AfroCentric
GROUP

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AFROCENTRIC NOTICE OF ANNUAL GENERAL MEETING

FORM OF PROXY AND ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

AfroCentric
GROUP

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LETTER TO SHAREHOLDERS

Dear Shareholder

Notice of Annual General Meeting and Proxy

The booklet accompanying this letter is our detailed notice of Annual General Meeting for the AfroCentric Investment Corporation Limited general meeting to be held at 10:00 on Tuesday, 10 November 2020 at the AfroCentric Distribution Services Office, The Greens Office Park, Building L. 26 Charles De Gaulle Crescent, Highveld Ext 12, Centurion (**the AGM**).

Although the intention is to hold the AGM as scheduled on Tuesday, 10 November 2020 at the set venue, AfroCentric strongly encourages its shareholders not to attend in person but to exercise their voting rights by way of electronic or written proxy and to submit their questions relating to the 2020 AGM Agenda in advance by email to the Company Secretary: billym@afrocentrichealth.com.

Shareholders will also be able to follow the AGM remotely via a live audio webcast to be provided on our website [www.afrocentric.za.com].

AfroCentric reserves the right to make further changes, such as limiting the number of attendees to enable social distancing, changing the venue, providing live voting facilities, or even prohibiting physical attendance, should same be required.

We have also included summarised consolidated financial statements with explanatory notes and commentary and a Form of Proxy.

These documents comply with the requirements of the Companies Act (Act No. 71 of 2008, as amended) (**the Act**) and the JSE Limited (**JSE**) Listings Requirements.

Printed copies of the 2020 Integrated Report and a full set of Annual Financial Statements will only be mailed to shareholders on request.

Should you wish to receive a printed copy of the 2020 Integrated Report and a full set of Annual Financial Statements, please forward an email request to investor-relations@afrocentric.za.com. The Integrated Report and a full set of the annual statements is available for download on our website at www.afrocentric.za.com/cd-ar-reports.php.

Yours sincerely

Billy Mokale
Group Company Secretary
9 October 2020

NOTICE OF ANNUAL GENERAL MEETING

Notice of the 14th annual general virtual meeting of shareholders to be held on Tuesday, 10 November 2020, at 10h00

AfroCentric Investment Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1988/000570/06)
JSE Share code: ACT
ISIN: ZAE 000078416
(**AfroCentric** or **the Company**)
37 Conrad Street, Florida North, Roodepoort, 1709
PO Box 1101, Florida Glen 1708
Telephone: +27 (11) 671 2000
Website: www.afrocentric.za.com

Important notice to shareholders

All terms defined in the 2020 Annual Financial Statements, to which this Notice of Annual General Meeting is attached, shall bear the same meanings when used in this Notice of Annual General Meeting.

Notice is hereby given that the 14th Annual General Meeting of shareholders for the year ended 30 June 2020 will be held at the AfroCentric Distribution Services Offices, the Greens Office Park, Building L, 26 Charles De Gaulle Crescent, Highveld Ext 12, Centurion on Tuesday, 10 November 2020 at 10h00 to conduct such business as may lawfully be dealt with at the Annual General Meeting and to consider, and if deemed fit, to pass with or without modification, the special and ordinary resolutions set out hereunder in the manner required by the Act, as read with the JSE Limited (**JSE**) Listings Requirements, as amended from time to time (**Listings Requirements**).

COVID-19 pandemic developments

One of AfroCentric's top priorities is to protect the health and safety of all our stakeholders and with this in mind we will continue to closely monitor developments around COVID-19 (**coronavirus**).

Although the intention is to hold the AGM as scheduled on Tuesday, 10 November 2020 at the set venue, **AfroCentric strongly encourages its shareholders not to attend in person but to exercise their voting rights by way of electronic or written proxy** and to submit their questions relating to the 2020 AGM Agenda in advance by email to the Company Secretary [billym@afrocentrichealth.com].

Shareholders will also be able to follow the AGM remotely via a live audio webcast to be provided on our website [www.afrocentric.za.com].

AfroCentric reserves the right to make further changes, such as limiting the number of attendees to enable social distancing, changing the venue, providing live voting facilities, or even prohibiting physical attendance, should same be required.

Shareholders should regularly check the release of SENS announcements on the JSE Limited's platform and on the AfroCentric website for any further updates.

If you are in any doubt as to any action you should take, please consult your Banker, Stockbroker, Legal Advisor, Accountant or other professional Advisor immediately.

1. If you have disposed of all your AfroCentric shares, this document should be handed to the purchaser of such shares or to the Stockbroker, Banker or other agent through whom such disposal was effected.
2. Members attending the Annual General Meeting of the Company on Tuesday, 10 November 2020, at 10h00 are requested to ensure registration of attendance upon arrival.

   *Kindly note that, in terms of section 63(1) of the Companies Act 71 of 2008, as amended, from time to time (**the Act**), any person attending or participating in the Annual General Meeting must present reasonable satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, driver's licences and passports.*
3. The date for shareholders to receive notice of the Annual General Meeting being the notice record date as Friday, 25 September 2020.
4. The record date of the Annual General Meeting for shareholders to participate in and vote at the Annual General Meeting is Friday, 30 October 2020 (**the voting record date**).
5. The last date to trade in order to be eligible to participate in and vote at the Annual General Meeting is Tuesday, 27 October 2020.

Salient dates:

Please take note of the following important dates:

	2020
Record date for the purposes of determining which shareholders of the Company are entitled to receive notice of the Annual General Meeting (**the notice record date**)	**Friday, 25 September**
Posting of Integrated Report and notice of Annual General Meeting published on SENS	**Friday, 9 October**
The last date to trade in order to be eligible to participate in and vote at the Annual General Meeting	**Tuesday, 27 October**
Record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting (**the voting record date**)	**Friday, 30 October**
Last day for lodging forms of proxy by 10h00	**Friday, 6 November**
Date of the Annual General Meeting at 10h00	**Tuesday, 10 November**
Results of the Annual General Meeting published on SENS	**Tuesday, 10 November**

Note:

1. Forms of proxy to be lodged with the transfer secretary by 10h00 on Friday, 6 November 2020 not delivered to the transfer secretary by this time may be submitted electronically/by hand to the Chairman of the AGM at any time prior to the commencement of the AGM.

2. Shareholders acquiring shares after Tuesday, 27 October 2020 (being the last date to trade) will not be eligible to vote at the AGM.

Voting and proxies

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is distributed with this notice of Annual General Meeting for the sake of convenience.

Proxy forms must be delivered to the Company's transfer secretaries:

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

15 Biermann Avenue
Rosebank, 2196

PO Box 61051
Marshalltown, 2107
Fax: +27 (11) 688 5238
Email: proxy@computershare.co.za

By no later than 10h00 on Friday, 6 November 2020

Agenda:

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

Presentation of audited Annual Financial Statements

The audited consolidated Annual Financial Statements of the Company and the Group, including the reports of the directors, Group Audit and Risk Committee and the independent auditors, for the year ended 30 June 2020, will be presented to shareholders as required in terms of section 30(3)(d) of the Act. The complete set of audited consolidated Annual Financial Statements, together with the report of the directors and the independent auditors' report are set out on pages 6 to 99 of the 2020 Annual Financial Statements. The Audit and Risk Committee report is set out on pages 3 to 5 of the 2020 Annual Financial Statements. The Integrated Annual Report is also available on the Company's website: www.afrocentric.za.com.

Resignation of Directors

Shareholders were informed that HG Motau, LL Dhlamini and Mr T Alsworth-Elvey resigned from the Board effective 20 November 2019, 31 March 2020 and 31 July 2020 respectively. The Chairman on behalf of the Board thanked the three members on their invaluable contribution to the Group and wished them well in their future endeavours.

Resolutions

To consider and if deemed fit, approve, with or without modification the following ordinary and special resolutions:

Ordinary resolution number 1

Election of Directors appointed during the year under review

In terms of the Company's Memorandum of Incorporation (**MOI**), any Board appointments made by the Board during a year under review must be confirmed by shareholders at the next Annual General Meeting of the Company, following such an appointment. Accordingly, AM le Roux, M Chauke and JJ Strydom were appointed by the Board during the year under review and shareholders are hereby requested to confirm such appointments:

Accordingly, shareholders are requested to consider and, if deemed fit, to elect the directors named above by way of passing the separate ordinary resolution numbers 1.1 to 1.4. set out below as required under section 68(2) of the Act.

Ordinary Resolution Number 1.1

Election of Mr JB Fernandes as the Lead Independent Non-executive Director

"**RESOLVED** that Mr JB Fernandes, being an existing member of the Board be and is hereby elected as the Lead Independent Non-executive Director of the Company."

Ordinary Resolution Number 1.2

Election of Ms AM le Roux as an Independent Non-executive Director

"**RESOLVED** that Ms AM le Roux, being a new appointment to the Board be and is hereby elected as an Independent Non-executive Director of the Company."

Ms le Roux, a Chartered Accountant, holds a BComp (Hons) and a Bachelors in Accounting. She is an audit and accounting industry professional with a track record of running her own successful business. Her career in finance, governance and audit spans over 20 years. She is currently a Non-executive Director of Shoprite Holdings Limited and serves on their audit and risk committee as well as their social and ethics committee.

Ordinary Resolution Number 1.3

Election of Ms M Chauke as an Independent Non-executive Director

"**RESOLVED** that Ms Chauke, being a new appointment to the Board be and is hereby elected as an Independent Non-executive Director of the Company."

Ms Chauke is a Chartered Accountant and holds a BComm and Bachelor of Accountancy (CTA). She is a member of the Institute of Directors in Southern Africa, and a former registered auditor, having served five years as an Audit Partner at Deloitte & Touche South Africa until February 2018. Prior to becoming a partner at Deloitte, Ms Chauke worked in senior finance positions at Standard Bank South Africa and at a TV production company, Urban Brew Studios (Pty) Ltd, where she was responsible for group financial reporting, financial management and control, risk management and compliance. She currently serves as an Independent Non-executive Director on the board of Mr Price Group Limited and is a member of its Audit and Compliance Committee. She also works as an Executive Producer in television and film production, is a freelance actress and holds board and audit committee positions in other private companies.

Ordinary Resolution Number 1.4

Election of Mr JJ Strydom as a Non-executive Director

"**RESOLVED** that Mr Strydom, being a new appointment to the Board be and is hereby elected as a Non-executive Director of the Company."

Mr Strydom, a Chartered Accountant, holds a BBusSci and MBA (MIT). He re-joined the Sanlam Group in January 2016 as Deputy CEO of Sanlam Personal Finance and was appointed CEO in June 2017. Prior to that he worked for Imperial Holdings (Chief Executive of Regent Insurance Group and Executive Director of Imperial Holdings) and for Alexander Forbes as Managing Director for Alexander Forbes Life.

For the above resolutions 1.1 to 1.4 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 2

Re-election of Directors

In terms of the Company's MOI, one third of the Non-executive Directors of the Company must retire by rotation every year at the Company's Annual General Meeting. Accordingly, the following directors retire by rotation at the Annual General Meeting. The Board has assessed the performance of the directors standing for re-election and has found them suitable for re-appointment.

- Mr JB Fernandes;
- Professor SA Zinn; and
- Mr MJ Madungandaba

Ordinary Resolution Number 2.1

Re-election of Mr JB Fernandes as an Independent Non-executive Director

"**RESOLVED** that Mr Fernandes, who retires by rotation in terms of the MOI of the Company, being eligible and offering himself for re-election, be and is hereby re-elected as an Independent Non-executive Director of the Company."

Ordinary Resolution Number 2.2

Re-election of Prof SA Zinn as an Independent Non-executive Director

"**RESOLVED** that Prof Zinn, who retires by rotation in terms of the MOI of the Company, being eligible and offering herself for re-election, be and is hereby re-elected as an Independent Non-executive Director of the Company."

Ordinary Resolution Number 2.3

Re-election of Mr MJ Madungandaba as a Non-executive Director

"**RESOLVED** that Mr Madungandaba who retires by rotation in terms of the MOI of the Company, being eligible and offering himself for re-election, be and is hereby re-elected as a Non-executive Director of the Company."

Brief résumés for these directors appear on pages 45 and 46 of this booklet.

