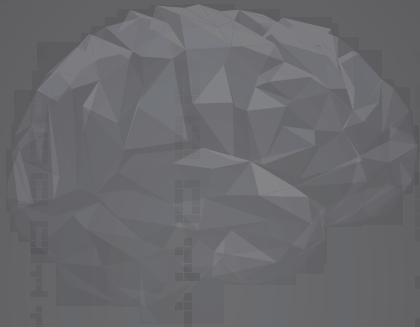


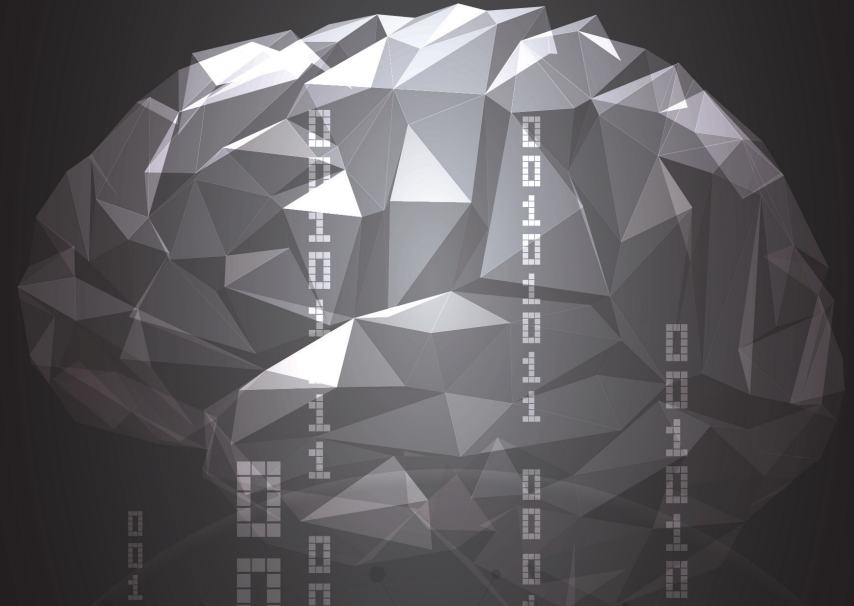


AfroCentric
GROUP

Healthier Together



WWW.AFROCENTRIC.ZA.COM



UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER

2023

KEY FEATURES

▲ **1.4%**
GROUP REVENUE

▼ **4.8%**
PROFIT FOR THE PERIOD

▲ **38.1%**
BASIC EARNINGS

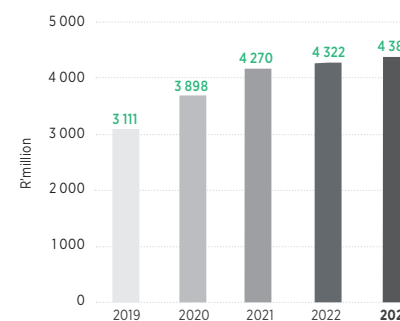
▲ **39.6%**
HEADLINE EARNINGS

▼ **3.5%**
EARNINGS PER SHARE

▶ **Level 1**
B-BBEE RATING

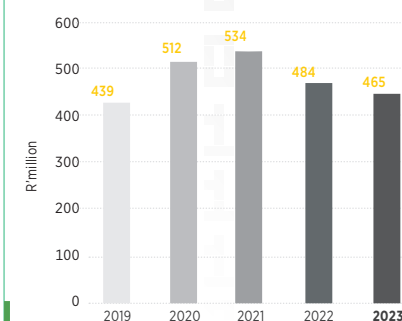
Total revenue

CAGR: 7.1%



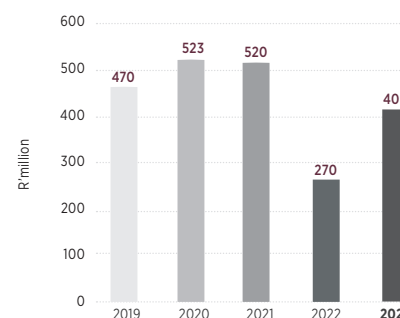
Operating profit (non-IFRS measure)

CAGR: 1.1%



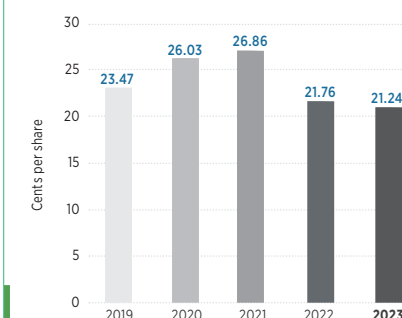
Cash generated from operations (excluding dividends paid)

CAGR: (2.0%)



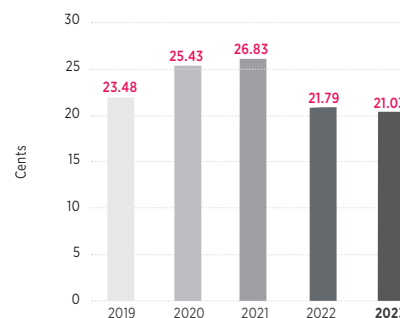
Headline earnings per share

CAGR: (2.0%)



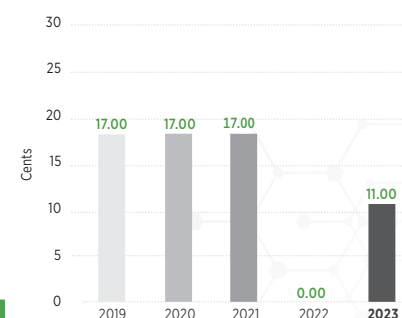
Earnings per share

CAGR: (2.2%)



Interim dividend per share

CAGR: (8.3%)



COMMENTARY

INTRODUCTION AND REVIEW

AfroCentric is a BEE Level 1 JSE listed investment holding company, which owns and operates a diverse range of healthcare-related enterprises that provide specialised medical scheme administration and deliver a range of healthcare products and services to the public and private healthcare sectors. The principal objective of the Group is to ensure the delivery of efficient health management services and the distribution of quality products at a manageable and affordable cost for the benefit of our stakeholders.

