



[WWW.AFROCENTRIC.ZA.COM](http://WWW.AFROCENTRIC.ZA.COM)



**AfroCentric**  
GROUP

*Healthier Together*

# SUMMARISED ANNUAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2024



## FINANCIAL HIGHLIGHTS

▲ **0.4%**  
REVENUE

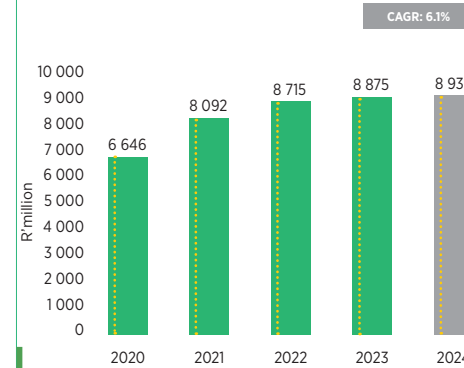
▲ **11.0%**  
HEADLINE EARNINGS PER SHARE

▲ **54.1%**  
HEADLINE EARNINGS

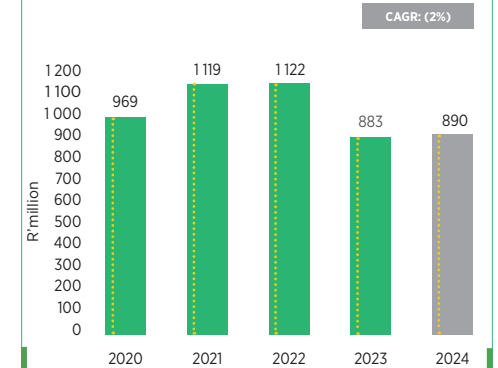
▼ **(78.3%)**  
EARNINGS PER SHARE

≡ **Level 1**  
B-BBEE RATING

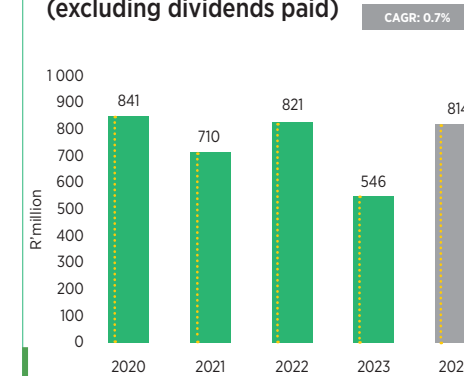
### Total income



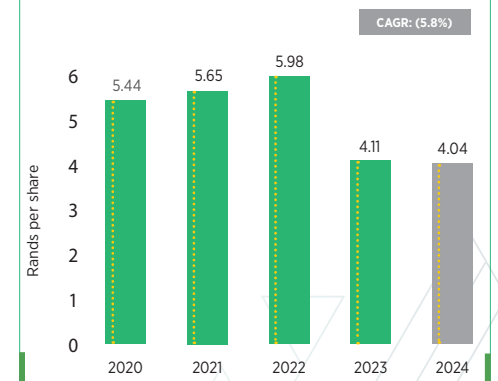
### Operating profit (non-IFRS measure)



### Cash generated from operations (excluding dividends paid)



### NAV per share



## COMMENTARY

### Introduction and review

AfroCentric “ACT” is a Level 1 majority black-owned JSE listed investment holding company, which owns and operates a diverse range of healthcare-related enterprises that provide specialised medical scheme administration and deliver a range of healthcare products and services to the public and private healthcare sectors. The principal objective of the Group, is to ensure the delivery of efficient health management services and the distribution of quality products – all at a manageable and affordable cost for the benefit of our stakeholders. AfroCentric has successfully broadened its interests in the industry by continuing to pursue new opportunities to expand and rationalise its presence across the healthcare sector.

The Board presents commentary on AfroCentric’s operating performance for the twelve months ended 30 June 2024. These results demonstrate, in some businesses a sustainable performance while in others we experienced tough trading conditions. The market factors in the pharmaceutical sector are geared towards more competition resulting in the Pharmaceutical Cluster experiencing margin erosion as well as members opting to buy cheaper generic medicine that do not impact their medical scheme out of pocket expenses. With this in mind, the Board has decided to take a prudent approach towards its investments in the Pharmaceutical Cluster by impairing some of the historical investment values.