For the above resolutions 2.1 to 2.3 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 3

Appointment of Group Audit and Risk Committee members

"**RESOLVED** that an Audit and Risk Committee comprising Independent Non-executive Directors, as provided in Section 94(4) of the Act, set out below be and is hereby appointed in terms of Section 94(2) of the Act to hold office until the next Annual General Meeting and to perform the duties and responsibilities stipulated in section 94(7) of the Act and King Report on Corporate Governance for South Africa, 2016 (**King IV**).

The Board has assessed the performance of the Group Audit and Risk Committee members standing for election and has found them suitable for appointment. Brief résumés for these directors appear on pages 6 and 45 of this booklet."

Ordinary Resolution 3.1

"**RESOLVED** that, Mr JB Fernandes, subject to the passing of Ordinary Resolution number 2.1, is elected as a member and Chairperson of the Audit and Risk Committee."

Ordinary Resolution 3.2

"**RESOLVED** that, subject to the passing of Ordinary Resolution Number 1.2, Ms AM le Roux is elected as a member of the Audit and Risk Committee."

Ordinary Resolution 3.3

"**RESOLVED** that, subject to the passing of Ordinary Resolution Number 1.3, Ms M Chauke is elected as a member of the Audit and Risk Committee."

For the above resolution number 3 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 4

Re-appointment of independent auditor and designated audit partner

The Group Audit and Risk Committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent auditor of the Group, to hold office until the next Annual General Meeting.

"**RESOLVED** that PricewaterhouseCoopers Incorporated, with the designated audit partner being Ms Julanie Basson, be and is hereby re-appointed as the independent auditor of the Group for the ensuing year."

For the above resolution number 4 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 5

General Authority to Issue Shares for cash

"**RESOLVED** that the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors and that they be and are hereby authorised to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as they may from time to time and at their discretion deem fit, subject to the provisions of the Act, clause 4 of the MOI of the Company and the Listings Requirements, provided that:

1. the general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter).
2. the allotment and issue of the shares must be made to public shareholders as defined in the Listings Requirements and not to related parties.
3. the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue.
4. the number of shares issued for cash in aggregate under this authority shall not exceed 28 712 062 shares, being 5% of the Company's listed equity securities as at the date of this notice of Annual General Meeting, excluding treasury shares.
5. any shares issued under this authority during the period contemplated in paragraph 1 above, must be deducted from the number in paragraph 4 above.
6. in the event of a sub-division or consolidation of issued shares during the period contemplated in paragraph 1 above, the existing authority must be adjusted accordingly to represent the same allocation ratio.
7. the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE must be consulted for a ruling if the Company's securities have not traded in such 30-business day period.
8. after the Company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing details of inter alia the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the price of the issue was agreed in writing between the issuer and the party subscribing for the shares and in respect of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of profit or loss and other comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting documents (if any), of the intended use of the funds shall be published when the Company has issued securities, or any other announcements that may be required in such regard in terms of the Listings Requirements which may be applicable from time to time."

Reason for and effect

The reason and effect of this ordinary resolution number 5 is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the Company (excluding shares issued pursuant to the Company's share incentive scheme), up to 5% (28 712 062 shares) of the number of ordinary shares of the Company in issue at the date of passing of this resolution, in order to enable the Company to take advantage of business opportunities which might arise in the future.

For above resolution number 5 to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

At present, the directors have no specific intention to use this authority and the authority will thus only be used if circumstances are appropriate.

Ordinary resolution number 6

Approval of the Remuneration Policy

"**RESOLVED** that by a non-binding advisory vote, the Company's remuneration policy as set out in the remuneration report on pages 89 to 102 of the Integrated Report for 2020 be and is hereby endorsed."

Reason for and effect

King IV recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary Resolution 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

For above resolution number 6 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 7

Approval of the Remuneration Implementation Report

"**RESOLVED** that by a non-binding advisory vote, the Company's remuneration implementation Report as set out on pages 89 to 102 of the Integrated Report for 2020 be and is hereby endorsed."

Reason for and effect

King IV recommends that the implementation of a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the implementation of the Company's remuneration policies. Ordinary Resolution 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

For above resolution number 7 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

The remuneration policy and implementation report set out above are proposed to shareholders in separate non-binding advisory votes in terms of the Notice of Annual General Meeting. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the Annual General Meeting, the Board of Directors will engage with such shareholders in order to clarify the nature of and evaluate the validity of such objections, and will, where possible and prudent, given the objectives of the remuneration policy, take those objections into consideration when formulating any amendments to the Company's remuneration policy and implementation report in the following financial year.

Ordinary resolution number 8

Authorise directors and/or Group Company Secretary

"**RESOLVED** that any one director and/or the Group Company Secretary or equivalent be and are hereby authorised to do all such things and to sign all such documents that are deemed necessary to implement the resolutions set out in the notice convening the Annual General Meeting at which these resolutions will be considered."

For above resolution number 8 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Special resolutions

Special resolution number 1

Approval of Non-executive Directors' fees

Approval in terms of section 66 of the Act is required to authorise the Company to remunerate for their services as directors. Furthermore, in terms of King IV and as read with the Listings Requirements, remuneration payable to Non-executive Directors should be approved by shareholders in advance or within the previous two years.

"**RESOLVED** as a special resolution in terms of the Act that the remuneration of Non-executive Directors for the period 01 January 2021 until 31 December 2021 be and is hereby approved as follows:

	Position	Current 2020 (R)	Recommended increase (%)	Proposed 2021 (R)
Main Board (annualised fee)	Chairman	1 329 240	3.5	1 375 763
	Deputy	997 713	3.5	1 032 633
	Member	248 188	3.5	256 875
Subsidiary Board/Committee (Per meeting fee)	Chairman	22 572	3.5	23 362
	Member	16 615	3.5	17 197
Audit and Risk Committee (Per meeting fee)	Chairperson	30 096	3.5	31 149
	Member	22 154	3.5	22 929
Remuneration Committee (Per meeting fee)	Chairperson	22 572	3.5	23 362
	Member	16 615	3.5	17 197
Nomination Committee (Per meeting fee)	Chairperson	22 572	3.5	23 362
	Member	16 615	3.5	17 197
Social and Ethics Committee (Per meeting fee)	Chairperson	22 572	3.5	23 362
	Member	16 615	3.5	17 197
Investment Committee (Per meeting fee)	Chairperson	22 572	3.5	23 362
	Member	16 615	3.5	17 197
ICT Steering Committee (Per meeting fee)	Chairperson*			
	Member	16 615	3.5	17 197

* *Chairperson is currently an Executive Director and does not receive fees.*

Reason for and effect

The reason and effect of this special resolution number 1 is to approve the remuneration of Non-executive Directors for the next 12 months, payable quarterly in arrears, with effect from 01 January 2021 until 31 December 2021.

For above special resolution number 1 to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

Special resolution number 2

General authority to repurchase shares

"**RESOLVED** that as a special resolution that the Company and/or any subsidiary of the Company (**the Group**) be and is hereby authorised by way of a general approval as contemplated in section 48 of the Act to acquire from time to time issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI of the Company and the provisions of the Act and provided:

1. any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
2. at any point in time, the Company may only appoint one agent to effect any repurchases on its behalf;
3. the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 5% (five percent) of the Company's issued share capital as at the date of passing of this general resolution or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a wholly-owned subsidiary of the Company;
4. repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
5. the Company or a wholly-owned subsidiary of the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements;
6. after the Company or a wholly-owned subsidiary of the Company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of shares and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company shall publish an announcement on SENS containing full details of such repurchase; and
7. the Board have passed a resolution authorising the repurchase and that the Company has passed the solvency and liquidity test contained in Section 4 of the Act, and that since the test was done, there have been no material changes to the financial position of the Company.

Reason for and effect

The reason for and effect of this special resolution number 2 is to grant the directors a general authority in terms of the MOI of the Company and the Listings Requirements for the acquisition by the Company or by a wholly-owned subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 2. In terms of section 48(2)(b)(i) of the Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Act.

For above special resolution number 2 to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

In accordance with the Listings Requirements, the directors record that:

The directors have no specific intention to repurchase shares, but would utilise the renewed general authority to repurchase shares to serve our shareholders' interests, as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid unless:

- the Company and the Group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the Company and of the Group will be in excess of the liabilities of the Company and the Group; the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited Group Annual Financial Statements;
- the share capital and reserves of the Company and of the Group are adequate for ordinary purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business."

Disclosures required in terms of paragraph 11.26 of the Listings Requirements:

The following additional information, some of which may appear elsewhere in this report is provided in terms of the Listing Requirements for purposes of the special resolution:

Major shareholders – page 12 of the 2020 Annual Financial Statements

Company's share capital – page 70 of the 2020 Annual Financial Statements

Directors' responsibility statement

The directors, whose names are given on page 1 of the 2020 Annual Financial Statements, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution no. 2, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned special resolution contains all the information required by the JSE.

Material change

Other than the facts and developments reported on in the 2020 Annual Financial Statements, there has been no material changes in the financial or trading position of the Company or its subsidiaries since the Company's financial year-end and the signature date of this Integrated Annual Report.

Special resolution number 3

Financial assistance to a related or inter-related company or companies

"**RESOLVED** that, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (**financial assistance** will herein have the meaning attributed to it in section 45(1) of the Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related (**related** or **inter-related** will herein have the meaning attributed to it in section 2 of the Act) to the Company, on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company."

Reason for and effect

The reason and effect of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Act to a related or inter-related company or corporation.

For above special resolution number 3 to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

Special resolution number 4

Financial assistance for subscription of shares to related or inter-related companies

"**RESOLVED** that, in terms of section 44(3)(a)(ii) of The Act, as a general approval, the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (**financial assistance** will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related to the Company (**related** or **inter-related** will herein have the meaning attributed to it in section 2 of the Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid for two years or until the date of the next Annual General Meeting of the Company."

Reason for and effect

The reason and effect of special resolution number 4 is to grant the directors the authority, in terms of section 44(3)(a)(ii) of the Act ,authority, to provide financial assistance to any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation.

This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries.

A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

For above special resolution number 4 to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

Impact of Special Resolutions 3 and 4

In terms of and pursuant to the provisions of sections 44 and 45 of The Act, the directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolution numbers 3 and 4 above:

» the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company);

» the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;

» the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and

» all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's MOI have been met.

To transact such other business as may be transacted at an Annual General Meeting

Identification, voting and proxies

In terms of section 63 (1) of the Act, any person attending or participating in the Annual General Meeting must present reasonable satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, driver's licences and passports.

The votes of shares held by share trusts classified as schedule 14 trusts in terms of the Listings Requirements will not be taken into account at the Annual Meeting for approval of any resolution proposed in terms of the Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised AfroCentric shareholders with own-name registrations who cannot attend the Annual General Meeting, but who wish to be represented thereat.

Forms of proxy and/or letters of representation may be presented at any time prior to the Annual General Meeting and also at the Annual General Meeting, but to enable the Company to ensure prior to the Annual General Meeting that a quorum will be present at the Annual General Meeting, it would be helpful if proxy forms and/or letters of representation could be delivered to the Company or the Company's transfer secretaries at 10h00 on this date, being 48 hours prior to the Annual General Meeting.

All beneficial owners of AfroCentric shares who have dematerialised their shares through a CSDP or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee as the case may be. Should such beneficial owners wish to attend the meeting in person they must request their CSDP, broker or nominee to issue them with the appropriate letter of authority. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration and who are entitled to attend and vote at the Annual General Meeting do not deliver proxy forms to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the Annual General Meeting be entitled to lodge the form of proxy in respect of the Annual General, in accordance with the instructions therein with the Chairman of the Annual General Meeting.

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of AfroCentric) to attend, speak and vote in his/her stead. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

AfroCentric does not accept responsibility and will not be held liable for any failure on the part of a (Central Securities Depository Participant) CSDP or broker to notify such AfroCentric shareholder of the Annual General Meeting.

