

LIFE HEALTHCARE GROUP HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2003/002733/06

Income tax number: 9387/307/15/1

ISIN: ZAE000145892

Share code: LHC

("Life Healthcare" or "the Company" or "the Group")

LIFE HEALTHCARE FUNDING LIMITED

(Incorporated in the Republic of South Africa with limited liability)

Registration number: 2016/273566/06

Bond company code: LHF1

("Life Healthcare Funding")

SUMMARISED GROUP RESULTS FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022 AND CASH DIVIDEND DECLARATION

Life Healthcare has delivered a good underlying business performance for the year ended 30 September 2022 (FY2022, the current year, or the current period) compared with the year ended 30 September 2021 (FY2021, the prior year, or the prior period). The results in the current year have been driven by a strong operational and financial performance in southern Africa (SA) especially during the six-month period to 30 September 2022 (H2-2022, second half period) and a good underlying activity growth for the year in Alliance Medical Group (AMG).

Group operational highlights:

- The hospitals and complementary services in southern Africa experienced a strong recovery in activities during H2-2022 with PPD growth of 9.4% growth during H2-2022 and 5.8% in FY2022 after a slow start with the first six months of the year, to 31 March 2022 (H1-2022) being impacted by COVID-19.
- The normalisation of our activities in FY2022 (following COVID-19 disruptions in prior years) is evident from the 15.8% year-on-year growth in acute hospital admissions, 14.8% growth in theatre minutes, and 13.8% growth in mental health admissions.
- Revenue growth of 6.0% in the hospitals and complementary services businesses was driven by a tariff increase of 4.25%, PPD growth of 5.8% and the normalisation of our case mix as COVID-19 cases reduced, resulting in a negative case mix of 4.1%.
- Operating leverage in our hospitals and complementary services delivered robust 18.3% normalised EBITDA growth from 6.0% revenue growth during FY2022.
- We are excited about the purchase of the non-clinical operations of East Coast Radiology business (effective 1 February 2022) and the Eugene Marias Radiology business (effective 1 August 2022) in South Africa. These businesses contributed R94 million to revenue in the current year and are included in the complementary services business line.
- AMG delivered 2.8% revenue growth with good activity growth in all the markets it operates in. The PET-CT volumes grew by 11.1% in the UK and Ireland delivered 24.4% activity growth. AMG has made progress in expanding our footprint of Community Diagnostic Centres ("CDC") and currently operates 7 CDCs, with a further two in development. The ramp up of these operations, the impact of the ending of COVID-19-related contracts highlighted below, inflation pressures and increased energy costs in H2-2022 resulted in normalised EBITDA declining by 11.9% year-on-year.
- The Group's balance sheet remains strong and net debt to normalised EBITDA per the bank covenant contracts at 1.89 times, well below the covenant of 3.5 times.

- During FY2022 the Group raised R1.0 billion from our inaugural corporate bond programme, which was 4.5 times oversubscribed and we have also extended the maturity of our international debt. Most of the Group's debt maturity is now extended post 2024.

Group financial highlights:

	2022	2021	% chg 2022- 2021
Revenue from continuing operations^ (R'm)	28 206	26 885	4.9%
Normalised EBITDA* from continuing operations (R'm)	5 039	5 051	-0.2%
Weighted average number of shares (million)	1 447	1 454	-0.5%
Earnings per share (EPS) (cents)	105.8	120.6	-12.3%
Headline earnings per share (HEPS) (cents)	106.1	111.1	-4.5%
Normalised earnings per share* (NEPS) (cents)	96.4	112.7	-14.5%
NEPS from continuing operations^ (cents)	96.4	109.8	-12.2%
Dividend per share (DPS) (cents)	40	25	60.0%

* Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading related costs and income. Normalised EBITDA and NEPS are non-IFRS measures. ^ Reflects revenue and NEPS excluding Scanmed

Group revenue from continuing operations increased by 4.9% to R28.2 billion (FY2021: R26.9 billion) consisting of a 5.0% increase in southern African revenue to R20.0 billion (FY2021: R19.0 billion), a 2.8% increase in international revenue from continuing operations to R7.7 billion (FY2021: R7.5 billion) and R555 million revenue contribution from growth initiatives (FY2021: R387 million).