The traditional medical scheme administration business has sustained its continuous growth in terms of revenue and efficient servicing costs, although the activity levels have increased significantly as members return to normalised levels of care. The requirement by our client schemes to make medical aid more affordable is also driving higher servicing costs in the clinical space in order to manage medical claims patterns.

The Group’s profitability has also been affected by the investment in IT system modernisation and infrastructure refresh that is currently underway, as the Group gets ready for a more

digitally focused mode of engagement. This creates an exciting opportunity as we remove all legacy systems and allow ourselves to move at pace with consumer demands and further collaboration with Sanlam.

All these shifts, some of which are once-off in nature, have impacted the Group’s operating profit with lower than expected growth.

### Cluster review Services Cluster

The Services Cluster, substantially comprising the medical scheme administration business, has mainly focused on creating certainty with regards to sustainability, innovation and improved member experience at care and service touchpoints. Significant traction has been gained with regards to the digital solutions and enablement capabilities that ensure optimal delivery of our product solutions.

The Cluster has seen a 6.0% growth in revenue linked to net growth in membership in most of the big open and closed schemes under management. This growth has mostly been recorded in the latter part of the financial year as members have selected their medical scheme options for the 2024 calendar year.

The increased costs in clinical servicing of medical claims, investment in new product development capabilities as well as the IT modernisation has however increased in line with our revenue growth resulting in a marginal operating profit growth for the Services Cluster.

### Pharmaceutical Cluster (Healthcare Retail)

The Pharma Cluster operating profit grew by 7.3%, mainly influenced by the low base of operating profit in 2023 due to the closure of the hospital surgical consumables business in the prior year. The growth in operating profit was however diluted by Pharmaceutical sales, which were negatively impacted by a general slowdown in

## COMMENTARY continued

over-the-counter/front-shop sales and specific pharmaceutical products, lower adherence by patients to chronic medicine, a reduction in SEP (regulated medicine pricing), as well as uncertain consumer spending patterns on preventative medicine.

The Activo Group revenue increased by 6.0% but operating profit declined significantly, which necessitated an assessment of the future earnings stream of this subsidiary compared to the expectations of when these subsidiary group of companies were acquired. Based on this assessment an impairment of R130 million has been recorded on the combined cash investment value of Activo and Forrester of approximately R868 million.

The Pharmacy Direct business has also seen low growth of 1.8% in operating profit, which required various interventions during the year in order to improve the delivery costs of both the private sector and state contracts being serviced. This included projects to return non-adherent patients, savings on clinical cost by digitising several activities, as well as projects to optimise courier costs. The action plans have already yielded positive results, with a reduction in the overall costs per scripts, and an increase in the number of scripts.

Based on the low growth achieved in 2024 and increasing competition in the pharmacy delivery market, an impairment of R100 million pertaining to Pharmacy Direct and Curasana has been recognised.

### Corporate Solutions Cluster

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

Following the acquisition of the Sanlam Gap cover business in 2022, the Sanlam Gap cover business continues to deliver solid performance and has bolstered the Cluster’s profitability. The Primary Health Insurance book has seen a 25.1% increase off a low base and the Gap cover book size has increased by 27.9%.

### Industry highlights

- AfroCentric Health (RF) Proprietary Limited, the Group’s main operating subsidiary, retained its Level 1 B-BBEE rating.
- AfroCentric Investment Corporation Limited won the 2024 BHF Titanium Award for the Best Integrated Report for Corporates in Healthcare.
- Pharmacy Direct won the 2024 BHF Titanium Award for Excellence in creating access to quality healthcare.
- AfroCentric Group subsidiary, Medscheme won the Diamond Arrow Award for its outstanding contribution in Disease Management – Asthma, Hospital Utilisation Management and Counseling of High Claimers at the PMR.Africa Awards.
- Medscheme also won the Golden Arrow Awards across multiple categories, including Alternative Fee Structure/Reimbursement, Chronic Medication Management, Disease Management – Cardiovascular, Health Risk Assessment, Management of Specialists and GPs and Wellness Programme.
- AfroCentric Group subsidiary, AfA has once more secured the prestigious Diamond Arrow Award in the Disease Management HIV/AIDS category at the PMR.Africa Awards.
- AfroCentric Group subsidiary, Pharmacy Direct proudly won the Golden Arrow Award in the Pharmacy Network Management category at the PMR.Africa Awards.
- The AfroCentric Group proudly attained a status as one of South Africa’s Top Employers as designated by the globally recognised Top Employers Institute.

