

ANNEXURE 3: PRO FORMA FINANCIAL INFORMATION OF THE TRANSACTION

The definitions and interpretations commencing on page 7 of the Circular apply, mutatis mutandis, to this Annexure 3.

The Transaction pro forma financial information is the responsibility of the directors and has been prepared for illustrative purposes only to provide information about how the Transaction may have affected Life Healthcare's unaudited interim financial results for six months ended 31 March 2023 and, because of its nature, may not give a fair presentation of Life Healthcare's financial position, changes in equity, results of operations or cash flows after the Transaction.

The Transaction pro forma financial information has been prepared in accordance with the Listings Requirements, the Guide on pro forma Financial Information issued by SAICA and the Life Healthcare Group's accounting policies. The accounting policies used in the preparation of the pro forma financial information is compliant with IFRS and are consistent with those applied in the audited annual financial statements of Life Healthcare for the year ended 30 September 2022.

Pro forma consolidated statement of profit or loss for the period ended 31 March 2023

	Group last published results before the Transaction	Deconsolidation of AcquisitionCo	Pro-forma entries	Group after deconsolidation before disposal entries	Disposal of AcquisitionCo and related costs	Notes	Pro-forma After the Transaction
Notes	1	2	3	4	5		6
<i>Adjustments relating to the Transaction</i>							
<i>R million</i>							
Revenue	15,290	(4,403)	8	10,895	-		10,895
Other income	99	-	-	99	-		99
Operating expenses	(13,899)	4,167	-	(9,732)	(101)	5.3	(9,833)
Fair value loss on financial instruments	(22)	-	-	(22)	-		(22)
Impairment of investment	(33)	33	-	-	-		-
Loss on disposal of investment in subsidiary	-	-	-	-	(330)	5.4	(330)
Exchange gain reclassified to profit or loss on disposal	-	-	-	-	2,213	5.5	2,213
Profit on disposal of property, plant and equipment	4	(4)	-	-	-		-
Transaction costs	-	-	-	-	(645)	5.1	(645)
Operating profit	1,439	(207)	8	1,240	1,137		2,377
Finance income	60	(5)	-	55	-		55
Finance cost	(581)	191	-	(390)	(11)	5.2.1	(401)
Share of associates' and joint ventures' net profit after tax	12	(8)	-	4	-		4
Profit before tax	930	(29)	8	909	1,126		2,035
Tax expense	(305)	4	-	(301)	2	5.2.2	(299)
Profit after tax	625	(25)	8	608	1,128		1,736
Profit after tax attributable to:							
Ordinary equity holders of the parent	547	(25)	8	530	1,128		1,658

Non-controlling interest	78	-	-	78	-	-	78
	625	(25)	8	608	1,128		1,736

Pro forma condensed consolidated statement of comprehensive income for the period ended 31 March 2023

	Group last published results before the Transaction	Deconsolidation of AcquisitionCo	Pro-forma entries	Group after deconsolidation of the Transaction entries	Adjustments relating to the Transaction Disposal of AcquisitionCo and related costs	Notes	Pro-forma After the Transaction
Notes	1	2	3	4	5		6
Profit after tax (R'm)	625	(25)	8	608	1,128		1,736
Items that may be reclassified to profit or loss							
Movement in FCTR	1,220	(1,083)	-	137	(2,213)		(2,076)
Items that will not be reclassified to profit or loss							
Retirement benefit asset and post-employment medical aid, net of tax	(33)	-	-	(33)	-		(33)
Total comprehensive income/(loss) for the period	1,812	(1,108)	8	712	(1,085)		(373)
Total comprehensive income/(loss) attributable to:							
Ordinary equity holders of the parent	1,729	(1,108)	8	629	(1,085)		(456)
Non-controlling interest	83	-	-	83	-		83
	1,812	(1,108)	8	712	(1,085)		(373)
Reconciliation of headline earnings (R'm)							
Profit attributable to ordinary equity holders	547	(25)	8	530	1,128		1,658
Adjustments							
Impairment of investment	33	(33)	-	-	-		-
Profit on disposal of property, plant and equipment	(4)	4	-	-	-		-
Loss on disposal of investment in subsidiary	-	-	-	-	330		330
Exchange gain reclassified to profit or loss on disposal	-	-	-	-	(2,213)		(2,213)
Transaction costs	-	-	-	-	645		645
Tax effect on adjustments	2	(2)	-	-	-		-
Headline earnings	578	(56)	8	530	(110)		420
Interest on SARS VAT matter	47	-	-	47	-		47
Unwinding of contingent consideration	28	-	-	28	-		28
Other	(10)	-	-	(10)	-		(10)
Normalised earnings¹	643	(56)	8	595	(110)		485
Weighted average number of shares in issue (million)	1,443	3		1,446	-		1,446
Diluted weighted average number of shares in issue (million)	1,454	1		1,455	-		1,455
Earnings per share (cents)	37.9	(1.7)	0.6	36.7	77.9		114.7