By order of the Board

Billy Mokale
Group Company Secretary

Roodepoort
9 October 2020

ANNEXURE 1 – SUMMARISED CONSOLIDATED STATEMENTS

Summarised consolidated statement of financial position as at 30 June 2020

	2020 R'000	Restated 2019 R'000
Assets		
Non-current assets	3 539 167	3 364 615
Property and equipment	210 583	220 409
Right of use asset	234 980	290 136
Land and buildings	261 374	196 149
Investment property	15 418	15 418
Goodwill	1 373 350	1 336 842
Intangible assets	1 321 837	1 219 170
Investment in associates	33 307	29 943
Other financial assets	3 711	–
Deferred income tax assets	84 607	56 548
Current assets	1 007 999	1 117 899
Trade and other receivables	504 335	531 494
Inventory	297 851	283 732
Current tax asset	28 133	37 377
Cash and cash equivalents	177 680	265 296
Total assets	4 547 166	4 482 514
Equity and liabilities		
Capital and reserves	2 216 604	2 095 282
Issued ordinary share capital	18 885	18 885
Share premium	1 080 301	1 080 301
Share-based payment reserve	20 417	11 286
Treasury shares	(2 324)	(2 324)
Capital contribution by non-controlling interest	55 874	55 874
Foreign currency translation reserve	(14 632)	(3 114)
Distributable reserve	1 058 083	934 374
Non-controlling interest	902 491	787 713
Total equity	3 119 095	2 882 995

	2020 R'000	Restated 2019 R'000
Non-current liabilities	705 492	881 194
Deferred income tax liabilities	246 809	230 228
Lease liability	181 427	261 104
Non-current borrowings	266 311	371 566
Non-current provisions	8 350	8 350
Post-employment medical obligations	2 595	2 611
Deferred payment	–	7 335
Current liabilities	722 579	718 325
Provisions	8 374	9 606
Borrowings	120 000	120 000
Lease liability	96 855	61 551
Trade and other payables	361 488	406 230
Taxation	33 086	32 279
Employment benefit provisions	102 776	88 659
Total liabilities	1 428 071	1 599 519
Total equity and liabilities	4 547 166	4 482 514

Summarised consolidated statement of comprehensive income
For the year ended 30 June 2020

	2020 R'000	Restated 2019 R'000
Healthcare Services revenue	3 304 907	3 258 658
Healthcare Services operating costs	(2 684 060)	(2 710 237)
Healthcare Services operating profit	620 847	548 421
Healthcare Retail revenue	3 136 059	2 038 135
Healthcare Retail cost of sales	(2 477 796)	(1 641 279)
Healthcare Retail operating costs	(404 491)	(267 622)
Healthcare Retail operating profit	253 772	129 234
Total healthcare operating profit (excluding lease reversals)	874 619	677 655
IFRS 16: Lease reversals	86 129	94 418
Total healthcare operating profit (Including lease reversals)	960 748	772 073
Loss on disposal of intangible assets	–	(40 000)
Fair value gain on investment disposal	197	118 715
Impairment of assets	(2 919)	(68 587)
Net finance and investment income	(44 887)	(14 891)
– Finance and investment income	26 888	37 524
– Finance costs: Lease liability	(27 886)	(31 822)
– Finance costs	(43 889)	(20 593)
Share-based payment expense	(9 124)	(7 785)
Share of associate profits	7 990	18 479
Profit before depreciation and amortisation	912 005	778 004
Right of use asset depreciation	(71 781)	(82 666)
Depreciation	(62 514)	(55 909)
Amortisation of intangible assets	(164 153)	(110 941)
Profit before taxation	613 557	528 488
Taxation expense	(154 870)	(143 475)
Profit for the year after taxation	458 687	385 013
Other comprehensive (loss)/income	(368)	(4 040)
Comprehensive net income for the year	458 319	380 973
Attributable to:		
Equity holders of the parent	303 207	265 841
Non-controlling interest	155 112	115 132
	458 319	380 973

Summarised consolidated statement of changes in equity
For the year ended 30 June 2020

	2020 R'000	2019 R'000
Balance at beginning of the period	2 882 995	2 619 891
Issue of share capital	–	81 442
Adjustment to opening balance	–	(14 080)
Share-based awards reserve	9 131	7 785
Distributions to shareholders	(195 242)	(186 321)
Net profit for the period	303 207	265 841
Profit attributable to minorities	155 112	115 132
Business combinations	2 181	–
Changes in ownership	5 611	3 646
Distributions to non-controlling interests	(43 900)	(10 341)
Balance at end of period	3 119 095	2 882 995

Summarised consolidated statement of cash flows
For the year ended 30 June 2020

	2020 R'000	Restated 2019 R'000
Net cash inflow from operating activities	501 708	306 767
Cash generated from operations	939 745	663 536
Net finance cost	(44 887)	(27 351)
Dividends paid	(239 142)	(196 662)
Dividends received	4 626	4 168
Tax and other payments	(158 634)	(136 924)
Net cash outflow from investing activities	(431 749)	(679 396)
Net additions to property and equipment	(119 854)	(97 895)
Net additions to intangible assets	(284 210)	(241 697)
Net acquisition of financial assets, investments and subsidiaries	(27 685)	(342 404)
Repayment of loan by associate	–	2 600
Net cash outflow from financing activities	(157 195)	428 914
(Decrease)/increase in borrowings	(105 255)	491 566
Changes in ownership interests in subsidiaries that do not result in loss of control	6 303	–
Net lease liability repayment	(58 243)	(62 652)
Effect of foreign exchange benefit	(380)	(3 907)
Net (decrease)/increase in cash and cash equivalents	(87 616)	52 378
Cash and cash equivalents at beginning of the period	265 296	212 918
Cash and cash equivalents at end of the period	177 680	265 296

Notes to the summarised consolidated financial statements

1. Basis of preparation

These summarised audited consolidated financial statements for the year ended 30 June 2020 have been extracted from the audited financial statements for the year then ended, but are not audited themselves. The directors take full responsibility for the preparation of this summarised report and that the financial information has been correctly extracted from the underlying audited financial statements. These summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports and the requirements of the South African Companies Act (Act No. 71 of 2008, as amended) as applicable to summarised financial statements.

The audited financial statements from which these summarised financial statements are extracted provides information in accordance with the following:

» the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (**IFRS**), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the International Accounting Standards Board's IAS 34: Interim Financial Reporting;

» the requirements of the Companies Act of South Africa; and

» the JSE Listings Requirements.

2. Audit report

The financial statements from which this summarised report was extracted were audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The audited financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

Notes to the summarised audited consolidated financial statements continued

3. Segment information

	2020			
	Revenue R'000	Operating profit R'000	Profit before tax R'000	Total assets R'000
Healthcare SA	3 130 262	266 127	196 426	3 900 683
Information Technology	544 054	298 281	149 014	971 460
Total SA administration business	3 674 316	564 408	345 440	4 872 143
Healthcare Africa	204 140	56 439	50 728	139 627
Total Group administration business	3 878 456	620 847	396 168	5 011 770
Healthcare Retail	3 136 059	253 772	235 829	1 066 255
Pharmacy Direct & Curasana Wholesaler	1 128 664	95 772	81 156	489 502
Activo	645 914	132 196	131 579	350 683
Scriptpharm	1 014 939	21 979	30 565	103 021
Mmed	346 542	3 825	(7 471)	123 049
Total Healthcare	7 014 515	874 619	631 997	6 078 025
Lease reversal adjustment	–	86 129	–	–
Other (including inter-segment elimination)	(573 549)	–	(18 440)	(1 530 859)
Total	6 440 966	960 748	613 557	4 547 166

3. Segment information continued

	2019			
	Revenue R'000	Operating profit R'000	Profit before tax R'000	Restated Total assets R'000
Healthcare SA	3 002 327	184 683	167 465	3 972 947
Information Technology	632 918	296 999	75 799	866 777
Total SA administration business	3 635 245	481 682	243 264	4 839 724
Healthcare Africa	202 842	66 554	63 383	149 054
Total Group administration business	3 838 087	548 236	306 647	4 988 778
Healthcare Retail	2 038 135	129 234	117 784	920 610
Pharmacy Direct & Curasana Wholesaler	1 294 599	82 756	62 038	507 004
Activo	192 327	38 546	49 939	294 959
Scriptpharm	322 738	13 155	16 169	14 254
Mmed	228 471	(5 223)	(10 362)	104 393
Total Healthcare	5 876 222	677 470	424 431	5 909 388
Lease reversal adjustment	–	94 418	(20 070)	–
Other (including inter-segment elimination)	(579 430)	185	124 127	(1 426 874)
Total	5 296 792	772 073	528 488	4 482 514

Notes to the summarised audited consolidated financial statements continued

4. Earnings per share

	2020 R'000	2019 R'000
Number of ordinary shares in issue	574 241 248	574 241 248
Weighted average number of ordinary shares	574 241 248	560 826 280
Weighted average number of shares for diluted EPS	586 141 248	569 396 280
Basic earnings	303 575	269 880
Adjusted by:	3 175	(4 639)
– Reversal of impairment	2 919	67 515
– Reversal of fair value gains	–	(118 715)
– Loss on disposal of assets	2 130	44 694
Total tax adjustments	(596)	–
Total non-controlling interest adjustments	(1 278)	1 867
Headline earnings	306 750	265 241
Earnings per share (cents)		
– Attributable to ordinary shares (cents)	52.87	48.12
– Fully diluted EPS (cents)	51.79	47.40
Headline earnings per share (cents)		
– Attributable to ordinary shares (cents)	53.42	47.29
– Fully diluted HEPS (cents)	52.33	46.58
Normalised earnings per share (non-IFRS measure)		
Headline earnings	306 750	265 241
Adjusted by:	6 950	10 303
– Less rental reversal	(86 129)	(94 418)
– Depreciation	71 781	82 666
– Interest	27 886	31 822
Total tax effects of adjustments	(3 791)	(5 620)
Total NCI effects of adjustments	(2 797)	(4 147)
Normalised headline earnings	313 700	275 544
Normalised headline earnings per share (cents)		
– Attributable to ordinary shares (cents)	54.63	49.13
– Fully diluted HEPS (cents)	53.52	48.39

5. Fair value disclosure

Fair value hierarchy

The following hierarchy is used to classify financial and non-financial instruments for fair value measurement purposes:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2020:

	Group			Company		
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
2020						
Investment property	–	–	15 418	–	–	–
Unlisted investment	–	–	3 711	–	–	–
	–	–	19 129	–	–	–
2019						
Investment property	–	–	15 418	–	–	–
Deferred payment	–	7 335	–	–	–	–
	–	7 335	15 418	–	–	–

Notes to the summarised audited consolidated financial statements continued

5. Fair value disclosure continued

Specific valuation techniques used to value financial and non-financial instruments include:

- the fair value of the collective investment schemes is determined using the current unit price of underlying unitised asset
- multiplied by the number of units held
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis and PE ratios
- the fair value of the investment property is determined by using the comparable sales method

The assets disclosed above that have been classified as a Level 3 financial and non-financial instruments i.e. the inputs are not based on observable market data. The carrying amount of all assets in the table above approximates the fair value of the assets.

	Unlisted investment R'000	Investment property R'000
Opening balance	–	15 418
Settlement/payment	3 711	–
Impairments	–	–
Disposal	–	–
Closing balance	3 711	15 418

Valuation inputs and relationships to fair value

Investment property

The fair value of the investment property is derived by an external property valuer using the comparable sales method. In applying this approach the valuer has selected other properties that have similar risk, growth and cash-generating profiles. Management reviewed the valuation performed by the external valuer and is satisfied that the inputs used by the external property valuer are reasonable. The investment property is valued on an annual basis.

Investment in an unlisted entity

The fair value of the investment in the unlisted venture capital entity is derived using the price per share. Management is satisfied that the valuation of the investment represents an amount equal to the fair value.

5. Fair value disclosure continued

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 30 June 2020	Unobservable inputs	Input value used	Sensitivity of unobservable inputs on profit and loss
Investment property	15 418	Price per block building rights per square metre	R1 542 per square metre	If the fair value per square metre increased by 10% then the value of the property would increase by R1 541 790 in profit or loss. If the fair value per square metre decreased by 10% then the value of the property would decrease by R1 541 790 in profit or loss.
Unlisted investment	3 711	Price per share	R1.00 per share	If the fair value per share increased by 10% then the value of the shares would increase by R371 000 in profit or loss. If the fair value per share decreased by 10% then the value of the shares would decrease by R371 000 in profit or loss.