The results for the Group have however been impacted by a number of once off items in the current year and the prior year that distort the comparison against the prior year. These items include:

- The Group assisted the National Health Service in the United Kingdom ("UK") in providing COVID-19 scanning services through its mobile fleet. These contracts came to an end at the end of September 2021. The financial impact of these services is included in the prior period but did not recur in the current period. The mobile fleet has been redeployed in the UK and is now providing services at the normal tariff. Therefore, the mix in the International business has changed and has impacted revenue and normalised EBITDA when compared with the prior year.
- The Group introduced a co-investment share scheme for senior management across the Group to retain talent, drive performance and to align senior management with shareholders. The impact of this scheme, and an increase in the Group's other long-term incentive schemes due to improved financial performance, increased the share scheme charge in the current year. The effect of this is an increase of R136 million in the current period, which impacts normalised EBITDA.
- Due to the news in early 2022 relating to the lack of reimbursement for Aduhelm® within the USA, the Group reviewed its contingent consideration liability raised related to the acquisition of Life Molecular Imaging (LMI). The Group still believes there will be an amount payable to the prior owners of LMI, but our expectation for reimbursement has been

delayed by two years in the USA and three years in Europe. The Group has therefore released an amount of R437 million which impacts the current period's results.

- In the prior period the Group disposed of Scanmed in Poland and a profit of R87 million was included in the prior period from this discontinued operation.
- The Group is disputing the interpretation by the tax authorities in South Africa, the South African Revenue Service ("SARS"), of a contractual arrangement between Life Healthcare and its subsidiary companies related to payroll services and the resultant VAT treatment. Even though there is no loss to the fiscus and the Group's strong legal and tax opinions on the matter, the Group has prudently provided R199 million.

Normalised EBITDA from continuing operations decreased by 0.2% to R5.0 billion (FY2021: R5.1 billion). This normalised EBITDA decline was largely driven by our international operations which saw normalised EBITDA decline by 11.9% to R1.6 billion (FY2021: R1.8 billion) due to the factors described above.

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

Our EPS and HEPS metrics have all been impacted by the once-off items referred to above. Further details regarding these once-off items, including a reconciliation of the movements between EPS and HEPS, can be found in our financial results and Annual Financial Statements, both of which have been released on our website today.

EPS from continuing operations decreased by 7.7% to 105.8 cents (FY2021: 114.6 cents) while EPS from continuing and discontinued operations decreased by 12.3% to 105.8 cents (FY2021: 120.6 cents).

HEPS from continuing and discontinued operations decreased by 4.5% to 106.1 cents (FY2021: 111.1 cents).

NEPS from continuing operations, which excludes non-trading related items, decreased by 12.2% to 96.4 cents (FY2021: 109.8 cents). NEPS from continuing and discontinued operations decreased by 14.5% to 96.4 cents (FY2021: 112.7 cents). The presentation of normalised earnings metrics are non-IFRS measures.

Financial position and liquidity

The Group remains in a strong financial position with net debt to normalised EBITDA (as per bank covenant definitions) as at 30 September 2022 of 1.89 times, compared to the 1.82 times reported at 30 September 2021, and remains within our covenant of 3.5 times.

The available undrawn bank facilities as at 30 September 2022 amounted to R4.4 billion.

In addition, the Group, through its funding company Life Healthcare Funding, launched its inaugural listed domestic medium term note programme during 2022, successfully raising R1.0 billion across 3- and 5-year tenures. The Group also refinanced some existing UK debt, helping to move the bulk of our debt maturities to 2025 or beyond.

Distribution

The Board approved a final gross cash dividend of 25.0 cents per ordinary share. The dividend has been declared from income reserves and is subject to South African dividend withholding tax of 20%, which will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 20.00000 cents per share. This dividend declaration brings the total dividend declared during FY2022 to 40.0 cents (FY2021: 25 cents).

The Company's total number of issued ordinary shares is 1 467 349 162 as at 16 November 2022.

The Company's income tax reference number is 9387/307/15/1.