The Board presents commentary on AfroCentric's operational performance for the six months ended 31 December 2023. The past six months have been significant for our organisation driven by several factors, including integration with Sanlam, increased regulatory activities related to NHI, focused key stakeholder engagement and feedback, recovery against the previous financial and operational performance, the leadership transition, and the initiation of the review of the company's strategy to name a few.

These results demonstrate a slight recovery from the 2023 full year operational performance that was characterised by once off costs associated with various corporate activities and business unit restructuring, a significant investment in a complete IT system modernisation and infrastructure refresh, trading in the pharmaceutical cluster normalising back to pre-Covid levels and therefore decreasing from the high levels experienced in the 2022 year, adverse price adjustments in some of the main product lines of the pharmaceutical cluster, as well as the closure of the Group's operations in the procurement of hospital surgical and consumables through its subsidiary, MMed.

The medical scheme administration business has sustained its continuous growth in terms of revenue and efficient servicing, despite the marginal growth in membership.

The trading in the pharmaceutical cluster has been sustained, however the profitability of the Department of Health (DOH) contract has significantly reduced due to the lower revenue per script earned on the contract.

CLUSTER REVIEW Services Cluster

The Services Cluster, substantially comprising of the medical scheme administration business has continued with its commitment of continuous improvement, whilst leveraging our diversified business model and enhanced client-centricity to drive superior long-term sustainability. The Cluster has also focused on member retention initiatives for the open schemes. To support this focus, additional resources have been employed to further increase the net retention rate as part of our commitment to our clients.

In the face of a persistently challenging macroeconomic climate, the Cluster remained focused on cost reduction through increased efficiency and an enhanced operating model, seeking to maintain the operating margins while addressing member needs for affordable, quality care. Our unwavering commitment to optimising operations through digital transformation, leveraging technological advancements, data utilisation, and business engineering capabilities has started yielding greater efficiencies.

The overall membership under administration has shown a marginal increase despite challenging economic conditions. This was mainly driven by continued growth in GEMS and Polmed amid successful member retention endeavours. The membership growth is however offset by low growth on open schemes as there have been losses on the traditional high-cost options and higher growth on low cost options. Despite the volatility of our operating environment, the Cluster has seen a 6% growth in revenue.

The negative impact on the operating profit was also affected by our drive to enhance client-centricity which resulted in increased personnel costs as there were appointments of additional personnel (including the appointment of senior personnel) to improve scheme relationships and service experience. Management is confident that these appointments and change in processes will correct itself in the second six months of trading in the 2024 financial year.

COMMENTARY continued

Pharmaceutical Cluster (Healthcare Retail)

The trading in the Pharma Cluster has slightly improved from the challenging trading conditions experienced in 2023 plagued by supply instability from manufacturers leading to out-of-stock issues for some of our main products, lower adherence by patients to chronic medicine, uncertain consumer spending patterns on preventative medicine, as well as the adverse price adjustments in some of the main product lines.

The strategies and projects introduced in the prior year focusing on increasing revenue (e.g., projects to return non adherent patients, and the introduction of new products to curb the out-of-stock issues) have yielded positive results as there has been an increase in the private patients' scripts with a resultant increase in revenue, as well as an increase in pharmaceutical sales from over-the-counter/ front-shop sales.

The overall revenue for the Cluster has however declined by 3.1% - this is mainly impacted by the reduction in the revenue pursuant to the Group's decision to close down its operations in the procurement of hospital surgical consumables through its subsidiary, MMed.

In the face of the challenging trading conditions in 2023, the Cluster embarked on implementation of cost-reduction strategies (e.g., savings on clinical costs by digitising various processes, and projects to optimise courier costs) with an intended reduction of the overall cost per script and an increased number of scripts. Despite the implementation of these cost-reduction strategies, the Cluster's operating profit has declined by 11.0%. The decline has been negatively affected by the reduced profitability on the DOH contract due to the reduced price per script, as well as the increased personnel costs associated with the employment of additional resources to service the additional provinces that were attained on the renewed DOH contract.

On a positive note, the Cluster has focused on enhancing efficient working capital management practices to address both overstock and understock challenges.

Corporate Solutions Cluster

The Corporate Solutions Cluster comprise various entities that support the overall, uniquely integrated, employee-focused health and wellness solutions offered to corporate and institutional clients. The Cluster's interactions and activities contribute to a reduction in primary healthcare costs, while increasing productivity and delivering tangible savings to employer groups.

The Cluster has been instrumental in implementing the Sanlam Corporate Wellness Strategy. The strategy is progressing well with regards to the sales and marketing of our health products and solutions into the Sanlam channels. We have seen a 29% increase in the Sanlam gap policies and 19% increase in the primary health insurance policies, albeit from a low base.

