



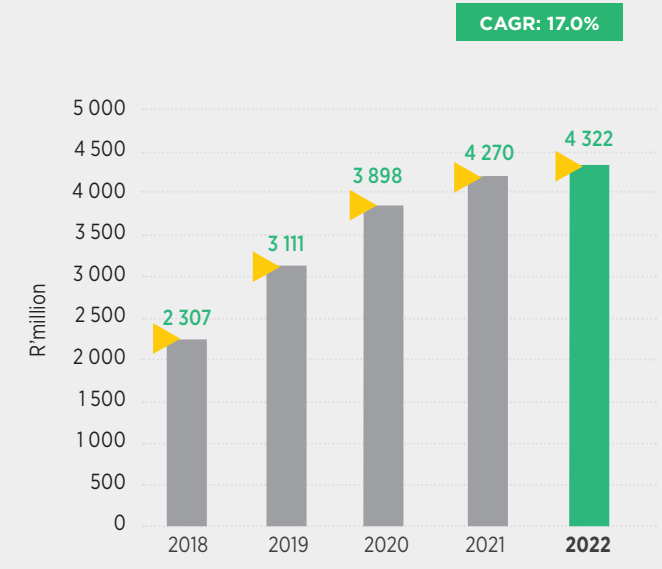
Unaudited interim results

for the six months ended 31 December 2022

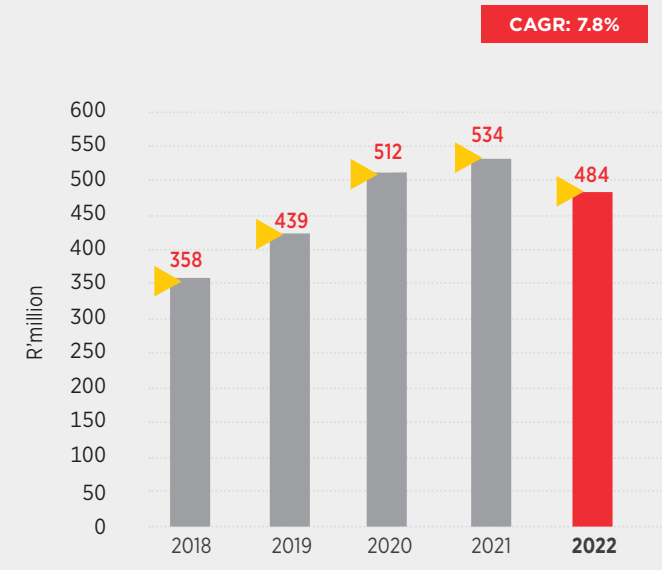


SALIENT FEATURES

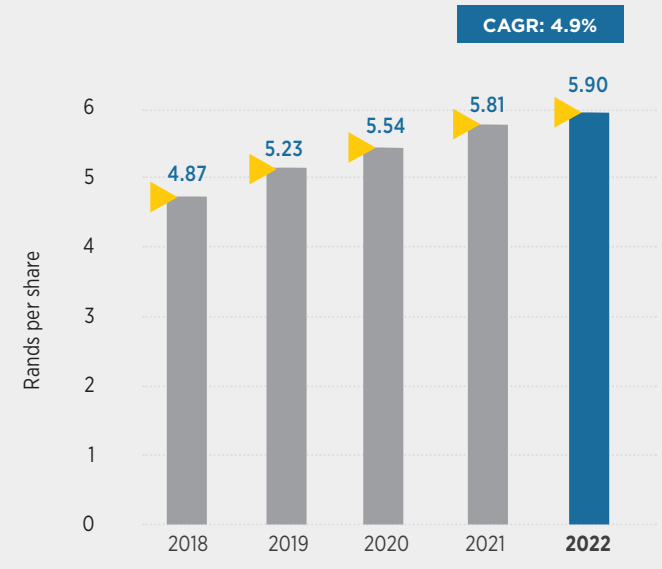
Total revenue



Operating profit (non-IFRS measure)



NAV per share



BUSINESS REVIEW

The Board presents commentary on operating profit for the 6 month period ended 31 December 2022. These results demonstrate in some businesses a sustainable performance while in others we experienced tough trading conditions. The normalisation of consumer patterns post Covid fueled by economic challenges has had an impact particularly in the Pharmaceutical cluster. As a result, we have seen a notable reduction in sales of preventative medication such as over-the-counter medicine and a general slowdown in chronic pharmaceutical sales.

The medical scheme administration business has sustained its continuous growth in terms of revenue and efficient servicing costs through digital enablement.

The Group's profitability has also been affected by the significant investment in a continuous IT system and infrastructure modernisation that is currently underway, as the Group gets ready for a more digitally focused mode of engagement. This creates an exciting opportunity as we allow ourselves to move at pace with consumer demands and further collaboration with Sanlam.

All these shifts, some of which were once-off in nature, have negatively impacted the Group's operating profit.

DEVELOPMENTS

During the period under review, AfroCentric Health acquired the remaining 49% shares in AfroCentric Distribution Services (ADS) effective 1 July 2022. ADS performs a critical role through its marketing and support services for medical schemes.

FINANCIAL PERFORMANCE

The Group's revenue for the six months grew by 1.2% from the prior year – the muted growth has been affected by the marginal membership growth, membership buy down of options, slowdown of the pharmaceutical sales, reduced adherence to chronic medicine by patients, reduction in SEP and reduction in sales of preventative medicine.

The Group's deliberate investment in digital solutions to enhance member experience, has resulted in costs being incurred as part of the investment in a continuous IT system and infrastructure modernisation that is currently underway.

The Group's profitability has also been negatively impacted by the business acquisition costs incurred in facilitation of the Sanlam transaction for unlocking future synergies and collaboration, and the costs associated with prolonged loadshedding, as well as the additional legal costs incurred on the second arbitration of the NHA matter.

Pursuant to these additional costs incurred, the Group's profit before tax decreased by 17.2% amounting to R270.9 million (2021: R327.3 million). The Group's profit after tax (PAT) decreased by 16.9% amounting to R194.2 million (2021: R233.6 million).

Despite the negative results to the previous period, the Group will continue with the investment in digitisation to explore better and more efficient ways in servicing and engaging our customers and members.

DIVIDENDS

The Board has decided to follow a prudent approach to short term cash flow funding by postponing the interim dividend due to the significant increase in the trade receivables. A final full year dividend will be considered at year end in accordance with the Board's assessment of the Group's solvency and liquidity at that point in time.

FULL ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. The full announcement was released on 13 March 2023 and can be found on the Company's website (<http://www.afrocentric.za.com/inv-reporting.php>). The information in this press announcement has been extracted from the unaudited unreviewed information, which was prepared under the supervision of the Group CFO. Copies of the full announcement may also be requested at the Company's registered office, during office hours. Investment decisions should be based on the full announcement published on SENS and the Company's website.

On behalf of the Board

Dr ATM Mokgokong
Chairman

Mr A Banderker
Group Chief Executive Officer

Johannesburg
14 March 2023

Directors
ATM Mokgokong** (Chairman), MJM Madungandaba** (Deputy Chairman), A Banderker*** (CEO), JW Boonzaier*** (CFO),
G Allen**, WH Britz**, M Chauke*, JB Fernandes* (Lead), AM le Roux*, ND Munisi**, K Mkhize**
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