## Financial performance

The Group's revenue for the 12 months marginally grew from the prior year. This is attributed to the 2023 revenue of the discontinued surgical business that is now excluded, as well as lower risk income being generated in the pharma cluster after the benefits of prior Covid cycles still prevalent in the 2022 calendar year.

The Group's deliberate investment in clinical capabilities, digital solutions to enhance member experience, has resulted in costs being incurred to ensure best claims management capabilities as well as IT system modernisation and infrastructure refresh.

Pursuant to these additional costs incurred and impairments recognised (R230 million), the Group's profit before tax decreased by 51.6% amounting to R207.0 million (2023: R427.4 million). The Group's profit after tax (PAT) decreased by 74.9% amounting to R74.3 million (2023: R295.5 million).

The Group has also transitioned fully on its share capital structure further to the conclusion of the Sanlam subscription for shares in May 2023 which has resulted in the weighted average shares increasing by 38.9% compared to 2023.

The Headline Earnings have increased by 54.1% to R334.8 million (2023: R217.3 million). Headline Earnings per Share increased by 11.0% to 40.3 cents (2023: 36.34 cents).

Despite the negative impact of the impairments in investments in the Pharma Cluster, the Group will continue with the investment in data capabilities to explore better and more efficient ways in servicing and engaging our customers/members.

Capital management and cashflow generation have been a focal point for the management team over the past few years and 2024 has yielded positive results in the cash and cash equivalents balances reaching R330.3 million (2023: R85.7 million) whilst borrowings remained stable at R628.4 million (2023: R648.0 million).

The cashflow generation has been exceptional in 2024 considering the operational cash used to fund acquisitions (R131 million) without the use of any additional borrowing costs.

## Growth initiatives

During the period under review, AfroCentric Health acquired the remaining 49% of shares in Essential Group effective 22 February 2024. The Essential Group is the licence holder of the primary insurance business which has seen a 24% growth in policies in the past year. The Group's expectation is that these low-income products will attract greater demand in future as medical scheme affordability decreases in future.

## Outlook

The Group's core business remains sound with good diversification in the private and public medical scheme membership. The focus for the remainder of 2024 will be to optimise its spend on IT and resources which will then enable the operations to become more efficient in its service model.

Capital Management has been prudent with good cash generation during 2024 and our total borrowings are now only 52% of the facilities available. This access to funding positions the Group well for future investments in enhancing its product offering and appetite for exploring risk-taking products in the medical scheme services.

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

The building blocks for an aligned partnership with Sanlam has been set in motion with improved sales capabilities and product enhancements for both medical scheme and insurance members which will be communicated later in 2024.

## Dividends

The Group declared an interim dividend for the interim period ended 31 December 2023 and communicated its intention of changing its year end to align with Sanlam Limited's year end of 31 December 2024. With this in mind, a new dividend policy has been set where dividends will be declared annually based on audited results and shareholders are therefore reminded that the next dividend payment will be in May 2025, based on the 2024 calendar year performance.

## Directors

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

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

## Basis of preparation

Although these summarised annual results were themselves not audited, they are extracted from the consolidated and separate annual financial statements which were audited by KPMG Inc. who issued an unmodified audit opinion on the financial statements.

The summary consolidated and separate annual financial statements for the year ended 30 June 2024 have been prepared in accordance with the requirements of the Companies Act of South Africa, Act 71 of 2008 (Companies Act) applicable to summary financial statements, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated and separate annual financial statements from which the summary financial statements were derived are in terms of IFRS Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for new policies for IFRS 17 and those policies that were aligned to Sanlam's policies.

The consolidated and separate annual financial statements together with the audit opinion thereon are available on our website (<http://www.afrocentric.za.com/invreporting.php>), or at our offices upon request. The Board of directors (the Board) takes full responsibility for the preparation of this report.

These consolidated and separate annual financial statements have been prepared under the supervision of Hannes Boonzaaier CA (SA), Group Chief Financial Officer.

