LIFE HEALTHCARE GROUP HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2003/002733/06)
ISIN: ZAE000145892
Share Code: LHC
("Life Healthcare" or "the Group" or "the Company")

LIFE HEALTHCARE FUNDING LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2016/273566/06)
LEI: 3789SJPQJZF8ZYXTZ394
Bond company code: LHFI

OPERATIONAL UPDATE AND FURTHER TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2024

The Group is pleased to provide a voluntary operational update on our southern African and Life Molecular Imaging (LMI) operations for the six-month period ended 31 March 2024 (the current period or H1-2024). This release includes a more detailed trading statement pursuant to the trading statement released on the Stock Exchange News Service of the JSE Limited (JSE) on 19 February 2024.

All financial numbers relate to continuing operations, all commentary relates to the six-month period ended 31 March 2024 and comparisons are to the six-month period ended 31 March 2023 (the prior period or H1-2023) unless otherwise stated.

Trading highlights

- Good growth in Group revenue of between 7.0%-8.0%, driven by robust activity growth in southern Africa and strong growth in Neuraceq doses sold.
- Paid patient days (PPDs) growth in the acute hospital and complementary businesses – growing by 2.3%[2].
- Following the reimbursement approval of a disease modifying drug in the United States of America in September 2023, doses sold of Neuraceq grew 74.4%, contributing to revenue growth in Life Molecular Imaging of between 77.0%-78.0%.
- Group normalised EBITDA[1] from continuing operations decreased by between 2.3%-3.3%
- The Group concluded the disposal of Alliance Medical Group (AMG) on 31 January 2024 and received R10.2 billion in net cash proceeds after the settlement of all offshore debt and transaction costs. The special dividend of R8.8 billion was paid on 8 April 2024.

Southern Africa overview

PPDs in the acute hospital and complementary businesses grew by 2.3%[2] due to increased volumes from the preferred network deals and the addition of ICU beds in certain facilities. This resulted in a weighted average occupancy level during H1-2024 of 67.0%, an improvement over the 65.9% occupancy level recorded for the prior period.

Overall weighted average occupancy levels improved in Q2-2024 to 69.8% (Q2-2023: 69.5%) after a relatively quiet Q1-2024 where occupancy was 64.2% (Q1-2023: 61.7%). This improvement in occupancy levels was driven by strong demand for our services in the month

[1] 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.
[2] Excludes PPDs of two facilities closed in the prior period

of February, with an occupancy of 74.9%. March occupancies were impacted by the public holidays at the end of the month and came in slightly under 70%. Activities have improved in April, with occupancy for the month being c.71%

The acute hospital business delivered revenue growth of between 5.0%-6.0% year-on-year. This was driven by PPD growth of 2.7%[3] year-on-year from increased activity across a broad range of services, including theatre, cathlab, general ward and ICU. Revenue per PPD growth of c.2.8% for the current period includes an above CPI-linked tariff increase from 1 January 2024 as well as a negative mix change.

Revenue from the Group's complementary services grew by between 7.2%-8.2% year-on-year, driven by strong activity growth in diagnostic imaging services and renal dialysis treatments.

The Group's diagnostic imaging services delivered MRI/CT/PET-CT volumes growth of c.18% year-on-year. The Group's molecular imaging businesses (Theramed and PET Vision), acquired during FY2023, are performing ahead of expectations. The Group completed a transaction to acquire the imaging equipment of a radiology practice located at Life Hilton Hospital and Hilton Health, effective 1 March 2024.

Renal dialysis treatments increased by 8.5% during H1-2024, assisted by increased adoption of the Group's integrated renal care product by healthcare funders. The Group also received approval from the Competition Commission for the acquisition of 43 Fresenius Medical Care renal dialysis clinics. As a result of the transaction, the number of renal dialysis stations for the Group has increased from 445 to 1,145. This transaction is effective 1 April 2024.

The complementary services business reported a decline in PPDs of 1.1%[3], with mental health 0.7% lower than the prior period and acute rehabilitation PPDs declining by 2.1%[3]. Occupancies for both mental health and acute rehabilitation remain above 70%, with mental health reporting a strong Q2-2024 occupancy of 76%.

The healthcare services business grew revenue by 9.0% to 10.0% year-on-year, with the recovery of the Life Health Solutions business continuing and a good performance from Life Nkanyisa.

For the current period, southern African revenue has grown by between 5.3% to 6.3% year-on-year and normalised EBITDA has decreased by between 4.1%-5.1% year-on-year. The normalised EBITDA margin for the period is between 15.4%-15.9% below the prior period of 17.4%. Normalised EBITDA margin was impacted by lower-than-expected occupancies in Q1-2024 and increased costs associated with running the business. Numerous initiatives have been undertaken to improve normalised EBITDA margins in H2-2024.

[3] Excludes PPD of facilities closed in the prior period

LMI overview

LMI has delivered excellent results for the current period, with revenue in USD increasing by between 64.5% and 65.5% to c.USD27 million. This is due to an increase in sales of NeuraCeq®, which increased by 74.4% on the prior period. The bulk of this performance is due to the increase in NeuraCeq® doses sold within the United States of America, where commercial sales were up 102.4% year-on-year. In addition, LMI's research and development arm saw an increase in revenue from milestone payments related to its product pipeline.

TRADING STATEMENT

In terms of paragraph 3.4 (b) of the JSE Limited Listings Requirements, a listed company is required to publish a trading statement as soon as it is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported upon next will differ by at least 20% from those of the previous corresponding period.

AMG was classified as an asset held for sale within the Group's FY2023 results and so, given that the disposal of AMG was concluded during the current period, the financial information contained in this announcement refers to continuing operations, consisting of our southern African operations and LMI, and discontinued operations, consisting of AMG's operations.

The Group's H1-2024 results are still in the process of being finalised, however there are several items that are already known to have impacted the results. These include:

- A R2.8 billion once-off gain following completion of the AMG disposal, which will be recognised within the H1-2024 results.
- Repayment of international debt and significant positive cash balance from 1 February 2024, resulting in net interest cost reducing by 86%.

These items have had a significant impact on our reported earnings per share (EPS) metrics and, as a result, we estimate that total EPS (from continuing and discontinued operations) is likely to increase by between 535.3% and 543.3% year-on-year. Normalised EPS (NEPS) from continuing operations, which excludes the impact of non-trading related items, is expected to be between 5.4% to 10.4% higher year-on-year.

We summarise the impact these factors have on our expected earnings for the current period as follows:

Earnings per share (cents)	**H1-2024 (expected)**	**H1-2023 (reported)**	**% Change**
Weighted average number of shares (millions)	1 441	1 443	
EPS from continuing and discontinued operations	240.8-243.8	37.9	535.4%- 543.3%
HEPS from continuing and discontinued operations	64.1 to 67.3	40.0	60.3%- 68.3%
EPS from continuing operations	46.0-47.8	36.2	27.1%- 32.0%
HEPS from continuing operations	45.9-47.7	36.2	26.8%-31.8%
NEPS from continuing operations	42.9 to 44.9	40.7	5.4%-10.3%

Life Healthcare expects to release its interim results for the six months to 31 March 2024 on or about 22 May 2024.

This operational update and trading statement is the responsibility of the directors and is based on financial information which represents the Group´s latest financial estimates and has not been reviewed, or reported on, by Life Healthcare´s external auditors.

Dunkeld
2 May 2024

Equity and Debt Sponsor
Rand Merchant Bank (a division of FirstRand Bank Limited)

* Normalised EBITDA and normalised earnings are non-IFRS measures which exclude non-trading related costs and income.