Valuation process

The finance department of the Group performs the valuations of the investments for financial reporting purposes, including level 3 fair values (excluding the investment property). The team reports directly to the Chief Financial Officer (**CFO**). Discussions of the valuation processes and results are held between the CFO and the Group Finance at least once every six months, in line with the Group's bi-annual reporting periods.

Notes to the summarised audited consolidated financial statements continued

6. Share-based payments

In the 2018 financial year a new share award plan was implemented. The purpose of the plan is to retain, motivate and reward eligible employees who are able to influence the performance and growth strategies of the Company, on a basis which aligns their interests with those of the Group's shareholders.

Share awards will be issued to identified participants by the Remuneration Committee and Board. The number of share awards to be allocated to an eligible employee will primarily be based on the identified employee's annual salary, grade, performance, retention and attraction requirements and market benchmarks. The number of share awards will be recommended by the Remuneration Committee at the time that share awards are granted per an award letter.

Eligibility for participation to the plan will be considered on an annual basis. Share awards will constitute conditional shares in AfroCentric Investment Corporation Limited and on vesting date this will be issued to the identified participant in equity shares at no cost. The maximum annual allocation is 5 543 773 share awards (1% of the Company's issued shares as at the date of approval of the AfroCentric Group Management Long Term Incentive Plan by the Board and shareholders of the Company) and the maximum dilution limit is 27 718 866 (5% of the Company's issued shares as at the date of approval of the AfroCentric Group Management Long-Term Incentive Plan by the Board and shareholders of the Company).

AfroCentric expects that 90% of awards will vest to participants at the end of the plan. The share awards are subject to staggered vesting, i.e. vesting of the share awards following the three-year retention period in three equal tranches. The charge for the year is R10.2 million.

The share price on the respective grant dates on 30 November 2019 of R3.30 (2018: R5.20) and (2017: R6.30), was used to determine the IFRS 2 charge for 2020.

6. Share-based payments continued

	Group					
30 June 2020	Issue share price R	Balance at 30 June 2019 R'000	Offered R'000	Forfeited R'000	Balance at 30 June 2020 R'000	Fair value at 30 June 2020 R'000
Description						
8 December 2017	6.20	4 440	–	(1 760)	2 680	989
1 November 2018	5.50	4 430	–	(900)	3 530	1 302
30 November 2019	3.30	–	5 690	–	5 690	2 100
Total		8 870	5 690	(2 660)	11 900	4 391

Fair value based on closing share price as at 30 June 2020 of R3.69.

30 June 2019	Issue share price R	Balance at 30 June 2018 R'000	Offered R'000	Forfeited R'000	Balance at 30 June 2019 R'000	Fair value at 30 June 2019 R'000
Description						
8 December 2017	6.20	4 440	–	–	4 440	2 198
1 November 2018	5.50	–	4 430	–	4 430	2 193
Total		4 440	4 430	–	8 870	4 391

Fair value based on closing share price as at 30 June 2019 of R4.95.

Notes to the summarised audited consolidated financial statements continued

7. Litigation and contingent liabilities

Neil Harvey & Associates Proprietary Limited

Neil Harvey & Associates has instituted a claim against Medscheme Holdings Proprietary Limited and three of its employees in 2007. The allegations concern alleged copyright infringement and a breach of the Medware licence agreement. The maximum capital amount of the claim as presently pleaded is R390.4 million. An amendment sought by the plaintiff was the cause of this. The increased sum has no impact on the merits of the claim which remain the same as before.

Following years of the prolonged pending arbitration, the oral hearing for the first part of the claim on the Electronic Membership Interface (**EMI**) and Broker Application Software issue commenced on 18 May 2020 and ran for a period of 29 days. The first part of the hearing addressed the matters centred on the authorship of a computer programme, the parameters of which are relatively unsettled in South African law, with little case authority to assist. On conclusion of the evidence, the arbitrator directed the extensive heads of argument to be exchanged and delivered to him on 17 August 2020, for oral argument on 27 and 28 August 2020.

As at year-end, the matter had not been finalised as the parties are still engaged in private arbitration. Medscheme Holdings Proprietary Limited will continue to vigorously defend the claim and is confident that there will still be no liability in this matter. We constantly monitor the merits of the case with our legal team, and we are still awaiting the outcome of the oral arguments held on 27 and 28 August 2020. We remain confident that there will be no liability.

Legal claim against Allegra Proprietary Limited

Allegra entered into a supply agreement with Medirite in 2015 to install its pharmacy software at each Medirite branch in South Africa. The project was nearing completion by the end of 2017 upon which Medirite terminated the services during July 2017. As part of terminating the service, Medirite is claiming all previous fees paid to Allegra based on non-performance to the agreement.

Allegra, Shoprite and Medirite pursued an arbitration: final terms of the arbitration agreement were agreed in March 2020. Due to delays with the signing of the arbitration agreement, the parties pursued the abandonment and settlement of this claim by all parties relinquishing their rights to the current claims and future claims.

A settlement agreement has subsequently been entered into effective 24 July 2020, where each party has agreed to withdraw and abandon their respective claims for damages against each other. Parties have further agreed that there shall be no future further recourse against each other, arising from the termination of the master service agreement between Shoprite and Allegra for the Medirite development models. The arbitration has thus been abandoned as the matter has been settled.

8. Subsequent events

8.1 Acquisition of Dental Information Systems Holdings Proprietary Limited

AfroCentric Group will be acquiring 100% of the dental benefit management company, Dental Information Systems Holdings Proprietary Limited (**DENIS Group**), effective 1 October 2020.

The acquisition of DENIS Group enables the Group to focus specifically on cost reduction and innovation in the dental treatment offerings to medical scheme members. The financial effects of this transaction have not been recognised at 30 June 2020. The operating results and assets and liabilities of the acquired company will be consolidated from 1 October 2020.

Purchase consideration and fair value of net assets acquired

Details of the consideration transferred are:

	R'000
Purchase consideration	
– Cash paid	170 000
– Contingent liabilities	–
Total purchase consideration	170 000

The provisionally determined fair value of the assets and liabilities of the DENIS Group as at the date of acquisition are as follows:

	Fair value R'000
Cash and cash equivalents	139 655
Property, plant and equipment	71 635
Intangible assets	17
Intangible assets – customer contracts	108 616
Incurred but not reported (**IBNR**) and claims provision	(45 459)
Receivables	5 391
Payables	(24 820)
Equity investments	15 540
Other financial assets	174
Other financial liabilities	(1 336)
Net deferred tax assets	(25 843)
Taxation	3 855
Dividend payable	(80 000)
Net identifiable assets acquired	167 425
Add: Goodwill	2 575
Net assets acquired	170 000

Notes to the summarised audited consolidated financial statements continued

8. Subsequent events continued

8.1 Acquisition of Dental Information Systems Holdings Proprietary Limited continued

The goodwill is attributable to DENIS Group's strong position and profitability in dental risk management services. None of the goodwill is expected to be deductible for tax purposes. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivable and any contingent liabilities of the acquired entity.

8.2 Acquisition of additional shares in Scriptpharm Risk Management Proprietary Limited

AfroCentric acquired an 80% interest in Scriptpharm in 2017. Effective 1 August 2020, AfroCentric Group has acquired the additional 20% from the minority shareholder for the value of R20 million.

The terms of the call option are substantially dictated by the valuation formulae and payment options provided for in the master sale agreement.

8.3 Director changes

Mr T Alswoth-Elvey resigned as a Non-executive Director effective 31 July 2020, and was replaced by Mr J Strydom effective 1 August 2020.

9. Preparation of the financial statements

These summarised consolidated financial statements were prepared by Bongiwe Ncube CA(SA), General Manager: Group Finance, AfroCentric Investment Corporation Limited and were reviewed by Hannes Boonzaaier CA(SA), Chief Financial Officer of AfroCentric Investment Corporation Limited.

Commentary on results

Introduction and review

AfroCentric is a Level 1 black-owned JSE listed investment holding company, which owns and operates a diverse range of healthcare related enterprises, which include, specialised medical scheme administration, the supply of pharmaceuticals, including a range of healthcare products and services, to both the public and private healthcare sectors. A principal objective of the Group, is to ensure the delivery of efficient health management services, the distribution of quality products, all at manageable and affordable cost, for the benefit of clients and scheme members. AfroCentric has been able to successfully broaden its interests in the industry, by continuing to pursue new opportunities, to expand and rationalise its presence in the healthcare sector.

The Board takes pleasure in presenting commentary on AfroCentric's (**ACT**) operating performance for the financial year ended 30 June 2020. Apart from the risks and challenges presented by the outbreak of the Covid-19 pandemic during the third quarter, the annual results are characterised by the positive outcome of the Group's diversification strategy and the execution thereof. The success of the Group's vision has helped to define and guide the corporate strategy going forward, suggesting further complementary links to the value chain, to maximise the purchasing power of the healthcare spend.

From the commencement of the Covid-19 lockdown, all of our business units were deemed essential services, demanding that business continuity plans be immediately put in place. The Group has approximately 5 500 employees, many of whom worked and continue to work from home, with essential staff attending at the Group's various premises, where protective devices and social distancing protocols were appropriately implemented.

It is now common cause that innovative system technologies and applications are accelerating at a rapid rate in the healthcare sector, demanding the review of traditional business models, revenue streams, client expectations, product and service offerings, including a review of legacy operating costs. This evolution is fortunately not new in our case as the Group has for some time, focused its attention introducing innovative applications for greater efficiencies and quality of service to our customers, clients and their medical scheme members. The Covid-19 pandemic certainly amplified the benefits and importance of new technologies and accelerated the need for such deployment.

Our positive operating results for the year, are in some measure, due to the effective cost savings arising through our early investment in systems development and increased IT capacity, now being applied to greater scale and through improved procedural efficiencies. The early recognition for such investment could not have been more timely, considering an intended commencing process for certain digital migrations, coinciding with the lockdown restrictions.

Financial performance

The financial results for the year, confirm the accretive expectations of the Group's deliberate diversification strategy, particularly evident when measuring the comparative impact in the synthesis of the Retail Segment, now productively integrated into a collective unit of Group operations.

The pharma related component yielded significant growth during the year, contributing even more meaningful value and relief in meeting all stakeholder needs, particularly during the stressful time under Covid-19. The prudent and timely acquisition of the remaining shares in the Activo Health business during 2019, the impressive growth in Scriptpharm, including the increasing volume of activity in Pharmacy Direct, were the notable contributory factors, generating growth in comparative segmental operating profits in excess of 50%. Given the more heedful attention paid by patients reliant on chronic medicine during lockdown, not least an obvious desire to stay healthy in general, the convenience of Group deliveries during lockdown, at work/home, proved extremely valuable to those dependent on their chronic medicine and other requirements.

The Services Segment, substantially comprising the medical scheme administration business, has also performed extremely well during the period under review. The Group's prior and continuing investment in IT capacity, systems development and more efficient operating cost control routines, started to reveal their value, through a net decrease in operating costs of 1.0% for the year, compared to industry related inflationary costs of approximately 5%. Our lower cost of IT operations in turn prompted processes in robotics, call centre management and customer/member contact via digital platforms. The Group will continue with system renewals and upgrades to explore better and more efficient ways in servicing and engaging our customers/members. Apart from our stable and consistent fee structures in this business unit, as a result of the new measures and more effective cost controls described above, the Services Cluster was able to increase its operating profit by a satisfactory 13.2%.

Group profits before tax, increased by 16.1% amounting to R613.6 million (2019: R528.5 million). Group profits after tax (PAT) increased by 19.1% amounting to R458.6 million (2019: R385.0 million).

Given the nature and composition of the Group's assets, mainly being goodwill and intangible assets, the cash generation ability of its various subsidiaries is the measure for valuation and/or impairment of its historical cost. Management and the Board are satisfied with the cash flow models, the assumptions and estimates of the future growth in profits and cash flows, including the applied weighted cost of capital, to confirm the amount at which the intangible assets are stated. Notwithstanding the above, having regard to the future uncertain impact of Covid-19, the investment in Capex and exploratory project funding, will be more cautiously considered, focusing more specifically on earnings enhancing acquisitions and operational activities through digitisation, improved cost controls and margin protection.

Growth initiatives

AfroCentric has for some time focused on growth initiatives designed to create a value chain of healthcare enterprises to maximise the purchasing power of citizen's healthcare spend. Through models of co-operative partnerships and collaboration, the objectives are to improve the affordability of patient care, with viable patient outcomes for easier accessibility to a broader community.