GROUP MILESTONES

- AfroCentric Group subsidiary, Medscheme won the Diamond Arrow Award for its outstanding contribution in Disease Management - Asthma, Hospital Utilisation Management and Counseling of High Claimers at the PMR.Africa Awards. Medscheme also won the Golden Arrow Awards across multiple categories, including Alternative Fee Structure/Reimbursement, Chronic Medication Management, Disease Management - Cardiovascular, Health Risk Assessment, Management of Specialists and GPs and Wellness Programme.
- AfroCentric Group subsidiary, AfA has once more secured the prestigious Diamond Arrow Award in the Disease Management HIV/AIDS category at the PMR.Africa Awards.
- AfroCentric Group subsidiary, Pharmacy Direct proudly won the Golden Arrow Award in the Pharmacy Network Management category at the PMR.Africa Awards.
- The AfroCentric Group proudly attained a status as one of South Africa's Top Employers as designated by the globally recognised Top Employers Institute.
- AfroCentric Health, the Group's main operating subsidiary, retained its Level 1 B-BBEE rating.

COMMENTARY continued

FINANCIAL PERFORMANCE

The focus for the past six months has been the recovery against the previous financial and operational performance – this entailed revenue growth as well as cost containment.

The Group's revenue for the six months grew by 1.4% from the prior year – this has mainly been affected by the closure of the Group's operations in the procurement of hospital surgical and consumables through its subsidiary, MMed. The decline in revenue has however been offset by revenue growth in both the Services Cluster and some of the entities in the Pharmaceutical Cluster, despite the marginal membership growth as well as the decline of the DOH contract revenue.

The costs incurred in the current reporting period were well-contained – there were no significant costs incurred. Recurring costs associated with prolonged loadshedding as well as the legal costs incurred on the second arbitration of the NHA matter were in line with the costs incurred in the prior year.

The Group's profit before tax decreased by 3.2% amounting to R262.2 million (2022: R270.9 million). The Group's profit after tax (PAT) decreased by 4.8% amounting to R185.0 million (2022: R194.2 million).

OUTLOOK

Over the next six months, the Group's focus will be to:

- Continue to implement corrective actions around the Pharma Cluster businesses to return to historic margins.
- Continue to strengthen the Risk and Governance Control Environment
- Accelerate the investment in the Corporate Solutions Cluster to scale the non-medical insurance solutions.
- Finalise the review of the Group strategy with focused implementation around:
 - a. Driving closer collaboration and integration with Sanlam.
 - b. Introducing new digital and data use cases to improve client experience.
 - c. Optimising the human capital and culture journeys and refining our target operating model.

The Group's core business remains sound with good diversification in the private and public medical scheme membership. The Group will continue to optimise the spend on IT which will then enable the operations to become more efficient in its service model.

The Group's focus will remain on yielding synergies and the integration of various businesses and products, as well as enhancing the elements of the Group's businesses to leverage the full benefits of being the most diversified healthcare group in Southern Africa.

DIRECTORS

The following changes were made to the Board during the period under review:

- Mr A Banderker resigned as the AfroCentric Group CEO and the Executive Director to the Board effective 1 November 2023.
- Mr GN Van Wyk was appointed as the AfroCentric Group CEO and Executive Director to the Board effective 1 November 2023.
- Mr WH Britz resigned as a Non-executive Director effective 1 February 2024.

DIVIDENDS

The Board has pleasure in announcing that an interim gross dividend of 11 cents per ordinary share, has been declared for the period ended 31 December 2023. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 13 May 2024.

- Dividends have been declared out of profits available for distribution.
- South African Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 11.00000 cents per ordinary share.
- Net cash dividend amount is therefore 8.80000 cents per ordinary share.
- The Company has 828 092 709 ordinary shares in issue as at the declaration date.
- The Company's income tax reference number is 9600148713.

COMMENTARY continued

The salient dates relating to the dividend are as follows:

Last day to trade cum dividend	Tuesday, 7 May 2024
Shares commence trading ex-dividend	Wednesday, 8 May 2024
Dividend record date	Friday, 10 May 2024
Dividend payment date	Monday, 13 May 2024

Share certificates for ordinary shares may not be dematerialised or materialised between Wednesday, 8 May 2024 and Friday, 10 May 2024, both days inclusive.

Effective 31 December 2024, the Group will be aligning its financial year end with Sanlam. Going forward, an annual dividend will be declared and paid based on the audited results for the period January to December.

BASIS OF PREPARATION

The Condensed Consolidated Financial Statements have been prepared in accordance with and contain disclosure required by IAS34 Interim Financial Reporting, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), as well as the SAICA Financial Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements of the Companies Act of South Africa, No. 71 of 2008, as amended (Companies Act).

The accounting policies applied in the Condensed Consolidated Financial Statements are the same as those applied in the Group's Audited Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023.

The Board of directors (the Board) takes full responsibility for the preparation of this report. These unaudited and unreviewed Condensed Consolidated Financial Statements have been prepared under the supervision of Hannes Boonzaaier CA (SA), Group Chief Financial Officer. This announcement does not include the information required pursuant to paragraph 16(A) (j) of IAS34, and this is available on our website (<http://www.afrocentric.za.com/inv-reporting.php>), or at our offices upon request.

RESPONSIBILITY STATEMENT

The AfroCentric Board, individually and collectively, accepts responsibility for the information contained in this announcement insofar as it relates to AfroCentric. In addition, the AfroCentric Board confirms that, to the best of its knowledge and belief, the information contained in this announcement, as it relates to AfroCentric, is true and correct and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to AfroCentric and that all reasonable enquiries to ascertain such information have been made.

