to preserve cash, not to pay a final dividend for the year. This position will be reviewed in the new financial year.

ANNEXURE 7: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued

COMMENTARY continued

OUTLOOK

In southern Africa, we expect underlying activities to continue to improve resulting in higher occupancies. The business is preparing for a potential COVID-19 second wave but we are confident that the lessons learned will enable us to respond effectively to future COVID-19-related challenges. Capex for the year is expected at approximately R1.7 billion. We will continue to focus on improving clinical quality and driving our operational efficiency programmes.

Diagnostic services will continue to drive efficiencies in the "new normal" of lower scanner utilisation due to COVID-19 protocols. Dinnington, our fifth cyclotron site in the UK, should be able to produce commercially from Q1 FY2021 which will further enhance our reliability of isotope production. Capex for the year is expected at approximately R0.9 billion.

The Group aims to conclude on its disposal of Scanmed.

The Group will invest further into growth initiatives:

- Executing on initial South Africa imaging transactions
- Increasing its operational capacity in the LMI business

Management teams have taken steps to protect revenue streams, reduce costs and preserve cash in all the countries we operate in and will focus on bringing operations to full capacity as quickly as possible as the pandemic develops.

The pandemic introduces a high degree of uncertainty surrounding the impact on activity levels and the timing of the return to previous trading environments, therefore it is not possible to provide guidance for the next six months.

Shareholders are advised that the investor presentation for the year ended 30 September 2020 is published on Life Healthcare's website **www.lifehealthcare.co.za**.

THANKS

Our ability to effectively respond to the pandemic and provide quality care to our patients in this time of crisis is largely due to the dedication and unwavering support of our employees and our doctors. The Company wishes to acknowledge their invaluable contribution and to sincerely thank them.

Worldwide 12 May 2020 was International Nurses Day. This carries additional significance as 2020 is also the World Health Organization's year of the nurse. Nurses across the world have been at the forefront of looking after patients during the pandemic and we would like to thank them for their valuable role and sacrifice in these times. Their contribution to society is immense and we thank them for it.

Approved by the Board of directors on 18 November 2020 and signed on its behalf:

Mustaq Brey	**Peter Wharton-Hood**	**Pieter van der Westhuizen**
Chairman	*Chief Executive*	*Chief Financial Officer*

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