In keeping with that principal philosophy, during the period under review and prior to publishing these results:

» Scriptpharm Risk Management concluded two important contracts for more efficient Chronic Medicine and HIV management.

» ACT Healthcare Assets acquired the remaining 20% interest, that were not yet owned, in Scriptpharm Risk Management, the effective date being 1 August 2020.

» Medscheme concluded a contract to administer the MEDiPOS Medical Scheme the effective date being 1 April 2020.

» AfroCentric Health acquired 100% of the shares in the DENIS Group, a company specialising in dental benefits management. The transaction will enable the Group to focus on innovation and efficiency management in dental treatment offerings to all South African medical schemes and their members. The transaction became unconditional on 26 August 2020, the effective date being 1 October 2020.

Prospects

AfroCentric has once again delivered satisfactory operating results for the year ended 30 June 2020, particularly given the material disruption and national economic challenges posed by the Covid-19 pandemic. While almost all South Africans have in one way or another, been affected by Covid-19, the full impact of the pandemic on our economy is not yet measurable. News reports and Company announcements have already disclosed, inter alia, the shedding of jobs, considerably increasing the rate of unemployment. While Health Scheme memberships were expected to fall dramatically, we are seeing members doing everything in their power to retain their existing health cover, not only for their own protection as breadwinners, but also for the health needs of their families.

It is obvious that any forecasts and expectations while the Covid-19 pandemic continues, are merely speculative. However, the Group remains comforted that ACT operational subsidiaries have for several years proved their value and resilience in the somewhat defensive healthcare sector. The nature and attraction of ACT's businesses have maintained and expanded their market reach, have also continued to perform in South Africa's declining economy before Covid, their affordable products and services, continuing their sustainable appeal even more so, during the Covid pandemic.

Accordingly, while mindful of the potential difficulties that could lie ahead, ACT is cautiously confident in the future of current Group operations, hopefully to be enhanced going forward by the additional contributions of recent developments and the acquisition of the DENIS Group. The financial position of the Group remains sound, the Group is sufficiently capitalised for its immediate needs and management will continue in the normal course, to promote organic growth and consider compatible bolt-on opportunities for acquisition. The impact and industry consequences of Covid-19 will be closely monitored, and the Group will naturally consider any changes to its plans in response to any such events.

Dividends

The Board has pleasure in announcing that in addition to the interim gross dividend per ordinary share of 17 cents, a final gross dividend of 17 cents per ordinary share has been declared for the year ended 30 June 2020. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 16 November 2020.

- Dividends have been declared out of profits available for distribution.
- Local Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 17 cents per ordinary share.
- Net cash dividend amount is therefore 13.60000 cents per ordinary share.
- The Company has 574 241 248 ordinary shares in issue as at the declaration date.
- The Company's income tax reference number is 9600/148/71/3.

The salient dates relating to the dividend are as follows:

Last day to trade cum dividend	Tuesday, 10 November 2020
Shares commence trading ex-dividend	Wednesday, 11 November 2020
Dividend record date	Friday, 13 November 2020
Dividend payment date	Monday, 16 November 2020

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 11 November 2020 and Friday, 13 November 2020, both days inclusive.

ANNEXURE 2 – DIRECTORS AND PRESCRIBED OFFICERS INTEREST IN THE SHARES OF THE COMPANY

Directors ordinary shareholdings as at 30 June 2020:

	Direct beneficial	Indirect beneficial	Held by associate	Total	%
Director					
ATM Mokgokong (Chairman)	-	140 426 628	–	140 426 628	24.45
MJ Madungandaba	–	570 266	–	570 266	0.10
A Banderker	511 326	–	–	511 326	0.09
ND Munisi	–	69 564 752	–	69 564 752	12.11
WH Britz	–	94 013 355	–	94 013 355	16.37
JW Boonzaaier	30 000	–	–	30 000	0.01
G Allen	46 880	–	–	46 880	0.01
	588 206	304 575 001	–	305 163 207	53.14

Since the end of the financial year and up to the date of this report, the interests of Directors have remained unchanged.

Directors ordinary shareholdings as at 30 June 2019:

	Direct beneficial	Indirect beneficial	Held by associate	Total	%
Director					
ATM Mokgokong (Chairman)	1 707 926	42 172 403	9 326 441	53 206 770	9.26
MJ Madungandaba	–	97 818 886	21 761 697	119 580 583	20.82
JM Kahn	–	18 535 608	–	18 535 608	3.23
MI Sacks	–	17 729 938	–	17 729 938	3.09
ND Munisi	–	69 084 752	–	69 084 752	12.03
AV Van Buuren	–	45 972 571	–	45 972 571	8.01
JW Boonzaaier	30 000	–	–	30 000	0.01
WH Britz	–	45 972 571	–	45 972 571	8.01
	1 737 926	337 286 729	31 088 138	370 112 793	64.46

ANNEXURE 3 – SHAREHOLDER ANALYSIS

Shareholder spread

	No. of shareholdings	%	No. of shares	%
1 – 1 000 shares	1 423	32.80	391 250	0.07
1 001 – 10 000 shares	1 754	40.42	8 553 726	1.49
10 001 – 100 000 shares	989	22.79	27 828 882	4.85
100 001 – 1 000 000 shares	137	3.16	38 927 271	6.78
1 000 001 shares and over	36	0.83	498 540 119	86.82
Total	4 339	100.00	574 241 248	100.00

Distribution of shareholders

	No. of shareholdings	%	No. of shares	%
Banks/Brokers	21	0.48	18 945 802	3.30
Close Corporations	20	0.46	893 328	0.16
Empowerment	1	0.02	10 522 200	1.83
Endowment Funds	20	0.46	2 327 541	0.41
Individuals	3 920	90.34	106 168 550	18.49
Insurance Companies	11	0.25	585 196	0.10
Investment Company	1	0.02	423 838	0.07
Mutual Funds	19	0.44	12 264 281	2.14
Other Corporations	8	0.18	54 204	0.01
Private Companies	64	1.47	72 465 976	12.62
Public Companies	3	0.07	221 002	0.04
Retirement Funds	66	1.52	23 366 612	4.07
Strategic Investor	9	0.21	312 672 785	54.45
Treasury Shares	2	0.05	927 548	0.16
Trusts	174	4.01	12 402 385	2.16
Total	4 339	100.00	574 241 248	100.00

Public/non-public shareholders

	No. of shareholdings	%	No. of shares	%
Non-public shareholders	14	0.32	306 043 875	53.30
Directors and Associates of the Company holdings	7	0.16	164 689 699	28.68
Treasury Shares	2	0.05	927 548	0.16
Strategic Holder (more than 10%)	5	0.12	140 426 628	24.45
Public Shareholders	4 325	99.68	268 197 373	46.70
Total	4 339	100.00	574 241 248	100.00

Beneficial shareholders holding 5% or more

	No. of shares	%
Community Healthcare Holdings (Pty) Ltd	129 228 599	22.50
WAD Holdings (Pty) Ltd	100 219 923	17.45
Golden Pond Trading 175 (Pty) Ltd	69 564 752	12.11
ARC Health	48 765 030	8.49
Total	347 778 304	60.55

Top 10 Institutional Holders

	No. of shares	%
Visio Capital Management	37 043 309	6.45
Metal & Engineering Industries	5 106 050	0.89
Sovereign Asset Management	2 784 304	0.48
Nedbank Private Wealth	2 568 287	0.45
Umthombo Wealth	2 456 024	0.43
Prescient Investment Management	2 000 000	0.35
Mazi Asset Management	1 572 800	0.27
Boutique Investment Partners	822 800	0.14
RISE Asset Management	467 553	0.08
STANLIB Asset Management	247 741	0.04
Total	55 068 868	9.59

ANNEXURE 4 – SHARE CAPITAL

	2020 R'000	2019 R'000
Authorised:		
1 billion ordinary shares at no par value	10 000	10 000
60 million redeemable preference shares of 1 cent each	600	600
Issued:		
Issued ordinary shares at 30 June 2018:		
554 377 328 made up as follows:		
Issued ordinary share capital		
574 241 248 (June 2018: 554 377 328) ordinary shares of 1 cent each	18 885	18 885
– Opening balance	18 885	18 686
– Issue of share capital	–	199
	18 885	18 885

The Directors are authorised, by resolution of the members and until the forthcoming Annual General Meeting to issue the unissued shares in accordance with the limitation set by members. All issued shares have been fully paid. There were no shares repurchased during the period.

ANNEXURE 5 – MATERIAL CHANGE STATEMENT

The Directors report that there have been no material changes to the affairs, financial or trading position of the Company and Group since 30 June 2020 to the date of posting of this report other than disclosed in this report.

ANNEXURE 6 – IMPACT OF COVID-19 AND GOING CONCERN

The COVID-19 outbreak has significantly affected lives, entities and economic activity around the world. In 2020, many countries around the world have, among other radical actions, implemented national lockdowns as part of attempts to contain the spread of the virus.

Responding to the COVID-19 outbreak world-wide, the South African President declared a national state of disaster on 15 March 2020 with a partial travel ban, closing of schools and prohibiting of large gatherings of people. Following this action, on 23 March 2020, the South African President declared a national lockdown, with only certain core essential services (and their related employees) allowed to continue working as normal, in the interest of maintaining the availability of such essential services (one of which included healthcare services) to the citizens of South Africa.

The lockdown was then further extended by the President on 9 April 2020, with a tentative, unconfirmed end date planned for the end of September 2020. The COVID-19 pandemic and related nation-wide lockdown have not interfered with the Group and its subsidiary entities' ability to continue in operation and the usual levels of operations of the business have continued as normal even during all the levels of the lockdown periods.

The impact of the COVID-19 pandemic and the related lockdown is immaterial, as the Group has since been able to continue in operation during the pandemic in an unaffected manner. The following factors were considered in the going concern assessment:

- Revenue – The Group's core business of administration of medical aid and provision of medicine is considered to be a healthcare-related essential service and has remained unaffected by the COVID-19 lockdown. The Group revenue has therefore remained unaffected.
- Inventory – The Group and its subsidiary entities have experienced no disruption in the supply chain during the year and this is expected to continue in the 2021 financial year.
- Financial instrument risk disclosures – Due to the rapidly changing economic environment, the Group and its subsidiary entities have been subject to an increasing market risk and fair value risk. To this effect, the Group's sensitivity analysis has been performed using a larger range for the risk affected variables. This range is based on management's expectation of COVID-19.
- Borrowings repayment and classification – The outstanding balance of the Group's borrowings as at 30 June 2020 is R386 million. The Group is not in breach of the covenants. The Group is anticipating to make R120 million payments in the next 12 months as and when they become due. No deferral of capital repayments is expected.

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The AfroCentric Group and its subsidiary companies will still continue to operate as going concerns as there are sufficient financial resources to continue operating into the future.

The COVID-19 pandemic and related nation-wide lockdown have not interfered with the Group's ability to continue its operations as the entities have continued as normal even during the lockdown period, seeing as the following were deemed to be a healthcare-related essential service:

» Administration of medical aids;
» Provision of chronic medicine;
» Supply and distribution of medicine;
» Primary and occupational healthcare services;
» Information technology solutions; and
» Health insurance.

The current contracts in place with the various medical aid schemes, private and public practitioners are not under threat as services were performed throughout all the respective levels of lockdown. Furthermore, there has not been any regulatory changes announced by the President of South Africa that will threaten the Company's ability to continue as a going concern.

ANNEXURE 7 – CURRICULUM VITAE OF DIRECTORS UP FOR RE-ELECTION

Bruno Fernandes

B.Comm, B.Acc, B.Com Honours and CA (SA)

(Age 52)

Appointed: 23 November 2018

Committees:

» Audit and Risk Committee
» Investment Committee

Mr Fernandes holds a B.Comm (Accountancy), B.Acc (Accountancy Honours) and B.Com Honours (Investment Management) Cum Laude and is CA (SA). Bruno completed his accounting articles of Clerkship in audit at KPMG in 1995 and also spent two years at KPMG Corporate Finance in Johannesburg and Manchester (UK). He is currently consulting privately. Bruno was a former Investment Banking Vice-President at Nedbank Investment Bank Limited and former Principal at Nedbank Limited. He was the former Group Operations Risk Review Manager at Balfour Beatty Limited in UK, London. Bruno has held memberships at the Chartered Institute of Business Management (**ACIBM**), Investment Analysts Society of SA (**IAS**), the Golden Key International Honour Society, the Public Accountants' & Auditors' Board (**PAAB**), the Independent Regulatory Board for Auditors (**IRBA**) and The South African Institute of Chartered Accountants (**SAICA**).