On behalf of the Board



Dr ATM Mokgokong
Chairperson



Mr GN van Wyk
Group Chief Executive Officer

Johannesburg
4 March 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 December 2023 R'000	Restated* Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
ASSETS			
Non-current assets	4 088 181	4 062 033	4 141 185
Property and equipment	338 880	360 267	340 819
Land and buildings	304 309	313 551	307 052
Right-of-use assets	165 523	129 751	191 065
Investment property	10 731	7 631	10 731
Goodwill (NOTE 1)	1 558 496	1 558 496	1 558 496
Intangible assets (NOTE 1)	1 490 523	1 505 818	1 487 045
Investment in associates and joint ventures	36 425	40 422	49 148
Deferred tax assets	77 366	53 315	82 881
Other financial assets	102 468	88 602	109 521
Deferred payment asset	3 460	4 180	4 427
Current assets	1 472 208	1 660 811	1 418 660
Inventory	464 329	463 739	444 562
Trade and other receivables	776 005	981 779	740 695
Current tax assets	42 577	60 136	43 640
Cash and cash equivalents (NOTE 4)	189 297	155 157	189 763
Total assets	5 560 389	5 722 844	5 559 845
EQUITY AND LIABILITIES			
Capital and reserves	3 623 015	2 402 802	3 442 917
Issued share capital	21 324	18 928	21 294
Share premium	2 537 411	1 109 032	2 525 687
Retained income	1 033 012	1 200 902	859 252
Share-based payment reserve	29 694	22 250	34 115
Treasury shares	(1 162)	(1 162)	(1 162)
Capital contribution by non-controlling interest	—	55 874	—
Cash flow hedge reserve	—	—	1 530
Foreign currency translation reserve	2 736	(3 022)	2 201
Non-controlling interest	51 752	993 039	55 950
Total equity	3 674 767	3 395 841	3 498 867
Non-current liabilities	905 018	965 870	946 614
Deferred tax liabilities	216 693	234 730	223 131
Non-current provisions	16 970	16 940	16 970
Post-employment medical obligations	1 823	1 915	1 825
Lease liabilities	150 802	107 966	176 683
Borrowings (NOTE 2)	518 730	523 907	528 005
Contingent consideration	—	80 412	—
Current liabilities	980 604	1 361 133	1 114 364
Employment benefit liabilities	80 174	44 717	106 276
Trade and other payables	608 991	812 199	610 588
Provisions	11 879	11 117	16 695
Current tax liabilities	8 664	10 870	9 031
Lease liabilities	63 240	63 560	67 644
Borrowings (NOTE 2)	120 000	120 000	120 000
Bank overdraft (NOTE 4)	2 656	298 670	104 007
Contingent consideration	85 000	—	80 123
Total liabilities	1 885 622	2 327 003	2 060 978
Total equity and liabilities	5 560 389	5 722 844	5 559 845

* Refer to note 3.1 for details of the restatement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	Unaudited six months ended 31 December 2023 R'000	Restated* Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Revenue from contracts with customers	1.4	4 384 386	4 322 145	8 868 032
Dividends received		—	—	105
Fair value gains		3 437	4 462	16 245
Finance income		14 043	9 085	21 745
Other income		5 559	—	2 570
Total income	1.7	4 407 425	4 335 692	8 908 697
Cost of distribution of pharmaceutical products		(33 933)	(42 469)	(78 376)
Cost of pharmaceutical products and finished goods		(999 432)	(973 434)	(2 125 074)
Employee benefit costs		(1 289 458)	(1 168 278)	(2 445 087)
Other expenses		(621 547)	(559 113)	(1 225 988)
Capitation costs		(804 990)	(922 291)	(1 772 982)
Amortisation		(94 805)	(107 047)	(208 823)
Rent and property costs		(57 707)	(49 830)	(109 102)
Right of use assets depreciation		(31 949)	(31 320)	(65 380)
Depreciation		(44 947)	(43 666)	(82 976)
IT costs		(119 992)	(128 710)	(255 701)
Impairment of property and equipment		—	—	(25 000)
Write off of intangibles		—	—	(5 415)
Impairment of loans		(892)	—	(2 115)
Share of profits from associates and joint ventures		2 505	5 325	14 051
Interest on lease liabilities		(8 241)	(7 749)	(16 964)
Finance costs		(39 857)	(36 162)	(77 229)
Profit before tax	(3.2)	262 180	270 948	426 536
Income tax expense	0.9	(77 204)	(76 504)	(131 654)
Profit from continuing operations	(4.9)	184 976	194 444	294 882
Loss on disposal of subsidiaries		—	(198)	(198)
Profit for the period	(4.8)	184 976	194 246	294 684
Profit for the period attributable to:				
Owners of Parent		173 761	125 793	182 673
Non-controlling interest	(4.8)	11 215	68 453	112 011
		184 976	194 246	294 684
Profit for the period attributable to equity shareholders arises from:				
Continuing operations		173 761	125 793	182 673
Discontinued operations		—	—	—
	38.1	173 761	125 793	182 673

* Refer to note 3.2 for details of the restatement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