## Responsibility statement

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

On behalf of the Board



**Dr ATM Mokgokong**  
Chairman



**Mr GN Van Wyk**  
Group Chief Executive Officer

Johannesburg  
3 September 2024

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 30 June 2024 R'000	Restated* Year ended 30 June 2023 R'000	Restated* Year ended 30 June 2022 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>3 790 706</b>	<b>4 141 570</b>	<b>4 115 232</b>
Property and equipment	290 230	340 819	381 057
Land and buildings	301 422	307 052	316 561
Right-of-use assets	142 572	191 065	147 964
Investment property	12 500	10 731	7 631
Goodwill (NOTE 1)	1 327 661	1 558 496	1 558 496
Intangible assets (NOTE 1)	1 476 538	1 487 045	1 517 840
Investments in associates and joint ventures	8 732	49 148	33 340
Other financial assets	27 719	39 928	19 117
Deferred income tax assets	132 015	82 881	77 072
Deferred payment assets	3 673	4 427	—
Insurance contract assets (NOTE 4)	67 644	69 978	56 154
<b>Current assets</b>	<b>1 618 849</b>	<b>1 418 660</b>	<b>1 321 909</b>
Inventory	449 079	444 562	431 764
Trade and other receivables	786 276	740 695	724 321
Current tax asset	53 235	43 640	27 235
Cash and cash equivalents (NOTE 3)	330 259	189 763	138 589
<b>Total assets</b>	<b>5 409 555</b>	<b>5 560 230</b>	<b>5 437 141</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>3 369 996</b>	<b>3 443 302</b>	<b>2 438 244</b>
Issued ordinary share capital	21 324	21 294	18 909
Share premium	2 537 411	2 525 687	1 094 876
Share-based payment reserve	24 468	34 115	30 465
Treasury shares	(1 162)	(1 162)	(2 324)
Capital contribution by non-controlling interest	—	—	55 874
Cash flow hedge reserve	—	1 530	—
Foreign currency translation reserve	(5 650)	2 201	(5 056)
Distributable reserves	793 605	859 637	1 245 500
Non-controlling interest	31 189	55 950	987 772
<b>Total equity</b>	<b>3 401 185</b>	<b>3 499 252</b>	<b>3 426 016</b>
<b>Non-current liabilities</b>	<b>942 911</b>	<b>946 614</b>	<b>995 923</b>
Lease liabilities	111 750	176 683	127 790
Deferred income tax liabilities	259 628	223 131	242 367
Non-current provisions	—	16 970	16 970
Post-employment medical obligations	1 680	1 825	1 916
Contingent consideration	—	—	75 798
Borrowings (NOTE 2)	569 853	528 005	531 082
<b>Current liabilities</b>	<b>1 065 459</b>	<b>1 114 364</b>	<b>1 015 202</b>
Provisions	16 792	16 695	15 216
Borrowings (NOTE 2)	58 553	120 000	120 000
Trade and other payables	733 057	610 588	632 604
Current tax liability	9 374	9 031	19 161
Lease liabilities	65 336	67 644	68 610
Employment benefit provisions	182 347	106 276	143 122
Bank overdraft (NOTE 3)	—	104 007	2 350
Contingent consideration	—	80 123	—
Deferred payment liability	—	—	14 139
<b>Total liabilities</b>	<b>2 008 370</b>	<b>2 060 978</b>	<b>2 011 125</b>
<b>Total equity and liabilities</b>	<b>5 409 555</b>	<b>5 560 230</b>	<b>5 437 141</b>

\* Refer to Note 5 for details on the restatements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	Year ended 30 June 2024 R'000	Restated* Year ended 30 June 2023 R'000
Revenue from contracts with customers	0.4	8 794 671	8 760 226
Dividends received		—	105
Fair value gains		1 769	3 669
Insurance revenue (NOTE 4)		96 035	82 415
Insurance finance income (NOTE 4)		6 731	4 092
Finance income		31 277	21 745
Other income		5 187	2 570
<b>Total income</b>	<b>0.7</b>	<b>8 935 670</b>	<b>8 874 822</b>
Cost of pharmaceutical products and finished goods	4.5	(2 030 276)	(2 125 074)
Cost of distribution of pharmaceutical products		(71 624)	(78 376)
Employee benefit costs	(10.4)	(2 699 057)	(2 445 087)
Other expenses	(1.2)	(1 131 576)	(1 118 182)
Capitation funds	7.2	(1 645 000)	(1 772 982)
Insurance service expense (NOTE 4)		(90 100)	(73 081)
Amortisation		(192 690)	(208 823)
Rent and property costs		(123 050)	(109 102)
Right-of-use assets depreciation		(52 747)	(65 380)
Depreciation		(94 142)	(82 976)
IT costs		(212 819)	(255 701)
Write-off of intangibles		(6 060)	(5 415)
Impairment of goodwill (NOTE 1)		(230 835)	—
Impairment of investment in associates		(14 661)	—
Impairment of property and equipment		(26 611)	(25 000)
Impairment of loans		(2 158)	(2 115)
Share of (losses)/profits from associates and joint ventures		(9 045)	14 051
Interest on lease liabilities		(19 190)	(16 964)
Finance costs		(77 045)	(77 229)
<b>Profit before tax</b>	<b>(51.6)</b>	<b>206 984</b>	<b>427 386</b>
Income tax expense	(0.8)	(132 729)	(131 654)
<b>Profit after tax</b>	<b>(74.9)</b>	<b>74 255</b>	<b>295 732</b>
Loss on disposal of subsidiaries		—	(198)
<b>Profit for the year</b>	<b>(74.9)</b>	<b>74 255</b>	<b>295 534</b>
<b>Profit for the year attributable to:</b>			
Owners of Parent		55 381	183 523
Non-controlling interest		18 874	112 011
		<b>74 255</b>	<b>295 534</b>