Shirley Zinn

BA, Post Graduate Higher Diploma in Education, B.Ed. Honours, M.Ed. , Ed.M. ,and Doctorate in Education

(Age 58)

Appointed: 23 November 2018

Committees:

» Social and Ethics Committee
» Remuneration Committee

Prof Zinn is the former Group Head of Human resources at Woolworths Holdings Limited and former Human Resources Director of Standard Bank South Africa and Deputy Global Head of Human Resources for the Standard Bank Group (portfolio included BBBEE and CSI) and has since registered her own company: Shirley Zinn Consulting that provides consulting and advisory services in HR, Transformation, Leadership and Education. Prior to this she was the Group Executive HR at Nedbank. Before this, she was the General Manager for Human Resources at the South African Revenue Service (**SARS**). She is also an Extraordinary Professor at the University of Pretoria's Department of Human Resource Management and is the Past President of the Institute for People Management South Africa. She started her career as a secondary school teacher of English, then moved to the University of the Western Cape where she lectured in Teacher Education. After this, she served at Southern Life as Training Manager and then moved to the Department of Public Service and Administration's: South African Management Development Institute, in Pretoria as Director. She held the position of Executive Employment Equity at Computer Configurations Holdings. Before her appointment at SARS, she filled the role of Regional Human Resources Director for Middle East and Africa for Reckitt Benckiser, a global company listed on the London Stock Exchange.

Prof Zinn holds a BA (University of Western Cape), Post Graduate Higher Diploma in Education (University of the Western Cape); B.Ed. Honours (UNISA); M.Ed. (University of the Western Cape); Ed.M. (Harvard); and Doctorate in Education (Harvard).

Joe Madungandaba

(CPA(SA), MDP)

(Age 62)

Appointed: 10 June 2010

Committees:

» Remuneration Committee

» Nomination Committee

» Investment Committee

Joe Madungandaba studied Commerce at the University of the North, Cranfield School of Management (UK) and at the Wharton Business School (USA). He is a member of the Institute of Commercial and Financial Accountants of Southern Africa and is a certified public accountant and tax practitioner. He is the Group CEO of Community Investment Holdings and is appointed on all its subsidiaries' Boards.

He is also a Non-executive Director of public listed companies Distell, Jasco and AfroCentric.

ANNEXURE 8 – DIRECTORS NOMINATED FOR ELECTION AS MEMBERS OF THE AUDIT AND RISK COMMITTEE

Bruno Fernandes as Chairperson

Lead Independent Non-executive Director

Refer to Annexure 7

Alice le Roux

Independent Non-executive Director

Refer to ordinary resolution 1.2

Mmaboshadi Chauke

Independent Non-executive Director

Refer to ordinary resolution 1.3

ANNEXURE 9 – REMUNERATION REPORT

Background statement

Remuneration Committee Chairperson's report

On behalf of the Remuneration Committee (the committee), I am pleased to present AfroCentric's 2020 remuneration report. This report supplements the information provided in the corporate governance report on 69 to 88 of the Integrated report, and highlights the committee's focus areas for the year, outlines our policies and practices, and addresses the Group's performance and corresponding remuneration outcomes.

During 2020, the AfroCentric Group adopted a malus and clawback policy with the intention of aligning shareholder interests and the remuneration outcomes of employees, particularly executive management. This is aimed at strengthening accountability and allows the Group to reduce or recoup the incentive remuneration in defined circumstances.

The bargaining unit performance-based incentive scheme was successfully launched, which saw support services staff within the bargaining unit level participate in a variable pay incentive scheme for the first time. A total of R19 million was paid out under the new incentive scheme. These are great strides in managing remuneration fairly and responsibly as prescribed in King IV.

Additional developments during the course of the year include enhancing the employee benefit offering. The workplace banking initiative was launched in partnership with Nedbank, where employees receive preferential rates on various transactional and lending products. We further concluded the section 14 transfer of the pension fund to the Sanlam Umbrella Fund, ensuring retirement and risk benefits are maximised. The smart funder benefit solution was approved and launched, which assists employees with their children's school fees by structuring their salary packages.

The latter part of the year under review unfortunately presented us with extraordinary challenges, in the wake of the COVID-19 pandemic. AfroCentric proactively responded to this global challenge by employing a comprehensive COVID-19 response strategy.

To that end, the committee approved the following initiatives within its remit:

» A once off, Group-wide gratuity payment of R1 000 per employee, (excluding Executive Directors) during the month of April 2020. This was intended to help alleviate the adverse socio-economic impact the pandemic was anticipated to pose to employees. The cumulative value of the COVID-19 gratuity was R7 220 027, including the provision for pay as you earn tax

» To alleviate the current and future financial loss caused by COVID-19, the Group initiated processes to access the relief offered through the South African government's COVID Temporary Employment Relief Scheme (**COVID TERS**)

Operating context and performance highlights

Notwithstanding an uncertain operating environment, the AfroCentric Group 2020 financial results were satisfactory in the context of varying macroeconomic factors resulting in the achievement of an EBIT target of R740 million. In respect of other key performance areas, namely governance, transformation, strategic impact and culture, the Group's performance was mostly on par; all targets were met and exceeded regarding transformation. As a result, bonus payments were made to executives and senior management in respect of strategic and management incentives. The total management performance bonus pool approved for distribution by the committee was R57.6 million (2019: R71 million).

Further detail on the Group's overall performance is provided in our CFO's review on page 52 of the Integrated report.

Changes to the remuneration and related policies for the 2020 financial year

The committee reviewed the Group's remuneration policy and other related policies for the 2020 financial year. The changes effected and implemented during the 2020 financial year are listed below. We continued to review the Group's remuneration policy and no material changes were made during the year under review.

Remuneration element	Change	Reason or need for change
Policy principles	The Group's remuneration philosophy strives to attract, motivate and retain high-performing talent within the competitive market we conduct our business. To achieve an appropriate balance between affordability and market relevance, we aim to position cost to company (**CTC**) generally at the market median, and we recognise the need to reward above this point in some instances as a strategy to manage scarce and critical skills that are primary to our achievement of growth and long-term sustainability.	To ensure alignment and a better understanding of the Group's remuneration philosophy and strategy. This further ensures compliance to King IV.
Guaranteed pay management	The introduction of grade-based pay scale and a salary increase matrix is applied to demonstrate the pay for performance principle.	To align the guaranteed pay model to our pay for performance (differentiation) philosophy and to manage pay anomalies within reasonable confines, after removing the non-pensionable allowance in 2019.

Focus areas

The Remuneration Committee envisages the following focus areas in advancing the organisation's value proposition:

2019 focus areas	2020 focus areas
» Continued pay for performance links to enhance the Group's strategic efforts of reduced healthcare costs, value chain optimisation and an enhanced leadership culture » Change in retirement fund provider to ensure an optimal administration platform for members	The redesign of our short-term incentive (**STI**) models to ensure they are fit for purpose and responsive to the evolving business strategy.

Shareholder engagement and voting

Shareholder voting results Resolution	November 2018	November 2019
Ordinary resolution on non-binding advisory vote on remuneration policy	97.56%	96.89%
Ordinary resolution on non-binding advisory vote on implementation report	97.34%	96.89%
Special resolution of Non-executive Directors' fees	99.39%	99.47%
Special resolution of general authority to repurchase shares	99.90%	99.96%

The remuneration policy and implementation report were presented for shareholder voting at the AGM held on 8 November 2019. The policy was endorsed by 96.89% of our shareholders, and the implementation report received an in favour vote of 96.89%.

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM, details of which can be found in the Notice of AGM, page 110 of the Integrated report.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more, the Board will engage with shareholders to understand concerns raised. This engagement may be done by virtual meeting or in writing and will be implemented at a time after the release of the voting results. Where possible and prudent, objections are taken into consideration when formulating any amendments to the Company's remuneration policy and implementation report in the following financial year. To that end, the newly implemented malus and clawback policy was implemented.

Appreciation

I would like to thank my fellow Remuneration Committee members for their contribution and support. It is the view of the Remuneration Committee that the remuneration policy achieved its stated objective of attracting and retaining high-calibre talent within the organisation. I am satisfied that the Remuneration Committee responsibly and professionally discharged its obligations.

Thank you to our shareholders for your support and engagement in 2020. We look forward to further interaction on AfroCentric's remuneration policy.

Joe Madungandaba
Remuneration Committee Chairperson

10 September 2020

Remuneration oversight and policies

Remuneration governance

AfroCentric's remuneration policy, structures and processes are set within a governance framework with designated levels of authority.

Shareholders	Board of Directors	Group Remuneration Committee	Group CEO and executives
Approve Non-executive Directors' fees and non-binding approval of remuneration policy and implementation report	Approval of remuneration policy Provide Group Remuneration Committee with specific mandates	Recommends policy and monitors the implementation of remuneration policy	Implementation, oversight, communication and formulation of recommended policies and remuneration supported by the Group CFO and Human Capital Executive

While we apply a common remuneration structure across the Group, we differentiate its implementation according to the size and operating models of various entities within the Group.

Remuneration policy design principles

Our remuneration policy provides a framework for managing total remuneration within the Group, and supports the Group's employee value proposition.

Remuneration objectives

Talent motivation and engagement	Ensures strategic alignment with organisational and individual objectives, thus keeping employees engaged.
Talent attraction and retention	Manages high-calibre talent for the achievement of strategic objectives.
Leveraging the total reward offering and enhancing our employee value proposition	Balances financial and non-financial rewards for a holistic reward mix that is sustainable.

Remuneration principles

Employees are at the core of our business since we require highly skilled, competent and experienced employees to drive our business growth. AfroCentric's remuneration policy is designed to reward employees for their performance and contribution towards value for our shareholders. The following principles govern Group-wide remuneration at all levels:

Pay for performance	Pay for performance methodology, linking executive reward to business performance. This allows for differentiated increases based on the individual's contribution and performance.
Parity and equity	Ensure external parity is maintained; market relevance; balanced internal equity; and pay adjustments are affordable for the organisation.
Talent attraction and retention	Ensure a remuneration mix that will attract the best talent in the market and retain top talent in the organisation.
Performance incentives	Align executives to shareholder interests by linking STI and long-term incentive (**LTI**) to performance indicators not limited to financial indicators
Fair and responsible pay	Internal equity: Ensuring all our employees are appropriately and fairly rewarded for their contributions, irrespective of gender, race, age, ethnicity, religion or sexual orientation.

Pay for performance

Executives' remuneration is based on level of accountability, complexity and nature of the role which is sized relative to the organisation's turnover, number of employees (including wage bill), market cap, assets and net after tax profitability benchmarked to the external market. The table below shows the relationship between the Group's strategy, its pay for performance philosophy and requirements set out in King IV:

Strategic objective: Maximise shareholder value and returns

Strategic aspiration: Operating profit (EBIT) target as agreed with the Board from time to time

Pillars of the BSC supports the delivery of our strategic objectives	
Strategic impact	Financial (40% weighting)
» Enhancing our operating model	Governance (10% weighting)
» Stabilising IT systems and enhance the infrastructure	Transformation (10% weighting)
» The launch and implementation of primary care products Successful medicine capitation model with full value chain optimisation from medicine manufacturer to managed care provider	Organisational culture (5% weighting)
	Strategic impact (35% weighting)

Our deliverables, contained in our BSCs, are derived from and directly support the Group strategy. The Group BSC cascades to the various business units and is aligned to the individual performance objectives.

Remuneration arrangements for other employees

Recognising the need to remunerate executive management fairly and responsibly in the context of overall remuneration, we award higher increases to bargaining unit employees compared to executive levels, page 98 of the Integrated report. Increases in respect of the bargaining unit are negotiated annually with National Education, Health and Allied Workers' Union (**NEHAWU**), the recognised labour union, considering a variety of internal and external factors such as affordability, market conditions and benchmark information. PwC's Remchannel Salary Survey formed the basis for market benchmark information to facilitate the remuneration review.