	% change	Unaudited six months ended 31 December 2023 R'000	Restated* Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Profit for the period	(4.8)	184 976	194 246	294 684
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss		—	—	(103)
Remeasurement of post-employment benefit obligations		—	—	(141)
Income tax relating to these items		—	—	38
Components of other comprehensive income that will be reclassified to profit or loss		(1 001)	2 853	8 787
Foreign exchange benefit of continuing operations		529	2 853	7 257
Cash flow hedges				
(Loss)/gain on cash flow hedges		(1 530)	—	1 530
Total other comprehensive (loss)/income net of tax		(1 001)	2 853	8 684
Total comprehensive income	(6.7)	183 975	197 099	303 368
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent		172 760	127 827	191 357
Comprehensive income, attributable to non-controlling interests		11 215	69 272	112 011
		183 975	197 099	303 368

* Refer to note 3.2 for details of the restatement.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 December 2023 R'000	Restated* Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Balance as previously reported – 31 December 2022	—	3 445 885	—
Decrease due to prior period errors	—	(19 404)	—
Balance at 31 December 2022 – Restated	—	3 426 481	—
Balance at beginning of the period	3 498 867	3 426 481	3 426 481
Issue of share capital**	30	30	20
Share premium**	11 725	14 156	14 157
Vested share-based awards**	(11 755)	(14 186)	(14 187)
Share-based awards reserve	7 339	5 970	17 837
Distributions to shareholders	—	(98 972)	(98 235)
Comprehensive income for the period	172 760	127 827	191 357
Comprehensive income attributable to minorities	11 215	69 272	112 011
Changes in ownership	—	(83 560)	(1 504 000)
Additional issue of shares	—	—	1 419 019
Distributions to non-controlling interests	(15 414)	(51 177)	(65 593)
Balance at end of the period	3 674 767	3 395 841	3 498 867

* Refer to note 3.1 for details of the restatement.

** During the period ending December 2023, 3 039 998 shares vested as follows:

- 670 000 shares were exercised at the weighted average price of R3.30 and the grant date price was R5.50;
- 1 123 332 shares were exercised at the weighted average price of R3.30 and the grant date price was R3.30; and
- 1 246 666 shares were exercised at the weighted average price of R3.30 and the grant date price was R3.50.

At the end of the December 2023 period, 19 768 331 shares were outstanding for the incentive share scheme.

The fair value of the shares granted was determined by obtaining the share price as traded on the JSE.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December 2023 R'000	Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Net cash generated from/(utilised in) operating activities	297 339	(13 350)	381 694
Cash generated from operations	409 419	269 854	800 235
Net finance cost	(34 055)	(29 343)	(72 448)
Distribution to shareholders	(15 414)	(150 149)	(163 828)
Dividends received from associate	15 226	—	105
Tax and other payments	(77 837)	(103 712)	(182 370)
Net cash utilised in investing activities	(131 880)	(153 476)	(287 484)
Net additions to property and equipment	(68 915)	(43 425)	(66 417)
Net additions to intangible assets	(72 709)	(83 784)	(183 691)
Settlement of deferred consideration	—	—	(15 000)
Cash flows from disposal of subsidiaries	—	(3 629)	—
Net disposal/(acquisition) of financial assets, investments and subsidiaries	9 744	(22 638)	(22 376)
Net cash utilised in financing activities	(65 103)	(115 779)	(151 950)
Net settlement of borrowings	(9 275)	(7 175)	(3 077)
Changes in ownership interests in subsidiaries that do not result in loss of control	—	(83 560)	(84 981)
Net lease liabilities repayment	(55 828)	(25 044)	(63 892)
Effect of foreign exchange benefit	529	2 853	7 257
Net increase/(decrease) in cash and cash equivalents	100 885	(279 752)	(50 483)
Cash and cash equivalents at beginning of the period	85 756	136 239	136 239
Cash and cash equivalents at end of the period (NOTE 4)	186 641	(143 513)	85 756

EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	% change	Unaudited six months ended 31 December 2023 R'000	Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Number of ordinary shares in issue		828 092 709	578 814 585	825 052 711
Weighted average number of ordinary shares		826 066 044	577 419 033	597 825 403
Weighted average number of shares for diluted EPS		845 834 375	591 282 362	620 633 732
Basic earnings	38.1	173 761	125 793	182 673
Adjusted by:		1 661	(123)	33 735
- Reversal of loss on disposal of subsidiary		—	198	198
- Reversal of fair value losses on investment property		—	—	1 750
- Reversal of loss on disposal of tangible assets		2 118	(435)	3 338
- Reversal of scrapping of intangible assets		—	—	5 415
- Reversal of impairment of property and equipment		—	—	25 000
- Total tax adjustments		(457)	64	(1 374)
- Total non-controlling interest adjustments		—	50	(592)
Headline earnings	39.6	175 422	125 670	216 408
Earnings per share (cents)				
- Attributable to ordinary shares (cents)	(3.5)	21.03	21.79	30.56
- Fully diluted EPS (cents)	(3.4)	20.54	21.27	29.43
Headline earnings per share (cents)				
- Attributable to ordinary shares (cents)	(2.4)	21.24	21.76	36.20
- Fully diluted HEPS (cents)	(2.4)	20.74	21.25	34.87

NORMALISED EARNINGS (NON IFRS MEASURE)