Diluted earnings per share (cents)	37.7	(1.7)	0.5	36.4	77.5	113.9
Headline earnings per share (cents)	40.0	(3.9)	0.6	36.7	(7.6)	29.0
Diluted headline earnings per share (cents)	39.8	(3.9)	0.5	36.4	(7.6)	28.9
Normalised earnings per share (cents) ¹	44.6	(3.9)	0.6	41.1	(7.6)	33.5

¹ Non-IFRS measures. The calculation of normalised earnings and normalised earnings per share excludes non-trading related items as listed above. Normalised earnings per share is based on the normalised profit attributable to equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the year.

Notes to the pro forma statement of profit or loss and statement of comprehensive income

All Pound Sterling denominated adjustments have been converted to Rand at the average exchange rate for the period ended 31 March 2023 of GBP1:R21.12, except where stated otherwise.

1. Extracted, without adjustment, from the unaudited condensed consolidated interim financial statements of Life Healthcare Group for the period ended 31 March 2023.
2. Extracted, without adjustment in GBP, from the reviewed carve-out historical consolidated financial information of AcquisitionCo for the six-months ended 31 March 2023 as presented in Annexure 1 to the Circular. To give effect to the Transaction, assuming the disposal of AcquisitionCo occurs on 1 October 2022, the information extracted from Annexure 1 is converted from Pounds to Rands using the average foreign exchange rate of R21.12 (which is the same as used in the Life Healthcare Interim Results) and rounded to the nearest Rand million. Rounding differences may arise from translating Pounds thousand, as per the historical financial information disclosed in **Annexure 1**, to the nearest Rand million. This adjustment will have a continuing effect.
3. Pro-forma entries represent:

- the reversal of intercompany transactions included in column 1 and relates to sales (R8 million) between LMI and AMG.

- the vesting of 3 million shares in Life Healthcare Group that are held for the purpose of selected AcquisitionCo executives and senior managers who are participants of the CIP scheme. These shares will not form part of Life Healthcare's treasury shares going forward, as these shares will vest on disposal date.

These adjustments will have a continuing effect.

4. Represents the pro forma Group after disposal of AcquisitionCo but before the financial impact as a result of the disposal illustrated in column 5.
5. Column 5 represents the following:
 - 5.1 Non-recurring transaction costs of R645 million (GBP 30.5 million) which relate directly to the Transaction have been expensed. These transaction costs are not deductible for tax purposes. This adjustment will not have a continuing effect.
 - 5.2 The repayment of the interest-bearing borrowings will result in an interest saving of between 3.35% and 5.37% per annum. For the purposes of this calculation, the repayment is assumed to be made on 1 October 2022.
 - 5.2.1 Finance cost savings are calculated as follows:

Syndicated term loans in the UK	Value (Rm) (refer note 6.1 to pro forma Statement of Financial Position)	Interest rate	Interest amount R'm
Term loan A2	R 1,991	3-month SONIA plus 2.00%	50
Term loan B2	R 1,338	3-month EURIBOR plus 1.90%	20
Term loan C	R 443	3-month SONIA plus 1.70%	11
Term loan D	R 1,991	3-month SONIA plus 1.75%	48
Term loan E	R 2,141	3-month EURIBOR plus 1.65%	30

Debt fees expensed (utilisation and commitment fees)	11
Finance cost saving	170
Already taken into account by deconsolidating AcquisitionCo ¹	(156)
Finance cost saving (this will have a continuing effect)	14
Debt raising fees previously capitalised, to be expensed (this will be once-off and not have a continuing effect)	(25)
Net finance cost	(11)

¹Finance costs is pushed down to AcquisitionCo through the intra-group loan between AcquisitionCo and AMGL

*The value of loans to be settled are stated as the balances as at 31 March 2023.