For 2020, annual increases were deferred to the end of October 2020 in order to assess the Group's financial position.

Differences in remuneration policy for executives compared to other employees

There are differences in the remuneration policy's structure for Executive Directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role.

Senior executives, general management and key strategic resources at senior management, middle management or specialist levels may participate in both STI and LTI schemes, where these plans are targeted at individuals who have the greatest responsibility for Group performance.

General staff are eligible to participate in a performance-based bonus scheme replacing the production incentive scheme which was not all inclusive.

Remuneration model

AfroCentric's remuneration model balances short-term and long-term financial and non-financial rewards to drive a high-performance culture. The key components of this model, including policy elements, are illustrated below:

Guaranteed pay

This comprises the benchmarked, market-related fixed component of AfroCentric's remuneration offering set to attract and retain qualified and experienced employees

Base pay	Benefits and allowances
Market-related salary reflecting individual contribution, roles and responsibilities	Market-related benefits including medical aid, retirement fund[1] and insured benefits such as Group death and disability benefits, Nedbank workplace banking benefits
Purpose To attract and retain qualified and experienced employees	**Purpose** To retain employees and contribute to their overall wellbeing
Mechanics » All employees » Pay bands are set with reference to industries » For executives, benchmarks are derived from similar comparator groups » Salaries are paid monthly » Employees are eligible for adjustments when promoted to other positions; however, specific conditions apply » Market benchmarking according to job family grouping, job grade and individual long-term performance	**Mechanics** » Applicable to all employees » Allowances are paid in terms of statutory requirements or policy » Contributions to all benefits are made by both the employer and employee » Beneficiaries of employees who pass away while in service receive additional benefits such as education benefits, medical aid premium waivers, etc.
Maximum opportunity » Cost of annual increases is approved by the Remuneration Committee and set in accordance with expected market movements, affordability and forecast inflation » Increases granted to bargaining and non-bargaining unit employees are linked to individual performance	**Maximum opportunity** » In addition to the standard basket of benefits, employees can buy additional benefits at Group rates e.g. extended family funeral cover

[1] *Employees elect participation in either a pension fund or the NEHAWU Provident Fund, the latter being available to NEHAWU members only.*

Variable pay

Additional financial compensation in the form of STIs and LTIs aligned to the Group's performance, strategy and value creation

STI scheme	LTI scheme
Performance-based Group annual incentive schemes » Management strategic incentive scheme » Management performance bonus scheme » Performance-based bonus for all general staff » Actuarial incentive scheme » Other sales incentive schemes (self-funding)	Share scheme designed to incentivise delivery of long-term strategic goals aligned with shareholder expectations
Purpose » To motivate employees, management and executives to achieve short-term strategic, financial and non-financial objectives » To reward Company and individual performance » To recognise, motivate, attract and retain	**Purpose** To retain, motivate and reward executives and senior management or individuals who influence the long-term sustainability, value creation and strategic objectives of the Group on a basis which aligns their interests with those of the Group's shareholders

STI scheme	LTI scheme
Mechanics » Executive Committee members, general management[2], senior management[3] and management[4] at corporate and business unit level as well as general staff » The STI consists of Group and individual performance targets » Group targets on a BSC basis are set each year and cascaded » Business unit targets are set in line with the approved business plans » Individual targets are recorded in the performance contract with reference to the role's requirements » Performance below threshold results in a zero score, and the individual will not be eligible for an STI award » Hurdle for payment of any STI is the achievement of EBIT targets; however, a sliding scale is applicable at the Remuneration Committee's discretion upon achieving all other key performance area targets » Any payments in respect of performance-based STIs are approved by the committee » Other STIs such as general staff performance bonus or commissions are paid quarterly or monthly as per the respective set of rules	**Mechanics** » Vesting share scheme » Executive Committee members, general and senior management at Group and business unit levels » The LTI scheme consists of conditional shares subject to vesting conditions » Three-year staggered vesting as follows: Year 3 – 1/3, year 4 – 1/3 and year 5 – 1/3 » Governing resides with the committee which considers annual awards for eligible employees and discretionary or bonus awards for retention purposes » Annual awards are linked directly to the role as well as long-term individual performance and potential » Share value is determined by volume weighted average price measured 30 days prior to award date » Group performance targets include EBIT (40%), governance (10%), organisational culture (5%), transformation (10%) and strategic impact (35%) 64
Maximum opportunity » Stretch performance percentage of guaranteed pay of 150%, or 14th cheque depending on the scheme in which the employee participates » Participation is limited to one scheme only	**Maximum opportunity** » Maximum allocation is determined by the employee's job grade
Number of participants » 531 for management; 3 205 for general staff	**Number of participants** » 59

[2] *General management is defined as positions at grade levels E1 to E3 on the Paterson grading scale.*
[3] *Senior management is defined as positions at grade levels D4 and D5 on the Paterson grading scale.*
[4] *Management is defined as positions at grade levels D1 to D3 on the Paterson grading scale.*

STI schemes

The Group relies on various bonus schemes both designed to achieve its strategic objectives.

Individual performance below threshold results in a zero score, and the employee will not be eligible for consideration for an STI award.

Management strategic incentive scheme

The annual, strategic management incentive scheme is focused on the executive team and tier two managers, being those who report directly to the executives and employees selected for value contribution as well as scarce and critical skills. This applies to employees whose roles have a direct impact on the Group's strategic imperatives.

Strategic incentives are calculated as shown below; however, any payment is subject to the achievement of the Group performance scorecard, on a sliding scale basis.

On-target % X business multiplier X individual performance multiplier

ON-TARGET %	Group performance multiplier	Individual performance multiplier
Determined by employee's level/job grade	Group performance measured against targets set annually in advance	Determined by employee's individual performance score

Level	On-target % of annual CTC
Group CEO	50%
Group CFO	45%
Group executives	40%

Financial target (EBIT)	Governance	Transformation	Strategic Company objectives

Performance rating	IP multiplier
Above stretch	150%
Stretch	125%
On-target	100%
Below target	50%
Missed targets	0%

Group performance

As explained in the Group CFO's report, the Group achieved EBIT of R740 million. The performance conditions for the STI bonus were tested to determine if the minimum incentive trigger had been achieved.

Management performance bonus scheme

The management performance bonus scheme was introduced during the 2017 financial year at the Remuneration Committee's request. This scheme targets exceptional performance, through a reward of 100% of guaranteed monthly package and additional bonus payments as given in the rules.

Performance Based Bonus

The Performance based bonus scheme was introduced in 2019, with the Remuneration Committee's support. This scheme is aimed at non-management level employees and ensures an all-inclusive performance based total reward strategy for the Group, across all levels.

STIs on termination of employment

There is no automatic entitlement to annual STIs on termination, but it may be considered at the committee's discretion considering performance measures during the period. Any such payment will be pro-rated to service. The governing rules require active employment on the date of payment. No bonus will be payable in the case of misconduct or resignation, unless done under extenuating circumstances.

LTI scheme

AfroCentric's LTI scheme (the vesting share scheme) commenced in November 2017, following approval by the Board and shareholders at the AGM held on 8 November 2017.

The allocations for all participants are approved by the Remuneration Committee.

Vesting share scheme

Award mechanism	Linked to job grade and allocated by the committee. The committee has discretion within a range per job grade with a maximum number of shares set per grade.
Bonus shares	Discretionary allocation by committee considering scarce skills, personal performance ratings, leadership and potential.
Vesting	Five-year vesting based on anniversary of allocation: Year 3 – 1/3, year 4 – 1/3 and year 5 – 1/3.
Participation	Individual participation is reviewed annually by the committee to ensure alignment to the strategic objectives of the Group and consideration is given to: » individual long-term performance (over a three-year period); » scarce and critical skills, particularly at other levels; » strategic importance of the role; and » potential or talent of the employee (in particular ability, attitude, aspiration).
Conditions	Share award is conditional to the retention period provided the employee is eligible.
Performance conditions	Long-term individual performance.

Remuneration mix

To maintain a high-performance culture and alignment with shareholders through value creation, the total reward mix for the Group CEO, Executive Directors, executives and senior management is geared towards a higher percentage of variable pay 'at risk' for achieving stretch goals.

The chart below represents the potential mix of guaranteed pay, STI and LTI for the Group CEO at below, on-target and stretch levels. The below target assumes no variable incentive payments.

Executive management remuneration (%)

Remuneration processes

Service contracts and notice periods

AfroCentric can summarily terminate executive employment for any reason recognised by law in the respective jurisdiction. It is policy that the Executive Directors and executives have employment agreements with the Group which may be terminated with a three-month notice period. Executive Directors may be required to work during the notice period but, if not, the full notice period may be provided with pay in lieu of notice (subject to mitigation where relevant).

Non-executive Directors' remuneration

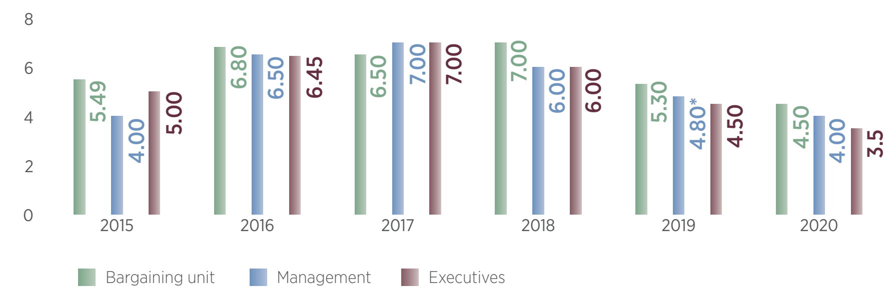
The table below sets out the remuneration principles applied by the Group for the 2020 financial year for Non-executive Directors. These policies also apply for the 2020 financial year and form the underlying basis for the fees tabled for approval at the AGM held on 8 November 2020.

	Chairman	Deputy Chairman	Directors and Lead Directors	Committee
Objective	A market-related fee to attract and retain experienced and diverse Non-executive Directors		Fees to reflect the additional responsibilities undertaken through membership of committees Committee Chairpersons receive an additional amount	
Fee principles	» Fees are reviewed annually, and fees in respect of the Chairman and Deputy Chairman were adjusted during the reporting period following the benchmark done by PwC » Fees reflect the time commitments in respect of meetings and additional stakeholder relations as well as other standard duties associated with each role » Fees are fully inclusive » The Remuneration Committee recommends the fees to the Board for final approval			
Payable	**Main Board:** quarterly **Subsidiary board:** monthly		Per meeting fee payable monthly	

ANNEXURE 10 – IMPLEMENTATION OF THE REMUNERATION REPORT AND REMUNERATION POLICY

It is the view of the Remuneration Committee that the remuneration policy achieved its stated objective.

2020 guaranteed pay – base pay increase (%)



* *Middle management was awarded a 5.0% increase; senior and general management were awarded a 4.8% increase.*

Total remuneration outcomes

Single figure remuneration (R'000)

	Guaranteed pay				Variable pay				Total remuneration	
	Base pay		Benefits and allowances		STI		LTI			
	2020	Restated 2019	2020	Restated 2019	2020	Restated 2019	2020	Restated 2019	2020	Restated 2019
Executive directors										
A Banderker[1]	**4 781 364**	1 148 904[1]	**435 788**	101 096	**3 242 207**	2 526 786	**1 750 000**	2 400 000	**10 209 360**	6 176 786
W Britz	**3 975 310**	3 828 863	**394 235**	360 935	**Waived fee**	Waived fee	**–**	–	**4 369 545**	4 189 798
H Boonzaaier	**3 061 646**	2 956 130	**276 436**	244 144	**1 755 613**	1 684 924	**1 750 000**	1 000 000	**6 843 695**	5 885 198
S Mmakau[2]	**3 347 678**	2 046 861	**323 939**	195 981	**1 479 066**	2 505 754[2]	**875 000**	–	**6 025 683**	4 748 597
TOTAL	**15 165 998**	9 980 758	**1 430 398**	902 156	**6 476 886**	6 717 464	**5 025 000**	2 756 000	**27 448 283**	21 000 379

[1] *A Banderker joined 1 April 2019 figures are prorated.*
[2] *S Mmakau: 2019 STI includes sign on retention bonus.*

STI performance outcomes

Financial performance indicators are measured against audited annual financial results and are net of STI accruals. Non-financial performance KPIs are based on formal performance evaluation conducted by the Group CEO for executives and by the Remuneration Committee and Board Chairman for the Group Chief Executive.