	% change	Unaudited six months ended 31 December 2023 R'000	Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Heading earnings	39.6	175 422	125 670	216 408
Adjusted by:		1 422	10 757	56 344
– Less rental reversal		(38 242)	(41 842)	(75 241)
– Right of use assets depreciation		31 949	31 320	65 380
– Interest on lease liabilities		8 241	7 749	16 964
– Acquisition-related costs		—	12 200	15 060
– MMed closure costs		—	—	65 048
– Tax effect of adjustment		(526)	749	(13 018)
– Non-controlling interest effect of adjustments		—	581	(17 849)
Normalised headline earnings	29.6	176 844	136 427	272 752
Normalised headline earnings per share (cents)				
– Attributable to ordinary shares (cents)	(9.4)	21.41	23.63	45.62
– Fully diluted HEPS (cents)	(9.4)	20.91	23.07	43.95

NOTES

NOTE 1: INTANGIBLE ASSETS

	Carrying value			Amortisation		
	Unaudited six months ended 31 December 2023 R'000	Restated* Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000	Unaudited six months ended 31 December 2023 R'000	Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Goodwill	1 558 496	1 558 496	1 558 496	—	—	—
AfroCentric Health	473 980	473 980	473 980	—	—	—
Pharmacy Direct and Curasana	473 954	473 954	473 954	—	—	—
Activo	424 645	424 645	424 645	—	—	—
DENIS	34 918	34 918	34 918	—	—	—
Activo Healthcare Assets	150 999	150 999	150 999	—	—	—
Intangible assets	1 490 523	1 505 818	1 487 045	(94 805)	(107 047)	(208 823)
Customer relationships – Pharmacy Direct and Curasana	15 255	24 204	19 730	(4 474)	(4 474)	(8 949)
Activo Dossiers	250 711	259 355	256 372	(8 865)	(8 749)	(17 618)
Customer relationships – DENIS	22 757	35 760	29 259	(6 502)	(6 502)	(13 003)
Activo Healthcare Assets Dossiers	145 516	161 411	153 689	(8 576)	(4 301)	(13 103)
AfroCentric Health intangible assets	115 315	145 948	96 177	(9 749)	(7 214)	(36 937)
Customer relationships – AfroCentric Health PPA	40 547	44 573	42 559	(2 013)	(3 995)	(6 008)
AfroCentric Health software	74 768	101 375	53 618	(7 736)	(3 219)	(30 929)
Administration Systems – Self Generated	940 969	879 140	931 818	(56 639)	(75 807)	(119 213)
Nexus & Other Healthcare Administration Systems	940 969	879 140	931 818	(56 639)	(75 807)	(119 213)
	3 049 019	3 064 314	3 045 541	(94 805)	(107 047)	(208 823)

* During the June 2023 year-end reporting, the Group performed a detailed review of the classes of intangible assets to ensure that the disclosure in the summarised financial statements aligns to the underlying accounting records. Reclassifications were performed to correct the prior period classification error. The total intangible asset value was not impacted by the reclassification.

NOTE 2: BORROWINGS

	Unaudited six months ended 31 December 2023 R'000	Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Borrowings (non-current)	518 730	523 907	528 005
Borrowings (current)	120 000	120 000	120 000
Total borrowings	638 730	643 907	648 005

NOTES continued

NOTE 3 : RESTATEMENT OF PRIOR PERIOD

Note 3.1 Restatement of December 2022 results

During the 2020, 2021 and 2022 financial periods, MMed Distribution Proprietary Limited (MMed) erroneously omitted to accrue for purchase invoices as a result of late submission of the invoices by the suppliers.

These cut-off errors resulted in MMed's cost of sales and payables being understated at each period end. The cut-off error relates to inventory already delivered to customers at each period end, therefore the inventory balance is unaffected by the error.

The error did not have an impact on the Group's cash flows.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	December 2022 As previously reported R'000	Adjustment increase/ (decrease) R'000	December 2022 Restated R'000
Consolidated statement of financial position (extract)			
Equity			
Retained income	1 210 587	(9 685)	1 200 902
Non-controlling interests	1 002 758	(9 719)	993 039
Total equity	3 415 245	(19 404)	3 395 841
Trade and other payables	792 795	19 404	812 199
Total current liabilities	1 341 729	19 404	1 361 133
Total liabilities	2 307 599	19 404	2 327 003
Total equity and liabilities	5 722 844	—	5 722 844

NOTES continued

Note 3.2 Changes in presentation – Statement of comprehensive income

During the current financial period, the disclosure was revised to disaggregate material expense line items from Other expenses as previously disclosed, to provide more relevant information for the users of the financial statements.

The enhancement has been effected by restating the financial statement line items for the prior period as follows:

	December 2022 As previously reported R'000	Adjustment increase/ (decrease) R'000	December 2022 Restated R'000
Statement of comprehensive income (Extract)			
Capitation costs	—	(922 291)	(922 291)
Other expenses	(1 481 404)	922 291	(559 113)

NOTE 4: NET CASH

	Unaudited six months ended 31 December 2023 R'000	Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Cash and cash equivalents	189 297	155 157	189 763
Bank overdraft	(2 656)	(298 670)	(104 007)
Net cash	186 641	(143 513)	85 756

SEGMENTAL ANALYSIS

	Growth December 2023/2022		31 December 2023		
	Revenue %	Operating profit %	Revenue R'000	Operating profit R'000	Operating margin %
Healthcare SA	7	(3)	2 043 159	189 327	9
DENIS Group	(3)	(7)	274 195	16 125	6
Information Technology	(2)	—	318 542	89 737	28
Total SA administration business	5	(2)	2 635 896	295 189	11
Healthcare Africa	15	7	129 510	48 228	37
Total Group administration business	5	(1)	2 765 406	343 417	12
Healthcare Retail	(3)	(11)	2 087 963	121 249	6
Pharmacy Direct & Curasana	25	(18)	922 463	41 221	4
Activo Group	8	(13)	516 142	54 706	11
Scriptpharm	(14)	10	649 358	25 322	4
MMed	(100)	(100)	—	—	—
Total Healthcare	1	(4)	4 853 369	464 666	10
Other (including inter-segment elimination)	1	—	(468 983)	—	—
Total	1	(4)	4 384 386	464 666	11