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

Last date to trade cum dividend	Tuesday, 6 December 2022
Shares trade ex the dividend	Wednesday, 7 December 2022
Record date	Friday, 9 December 2022
Payment date	Monday, 12 December 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December 2022 and Friday, 9 December 2022, both days inclusive.

Outlook

For the twelve months to 30 September 2023 (FY2023), the Group expects continued activity growth in all the markets it operates.

For our southern African operations, we currently anticipate continued volume growth driven by the normalisation of our case mix, as well as introduction of new funder network deals. We also expect continued progress in expanding non-acute services within our operations by the launching of new clinical products in partnership with funders and select acquisitions in non-acute businesses.

For AMG we expect to see continued good growth in demand for our scanning services in the UK and Ireland and we remain excited about the CDC rollout. We await the outcome on current Alzheimer's Disease drug trials in the USA during late 2022 and early 2023, which may impact our LMI business.

Inflationary pressures around the world have increased and are likely to continue to impact salary increases, consumable and other cost increases. The severity of these factors is very different in each market and is dependent on the customer base, the nature of government support and public salary increases. We expect the impact to be less severe in southern Africa where we have historically demonstrated our ability to manage these pressures through stringent cost management, increasing operational leverage and negotiating tariff increases. The impact may be more pronounced in some of our international operations where we may not receive adequate pricing adjustments to mitigate pressure on our margins. We are working at containing cost increases and introducing other mitigating actions.

The Group is expected to spend R2.9 billion in capital expenditure in FY2023 which will be funded from internal sources or debt.

Changes to the board of directors

Shareholders are referred to the announcement released on SENS on 28 July 2022, which in keeping with the Board's succession and diversity plans and strategy, the Group announced the appointments of Dr Jeanne Bolger and Mr Lars Holmqvist as independent non-executive directors of the Board, with effect from 1 August 2022.

Audit opinion

Deloitte & Touche, the Group's independent auditor, has audited the Group annual financial statements from which this announcement has been derived, and has expressed an unmodified audit opinion on these financial statements. The auditor's report, containing the key audit matters issued on the Group annual financial statements, and the accompanying Group annual financial statements can be accessed on Life Healthcare's website (www.lifehealthcare.co.za).

Short-form announcement

This short-form announcement is a summary of the information in the detailed FY2022 results announcement published on 17 November 2022 and does not contain full or complete details. The full announcement is available on Life Healthcare's website (www.lifehealthcare.co.za) or can be downloaded from <https://senspdf.jse.co.za/documents/2022/JSE/ISSE/LHC/FY22.pdf>

Any investment decision should be based on consideration of the full announcement and shareholders and/or investors are encouraged to review the full announcement.

The full announcement is also available, at no charge, for inspection at the registered office of Life Healthcare and at the office of the sponsor, during office hours. Copies of the full announcement may also be requested directly from the Company Secretary, Joshila Ranchhod (joshilar@life.co.za).

The contents of this short-form announcement are the responsibility of Life Healthcare's board of directors.

Date: 17 November 2022

Executive directors: Mr PG Wharton-Hood (Group Chief Executive), Mr PP van der Westhuizen (Group Chief Financial Officer)

Non-executive directors: Dr VL Litlhakanyane (Chairman), Dr JE Bolger, Mr PJ Golesworthy, Ms CM Henry, Mr LE Holmqvist, Prof ME Jacobs, Ms AM Mothupi, Mr JK Netshitenzhe, Dr MP Ngatane, Adv M Sello, Mr GC Solomon and Mr RT Vice

Company Secretary: Ms J Ranchhod

Registered Office: Building 2, Oxford Parks, 203 Oxford Road (cnr Eastwood and Oxford Roads), Dunkeld 2196. Private Bag X13, Northlands 2116

Sponsor and Debt Sponsor: Rand Merchant Bank, a division of FirstRand Bank Limited. 1 Merchant Place, cnr Fredman Drive and Rivonia Road, Sandton

Note regarding forward-looking statements: Any forward-looking statements or projections made by the Company, including those made in this announcement, are subject to risk and uncertainties that may cause actual results to differ materially from those projected, and have not been reviewed or reported on by the Group's external auditors.