Performance below threshold attracts no STI payments, where threshold for financial targets is 100% of target.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale where a score of 2.75 represents threshold performance, 3 on-target performance, 4 excellent performance and 5 stretch performance.

R51.5 million was paid out on the management performance bonus scheme aligned to individual performance scores.

Management strategic incentive scheme

Business multiplier			Outcome	Comments
Weighting – 40%	Finance (EBIT)	3 out of 5	Target met	EBIT of R740million achieved relative to target of R744 million (on-target)
Weighting – 10%	Governance	3 out of 5	Met target	The risk management processes continue to evolve with more relevant aspects being monitored earlier in the process. The internal audit findings have reduced significantly
Weighting – 10%	Transformation	5 out of 5	Excellent performance	AHL maintains its level 1 BBBEE rating, Pharmacy Direct maintains Level 1 BBBEE rating and other subsidiary entities improve ratings from prior year
Weighting – 5%	Culture	2 out of 5	Target partially met	We have achieved more than 50% of our culture goals and the business culture assessment score has remained largely the same as the previous assessment score
Weighting – 35%	Strategic impact » Enhancing our operating model specifically in the administration and managed care business » Stabilising IT systems and enhance the infrastructure » The launch and implementation of primary care products to create a unique value proposition for the Group » Successful medicine capitation model with full value chain optimisation	3 out of 5	Met target	While the Group achieved its targets of enhanced leadership culture, value chain optimisation and in lowering the cost of healthcare, targets set in respect of strategic projects were partially met

LTI performance outcomes

The Remuneration Committee reviewed participation in the scheme again to ensure alignment to strategic objectives of the Group and consideration was given to individual long-term performance (measured over three years), scarce and critical skills required, strategic importance of the role and the individual's talent measured in a nine box matrix.

The vesting share scheme was implemented in 2017, and the first 4 410 000 shares were awarded to participants in terms of the registered rules. The vesting period is three years, with the first third of shares awarded in 2017 vesting in 2020. An additional 5 730 000 shares were awarded by the Remuneration Committee to participants in 2019/2020 financial year.

	Date awarded	Number of shares awarded	Grant value (R)	Date vesting Tranche 1 33.33%	Tranche 2 33.33%	Tranche 3 33.33%
Hannes Boonzaaier	November 2017	200 000	1 208 000	402 667	402 667	402 667
	November 2018	200 000	1 000 000	335 333	335 333	335 333
	November 2019	500 000	1 750 000	583 333	583 333	583 333
Ahmed Banderker	April 2019	500 000	2 400 000	800 000	800 000	800 000
	November 2019	500 000	1 750 000	583 333	583 333	583 333

ANNEXURE 10 – IMPLEMENTATION OF THE REMUNERATION REPORT AND REMUNERATION POLICY (CONTINUED)

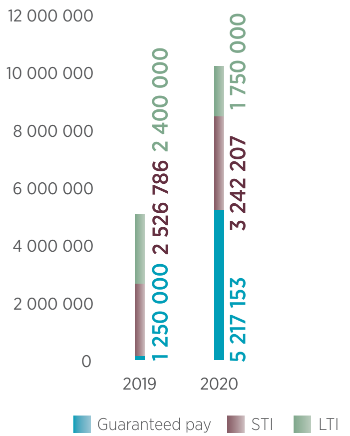
Individual remuneration outcomes

Ahmed Banderker (Group CEO)

	2020 (R)	Restated* 2019 (R)
Salary	4 781 364	1 148 904**
Medical aid	44 968	10 786
Retirement benefits	314 260	76 000
Other employee benefits	76 560	14 310
Total guaranteed pay	5 217 153	1 250 000*
Increase in guaranteed pay	4.3%	–
STI	3 242 207	2 526 786
Number of shares awarded	500 000	500 000
Value of awarded shares	1 750 000	2 400 000
Total variable pay	4 992 207	4 926 786
TOTAL REMUNERATION	10 209 360	6 176 786

* *A Banderker's remuneration was restated to incorporate a retention bonus in the STI, LTI which was included after the reporting period and aligning other benefits with pro rated Total Guaranteed package.*

** *A Banderker's 2019 remuneration is prorated for three months; he joined in April 2019.*

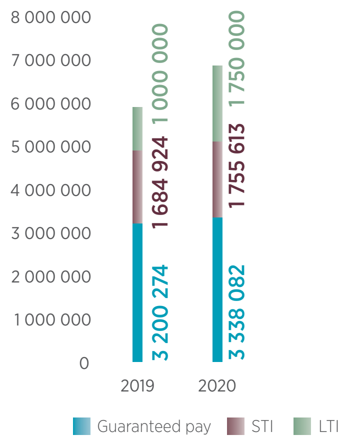


Hannes Boonzaaier (Group CFO)

	2020 (R)	Restated* 2019 (R)
Salary	3 061 646	2 956 130
Medical aid	49 444	47 192
Retirement benefits	182 492	158 094
Other employee benefits	44 500	38 858
Total guaranteed pay	3 338 082	3 200 274
Increase in guaranteed pay	4.31%	4.5%
STI	1 755 613	1 684 924
Number of shares awarded**	500 000	200 000
Value of awarded shares	1 750 000	1 000 000
Total variable pay	3 505 613	2 684 924
TOTAL REMUNERATION	6 843 695	5 885 198

* *2019 LTI restated to align with prevailing share price at grant.*

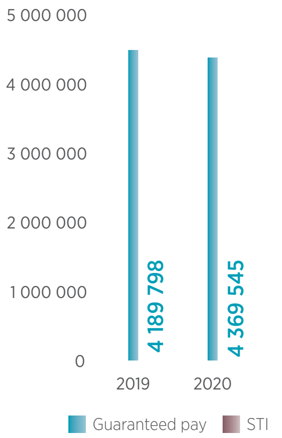
** *One-third of the awarded shares will vest in 2020.*



Willem Britz (prescribed officer)

	2020 (R)	Restated* 2019 (R)
Salary	3 975 310	3 828 863
Medical aid	128 272	114 800
Retirement benefits	213 862	206 880
Other employee benefits	52 101	39 256
Total guaranteed pay	4 369 545	4 189 798
Increase in guaranteed pay	4.3%	4.5%
STI**	–	–
Total variable pay	–	–
TOTAL REMUNERATION	4 369 545	4 189 798

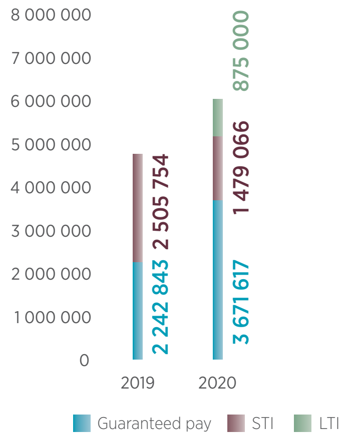
* *2019 Total Guaranteed pay restated to align with actual income for the reporting period.*
** *STI waived due to shareholding. No LTIP allocation.*



Sello Mmakau (prescribed officer)

	2020 (R)	2019 (R)
Salary	3 347 678	2 046 861
Medical aid	55 680	30 678
Retirement benefits	215 708	139 110
Other employee benefits	52 551	26 193
Total guaranteed pay	3 671 617	2 242 843
Increase in guaranteed pay	4.3%	4.5%
STI	1 479 066	2 505 754*
Number of shares awarded	250 000	–
Value of awarded shares	875 000	–
Total variable pay	2 354 066	–
TOTAL REMUNERATION	6 025 683	4 748 597

* *2019 STI includes Sign-on Retention Bonus.*



Non-executive Directors' 2020 remuneration

The following table sets out the fees for the period 1 January 2019 to 31 December 2019 approved by means of majority vote during the AGM:

	Current 2020 (R)	Proposed 2021 (R)	Recommended increase (%)
Main Board (annualised retainer fee)			
Chairman	1 329 240	1 375 763	3.5
Deputy Chairman	997 713	1 032 633	3.5
Member	248 188	256 875	3.5
Subsidiary board (per meeting)			
Chairman	22 572	23 362	3.5
Member	16 615	17 197	3.5
Audit and Risk Committee (per meeting)			
Chairperson	30 096	31 149	3.5
Member	22 154	22 929	3.5
Remuneration Committee (per meeting)			
Chairperson	22 572	23 362	3.5
Member	16 615	17 197	3.5
Nomination Committee (per meeting)			
Chairperson	22 572	23 362	3.5
Member	16 615	17 197	3.5
Social and Ethics Committee (per meeting)			
Chairperson	22 572	23 362	3.5
Member	16 615	17 197	3.5
Investment Committee (per meeting)			
Chairperson	22 572	23 362	3.5
Member	16 615	17 197	3.5
ICT Steering Committee (per meeting)			
Chairperson*	22 572		
Member	16 615	17 197	3.5

* *The Chairperson is currently an Executive Director and does not receive fees.*

ANNEXURE 10 – IMPLEMENTATION OF THE REMUNERATION REPORT AND REMUNERATION POLICY (CONTINUED)

Payments made to Non-executive Directors

The following fees were paid in respect of the AfroCentric Board:

Name of director	Board fees	Audit and Risk Committee	Investment Committee	Remu-neration Committee	Nomi-nations Committee	Social and Ethics Committee	ICT Steerco	Total current year 2019 – 2020	Restated Total previous year 2018 – 2019
ATM Mokgokong (Chairman)	1 300 620	–	–	–	66 744	–	–	**1 367 364**	1 272 300
MJ Madungandaba	1 119 920	–	88 344	110 916	49 130	–	–	**1 368 310**	1 162 433
ND Munisi	242 844	–	97 545	–	–	88 344	–	**428 733**	355 650
SE Mmakau	–	–	–	–	–	–	–	**–**	221 500
IM Kirk	59 375	–	–	–	–	–	–	**59 375**	230 250
LL Dhlamini	180 797	145 296	–	–	–	–	–	**326 093**	396 650
A Banderker	–	–	–	–	–	–	–	**–**	263 575
HG Motau	84 444	79 500	47 700	–	–	–	–	**211 644**	377 350
JB Fernandes	242 844	137 050	97 545	–	–	22 572	–	**500 011**	185 033
SA Zinn	180 797	22 154	–	48 415	–	48 415	–	**299 781**	212 788
R Wa-Mundalamo	–	–	–	65 030	–	–	–	**65 030**	61 800
G Allen	183 469	–	–	–	–	–	–	**183 469**	–
A le Roux	20 682	22 154	–	–	–	–	–	**42 836**	–
M Chauke	20 682	–	–	–	–	–	–	**20 682**	–
T Alsworth-Elvey	341 698	–	–	–	–	–	–	**341 698**	–
Total	3 978 172	406 154	331 134	224 361	115 874	159 331	–	5 215 026	4 759 275

Termination of office payments

No termination of payments were made for ACT directors during the year under review.

Statement regarding compliance with remuneration policy

The committee satisfied itself that the remuneration policy as detailed in the report was complied with, and there were no substantial deviations from the policy during the year.

Advisory vote on the implementation report

The implementation report as it appears above is subject to an advisory vote by shareholders at the 2020 AGM. Accordingly, shareholders are requested to cast an advisory vote on the remuneration policy's implementation for 2020.

Approval of the remuneration report by the Board

The remuneration report was approved by the Board on 10 September 2020.

ANNEXURE 11 – COMPANY INFORMATION

Directors

ATM Mokgokong** (Chairman), MJM Madungandaba** (Deputy Chairman), A Banderker*** (CEO), JW Boonzaaier*** (CFO), SE Mmakau*** (CIO), WH Britz***, FG Allen**, JJ Strydom**, ND Munisi**, JB Fernandes*, SA Zinn*, AM le Roux*, M Chauke*

* *Independent Non-executive*
** *Non-executive*
*** *Executive*

Group Company Secretary

Billy Mokale

Sponsor

Sasfin Capital (A member of the Sasfin Group)

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Registration number

1988/000570/06

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GREYMATTERFINCH # 14259