	Growth December 2023/2022		31 December 2023			
	Profit before tax %	Profit after tax %	Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000
Healthcare SA	(11)	(15)	121 127	81 981	4	1 761 555
DENIS Group	(5)	(25)	14 952	8 566	3	144 959
Information Technology	277	291	12 695	10 467	3	1 690 451
Total SA administration business	3	(2)	148 774	101 014	4	3 596 965
Healthcare Africa	8	9	46 987	36 277	28	170 373
Total Group administration business	4	1	195 761	137 291	5	3 767 338
Healthcare Retail	(15)	(15)	95 338	68 833	3	1 812 081
Pharmacy Direct & Curasana	(29)	(29)	28 518	21 117	2	944 790
Activo Group	(29)	(29)	35 944	25 211	5	753 456
Scriptpharm	13	13	30 876	22 505	3	113 835
MMed	100	100	—	—	—	—
Total Healthcare	(3)	(5)	291 099	206 124	4	5 579 419
Other (including inter-segment elimination)	(2)	(7)	(28 919)	(21 148)	5	(19 030)
Total	(3)	(5)	262 180	184 976	4	5 560 389

	Operating profit December 2023	Operating profit December 2022	Operating profit December 2023	Operating profit December 2022
Composition of operating profit – % contribution	%	%	R'000	R'000
Total SA administration business	64	63	295 189	302 701
Healthcare Africa	10	9	48 228	45 002
Healthcare Retail	26	28	121 249	136 287
	100	100	464 666	483 990

31 December 2022			30 June 2023		
Revenue R'000	Operating profit R'000	Operating margin %	Revenue R'000	Operating profit R'000	Operating margin %
1 912 185	195 762	10	3 913 002	351 224	9
281 685	17 406	6	558 286	50 085	9
325 470	89 533	28	651 877	180 784	28
2 519 340	302 701	12	5 123 165	582 093	11
112 423	45 002	40	234 836	95 143	41
2 631 763	347 703	13	5 358 001	677 236	13
2 154 694	136 287	6	4 464 341	196 323	4
736 431	50 271	7	1 728 754	79 715	5
478 966	62 959	13	1 019 098	93 087	9
757 544	23 038	3	1 475 358	39 833	3
181 753	19	—	241 131	(16 312)	(7)
4 786 457	483 990	10	9 822 342	873 559	9
(464 312)	—	—	(954 310)	—	—
4 322 145	483 990	11	8 868 032	873 559	10

31 December 2022				30 June 2023			
Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000	Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000
136 293	96 944	5	1 457 965	177 525	111 992	3	1 575 957
15 718	11 409	4	162 742	50 389	38 782	7	163 043
(7 181)	(5 470)	(2)	1 690 489	(34 393)	(34 178)	(5)	1 605 207
144 830	102 883	4	3 311 196	193 521	116 596	2	3 344 207
43 338	33 377	30	170 120	90 108	64 826	28	191 515
188 168	136 260	5	3 481 316	283 629	181 422	3	3 535 722
112 258	80 986	4	2 030 742	135 394	91 500	2	1 759 636
40 013	29 732	4	902 771	43 098	29 718	2	882 877
50 753	35 622	7	661 475	70 851	52 417	5	693 658
27 214	19 860	3	235 613	47 959	35 160	2	183 101
(5 722)	(4 228)	(2)	230 883	(26 514)	(25 795)	(11)	—
300 426	217 246	5	5 512 058	419 023	272 922	3	5 295 358
(29 478)	(22 802)	5	210 786	7 513	21 960	(2)	264 487
270 948	194 444	4	5 722 844	426 536	294 882	3	5 559 845

DISAGGREGATED REVENUE

Revenue

Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group reportable segments.