- 5.2.2 Represents the net tax expense as a result of the adjustments to finance costs calculated in 5.2.1. This will not have a continuing effect.
- 5.3 Represents the accelerated charge of R101 million (GBP 4.8 million) relating to the settlement of the existing incentive schemes for the AcquisitionCo employees as per the rules of the existing schemes. The impacted employees will be afforded good leaver status in respect of all these schemes. This will not have a continuing effect.
- 5.4 The once-off loss on the AcquisitionCo disposal is R330 million (GBP 16 million). The loss is based on the GBP cash consideration relative to the GBP carrying value of AcquisitionCo in the Life Healthcare Group accounts as at 31 March 2023. This will not have a continuing effect.

	£'m	R'm	1GBP:ZAR
Proceeds per note 5 to pro forma Statement of Financial Position	848		
Less: Cash settlement of intra-group loan between AcquisitionCo and AMGL by the Purchaser	(255)		
Cash consideration for acquisition of AcquisitionCo shares	593		
Pro forma net asset value	(609)		
Loss on disposal	(16)	(330)	21.12

No capital gains tax is expected to be paid in South Africa and in the United Kingdom.

- 5.5 A FCTR gain of R2,213 million is realised on the disposal of AcquisitionCo based on the spot rate as at 31 March 2023 of 1GBP:ZAR22.13. This will not have a continuing effect.
6. Presents the pro forma Consolidated Statement of Profit or Loss and the pro forma Consolidated Statement of Comprehensive Income of the Life Healthcare Group subsequent to the disposal.

Pro forma consolidated statement of financial position as at 31 March 2023

	<i>Adjustments relating to the Disposal</i>							Notes	Pro- forma After the Transact ion
	Group last publish ed results before the Transac tion	Deconsolidation of AcquisitionCo	Pro forma adjustm ents	Group after deconsolidation before the Transaction entries	Settlement of loan between AcquisitionCo and AMGL	Disposal of shares in AcquisitionCo	Application of consideration		
Notes	1	2	3	4	5.1	5.2	6		7
<i>R million</i>									
Assets									
Non-current assets	36,274	(21,127)	-	15,147	-	-	-		15,147
Property, plant and equipment	15,971	(5,875)	-	10,096	-	-	-		10,096
Intangible assets	17,816	(14,619)	-	3,197	-	-	-		3,197
Deferred tax assets	1,785	(437)	-	1,348	-	-	-		1,348
Other non-current assets	702	(196)	-	506	-	-	-		506
Current assets	7,998	(3,596)	911	5,313	5,714	13,112	(8,579)		15,560
Cash and cash equivalents	1,368	(828)	-	540	5,642	13,112	(8,579)	6	10,715
Loans to group companies	-	(983)	911	(72)	72	-	-		-
Other assets	6,630	(1,785)	-	4,845	-	-	-		4,845
Total assets	44,272	(24,723)	911	20,460	5,714	13,112	(8,579)		30,707
Equity									
Attributable to equity shareholders	20,167	(14,884)	1,289	6,572	-	13,112	(702)		18,982
Stated capital	13,303	-	-	13,303	-	-	-		13,303
Reserves	6,864	(14,884)	1,289	(6,731)	-	13,112	(702)	6.2	5,679
Non-controlling interest	1,035	-	-	1,035	-	-	-		1,035
Total equity	21,202	(14,884)	1,289	7,607	-	13,112	(702)		20,017
Liabilities									
Non-current liabilities	15,281	(1,905)	-	13,376	-	-	(7,877)		5,499
Interest bearing borrowings	12,698	(1,099)	-	11,599	-	-	(7,877)	6.1	3,722
Deferred tax liabilities	1,751	(436)	-	1,315	-	-	-		1,315
Other non-current liabilities	832	(370)	-	462	-	-	-		462
Total current liabilities	7,789	(7,934)	(378)	(523)	5,714	-	-		5,191
Bank overdraft	858	-	-	858	-	-	-		858
Interest-bearing borrowings	1,139	(308)	-	831	-	-	-		831

Loans from group companies	-	(5,336)	(378)	3.2	(5,714)	5,714	-	-	-
Other liabilities	5,792	(2,290)	-		3,502	-	-	-	3,502
Total liabilities	23,070	(9,839)	(378)		12,853	5,714	-	(7,877)	10,690
Total equity and liabilities	44,272	(24,723)	911		20,460	5,714	13,112	(8,579)	30,707

Number of shares in issue (million)	1,467	-	-	1,467	-	-	-	1,467
Net asset value per share (cents)	1,444.9	-	-	518.4	-	-	-	1,364.1
Net tangible asset value per share (cents)	230.8	-	-	300.5	-	-	-	1,146.3

Notes to the pro forma statement of financial position

All Pound Sterling denominated adjustments have been converted to Rand at the spot exchange rate on 31 March 2023 of GBP1:R22.13 except where stated otherwise.

1. Extracted, without adjustment, from the unaudited condensed consolidated interim financial statements of Life Healthcare Group for the period ended 31 March 2023.
2. Extracted, without adjustment in GBP, from the reviewed carve-out historical consolidated financial information of AcquisitionCo for the six-months ended 31 March 2023 as presented in Annexure 1 to the Circular. To give effect to the Transaction, assuming the disposal of AcquisitionCo occurs on 31 March 2023, the information extracted from Annexure 1 is converted from Pounds to Rands using the spot foreign exchange rate of R22.13 (which is the same as used in the Life Healthcare Interim Results) and rounded to the nearest Rand million. Rounding differences may arise from translating Pounds thousand, as per the historical financial information disclosed in **Annexure 1**, to the nearest Rand million.
3. Pro forma entries represent:

3.1 the reassigning of the LMI loan (R911 million) to AMGL as, subsequent to 31 March 2023, AcquisitionCo distributed its receivable due from LMI to AMGL by way of a dividend in specie.

3.2 equity value adjustments as determined in accordance with the terms of the Sale and Purchase Agreement of an amount in respect of accrued interest on loans from group companies prior to the Completion Date (refer note 5.1)

4. Represents the pro forma Group after the Transaction but before the adjustments for the total proceeds and use thereof in columns 5 & 6.
5. Total proceeds in terms of the Sale and Purchase Agreement:

	£'m	R'm
5.1 Cash settlement of intra-group loan between AcquisitionCo and AMGL by the Purchaser		
Loans to group companies – asset	(3.3)	(72)
Loans from group companies - liability	258.3	5,714
Loans from group companies before pro forma adjustment	241.2	5,336
Loans from group companies - pro forma adjustment (refer note 3.2)	17.1	378
Cash settlement of intra-group loan between AcquisitionCo and AMGL by the Purchaser	255.0	5,642
5.2 Cash consideration paid for acquisition of AcquisitionCo shares by the Purchaser	592.6	13,112
Total proceeds	847.6	18,754

6. The Transaction illustrates the possible financial effects as if the Transaction had taken place on 31 March 2023. The pro forma adjustments comprise adjustments based on the following principle assumptions:

The allocation of the proceeds (refer note 5) on the Transaction will be finalised based on the actual position on the Completion Date of the Transaction. For the purpose of the pro forma consolidated financial statements, these adjustments have been calculated using the financial position as at 31 March 2023.

The Purchase Consideration will be utilised by Life Healthcare to:

	Notes	£'m	R'm	1GBP:ZAR
Proceeds	5	847.6	18,754	22.13
Outflow relating to application of consideration		(387.7)	(8,579)	
Settle transaction costs		(30.5)	(675)	22.13
Settle interest-bearing borrowings	6.1	(357.2)	(7,904)	22.13
Net proceeds*		459.9	10,175	22.13

* The residual cash remaining will be repatriated back to South Africa and is assumed to be held in a short-term liquid investment portfolio at financial institutions.

Subject to Board approval, Life Healthcare intends to distribute a portion of the net proceeds of the Transaction to Shareholders, the majority of which will be distributed by way of a special dividend within approximately three months of Completion Date, with the remainder to be distributed by way of a special dividend and/or buyback of shares within 12 months of Completion Date, depending on market conditions.

Life Healthcare intends to retain a portion of the funds which will be utilised to execute on the Group's strategic objectives to invest into attractive and specific growth initiatives. Refer to section 5 "Application of the purchase consideration".

6.1 Interest-bearing borrowings to be settled:

Syndicated term loans in the UK	Denomination of debt	Value in denominated currency 'm	Exchange rate	Value in R'm converted at
Term loan A2	GBP	90.00	22.13	1,991
Term loan B2	EUR	68.75	19.46	1,338
Term loan C	GBP	20.00	22.13	443
Term loan D	GBP	90.00	22.13	1,991
Term loan E	EUR	110.00	19.46	2,141
Interest-bearing borrowings to be settled				7,904
Expense previously capitalised fees*				(27)
Movement in interest bearing borrowings				7,877

*As a result of the settling of the above loans, fees previously capitalised (R27 million) need to be expensed.

6.2 The reserve adjustment of R702 million consists of transaction costs settled of R675 million (note 6) and previously capitalised fees of R27 million expensed (note 6.1).

7. Presents the pro forma Consolidated Statement of Financial Position of the Life Healthcare Group subsequent to the Transaction.
8. There are no material subsequent events that require adjustments to the pro forma financial information.