	Administration fees R'000	Health risk management fees – medical aid schemes R'000	Management fees R'000	Healthcare insurance R'000	IT revenue and other R'000	Retail R'000	Health risk management fees – Capitation funds R'000	Marketing fees R'000	Group total R'000
31 DECEMBER 2023									
Primary geographical markets									
South Africa	814 656	860 056	5 684	24 030	325 848	1 313 467	831 306	79 829	4 254 876
Outside of South Africa	108 985	9 911	925	—	9 689	—	—	—	129 510
	923 641	869 967	6 609	24 030	335 537	1 313 467	831 306	79 829	4 384 386
Major product/service line									
Admin health	923 641	—	—	—	335 537	—	—	79 829	1 339 007
Retail (Pharma)	—	—	—	—	—	1 313 467	—	—	1 313 467
Managed healthcare	—	869 967	6 609	24 030	—	—	831 306	—	1 731 912
	923 641	869 967	6 609	24 030	335 537	1 313 467	831 306	79 829	4 384 386
Timing of revenue recognition									
Products transferred at a point in time	—	—	—	—	—	1 313 467	—	—	1 313 467
Products and services transferred over time	923 641	869 967	6 609	24 030	335 537	—	831 306	79 829	3 070 919
	923 641	869 967	6 609	24 030	335 537	1 313 467	831 306	79 829	4 384 386
31 DECEMBER 2022									
Primary geographical markets									
South Africa	769 449	702 934	899	21 732	300 347	1 300 848	1 037 016	76 497	4 209 722
Outside of South Africa	94 845	8 737	872	—	7 969	—	—	—	112 423
	864 294	711 671	1 771	21 732	308 316	1 300 848	1 037 016	76 497	4 322 145
Major product/service line									
Admin health	864 294	—	—	—	308 316	—	—	76 497	1 249 107
Retail (Pharma)	—	—	—	—	—	1 300 848	—	—	1 300 848
Managed healthcare	—	711 671	1 771	21 732	—	—	1 037 016	—	1 772 190
	864 294	711 671	1 771	21 732	308 316	1 300 848	1 037 016	76 497	4 322 145
Timing of revenue recognition									
Products transferred at a point in time	—	—	—	—	—	1 300 848	—	—	1 300 848
Products and services transferred over time	864 294	711 671	1 771	21 732	308 316	—	1 037 016	76 497	3 021 297
	864 294	711 671	1 771	21 732	308 316	1 300 848	1 037 016	76 497	4 322 145
30 JUNE 2023									
Primary geographical markets									
South Africa	1 580 740	1 586 834	12 884	48 323	630 716	2 773 070	1 856 374	144 255	8 633 196
Outside of South Africa	197 868	17 611	1 780	—	17 577	—	—	—	234 836
	1 778 608	1 604 445	14 664	48 323	648 293	2 773 070	1 856 374	144 255	8 868 032
Major product/service line									
Admin health	1 778 608	—	—	—	648 293	—	—	144 255	2 571 156
Retail (Pharma)	—	—	—	—	—	2 773 070	—	—	2 773 070
Managed healthcare	—	1 604 445	14 664	48 323	—	—	1 856 374	—	3 523 806
	1 778 608	1 604 445	14 664	48 323	648 293	2 773 070	1 856 374	144 255	8 868 032
Timing of revenue recognition									
Products transferred at a point in time	—	—	—	—	—	2 773 070	—	—	2 773 070
Products and services transferred over time	1 778 608	1 604 445	14 664	48 323	648 293	—	1 856 374	144 255	6 094 962
	1 778 608	1 604 445	14 664	48 323	648 293	2 773 070	1 856 374	144 255	8 868 032

SUPPLEMENTARY INFORMATION OPERATING PERFORMANCE (NON-IFRS MEASURE)

	% change	Unaudited six months ended 31 December 2023 R'000	Unaudited six months ended 31 December 2022 R'000	Audited year ended 30 June 2023 R'000
Healthcare services revenue	6.0	2 296 423	2 167 451	4 403 691
Healthcare services operating costs	(7.0)	(1 991 248)	(1 861 590)	(3 801 696)
IFRS 16: Lease reversals	(8.6)	38 242	41 842	75 241
Healthcare services operating profit	(1.2)	343 417	347 703	677 236
Healthcare retail revenue	(3.1)	2 087 963	2 154 694	4 464 341
Healthcare retail cost of sales	5.0	(1 644 944)	(1 731 137)	(3 590 850)
Healthcare retail operating costs	(12.0)	(321 770)	(287 270)	(677 168)
Healthcare retail operating profit	(11.0)	121 249	136 287	196 323
Total healthcare operating profit	(4.0)	464 666	483 990	873 559
Fair value gains		3 437	4 462	16 245
Other income		5 559	—	2 570
Impairment of assets and loans		(892)	—	(27 115)
Scrapping of intangible assets		—	—	(5 415)
Net finance and investment costs		(34 055)	(34 826)	(72 343)
– Finance and dividend income		14 043	9 085	21 850
– Finance costs: Lease liabilities		(8 241)	(7 749)	(16 964)
– Finance costs		(39 857)	(36 162)	(77 229)
Share-based payment expense		(7 339)	(5 970)	(17 837)
Share of profits from associates and joint ventures		2 505	5 325	14 051
Profit before depreciation and amortisation	(4.2)	433 881	452 981	783 715
Depreciation	(2.9)	(44 947)	(43 666)	(82 976)
Right of use assets depreciation	(2.0)	(31 949)	(31 320)	(65 380)
Amortisation of intangible assets	11.4	(94 805)	(107 047)	(208 823)
Profit before taxation	(3.2)	262 180	270 948	426 536
Taxation expense	(0.9)	(77 204)	(76 504)	(131 654)
Profit for the period from continuing operations	(4.9)	184 976	194 444	294 882
Loss on disposal of subsidiary		—	(198)	(198)
Profit for the period	(4.8)	184 976	194 246	294 684
Other comprehensive (loss)/income		(1 001)	2 853	8 684
Comprehensive net income for the period	(6.7)	183 975	197 099	303 368
Attributable to:				
Equity holders of the Parent		172 760	127 827	191 357
Non-controlling interest		11 215	69 272	112 011
		183 975	197 099	303 368

COMPANY INFORMATION

AfroCentric Investment Corporation Limited

Incorporated in the Republic of South Africa

Registration number 1988/000570/06

JSE Code: ACT

ISIN: ZAE 000078416

("AfroCentric" or "the Company" or "the Group")

Registered Office

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MJM Madungandaba** (*Deputy Chairman*)

GN van Wyk*** (*CEO*)

JW Boonzaaier*** (*CFO*)

M Chauke*

MK Dippenaar**

JB Fernandes* (*Lead*)

PB Hanratty**

AM le Roux*

K Mkhize**

ND Munisi**

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