\* Refer to Note 5 for details on the restatements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

continued

	% change	Year ended 30 June 2024 R'000	Restated* Year ended 30 June 2023 R'000
<b>Profit for the year</b>	(74.9)	74 255	295 534
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
<b>Total other comprehensive income that will not be reclassified to profit or loss</b>		(52)	(103)
Remeasurement of post-employment benefit obligations		(71)	(141)
Income tax relating to these items		19	38
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
<b>Exchange differences on translation of foreign operations</b>			
<b>Total other comprehensive (loss)/income that will be reclassified to profit or loss</b>		(9 381)	8 787
Foreign exchange (loss)/benefit		(7 851)	7 257
(Losses)/gains on cash flow hedges		(1 530)	1 530
Total other comprehensive (loss)/income		(9 433)	8 684
<b>Total comprehensive income</b>		64 822	304 218
<b>Comprehensive income attributable to:</b>			
Comprehensive income attributable to owners of parent		45 948	192 207
Comprehensive income attributable to non-controlling interests		18 874	112 011
		64 822	304 218

\* Refer to Note 5 for details on the restatements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2024 R'000	Restated* Year ended 30 June 2023 R'000	Restated* Year ended 30 June 2022 R'000
<b>Balance as previously reported – 1 July 2021</b>	–	–	3 239 270
IFRS 17 transition restatement	–	–	(465)
<b>Balance at 1 July 2021 – Restated</b>	–	–	3 238 805
<b>Balance at 1 July 2022 – Restated</b>	–	3 426 016	–
<b>Balance at beginning of the period</b>	3 499 252	–	–
Issue of share capital*	30	20	17
Share premium*	11 724	14 157	10 180
Vested share-based awards*	(11 754)	(14 187)	(10 197)
Share-based awards reserve	3 133	17 837	13 860
Share-based awards reserve – prior year adjustment	(1 026)	–	–
Distributions to shareholders	(92 520)	(98 235)	(195 137)
Net profit for the period	45 948	192 207	314 305
Profit attributable to minorities	18 874	112 011	165 986
Changes in ownership	(45 895)	(1 504 000)	–
Additional issue of shares	–	1 419 019	–
Transactions with non-controlling interests	–	–	(13 023)
Distributions to non-controlling interests	(26 581)	(65 593)	(98 780)
<b>Balance at end of the period</b>	3 401 185	3 499 252	3 426 016

\* During the current financial year 3 039 998 shares vested as follows:

- 670 000 shares were exercised at the weighted average price of R3.29 and the grant date price was R5.50;
- 1 123 332 shares were exercised at the weighted average price of R3.29 and the grant date price was R3.30; and
- 1 246 666 shares were exercised at the weighted average price of R3.29 and the grant date price was R3.50.

At the end of the financial year 20 065 547 shares were outstanding for the incentive employee share scheme.

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2024 R'000	Restated* Year ended 30 June 2023 R'000
<b>Net cash inflow from operating activities</b>	<b>695 368</b>	<b>381 694</b>
Cash generated from operations	1 027 896	796 143
Net finance expense	(58 227)	(68 356)
Distribution to shareholders	(119 101)	(163 828)
Dividends received	—	105
Tax and other payments	(155 200)	(182 370)
<b>Net cash outflow from investing activities</b>	<b>(382 765)</b>	<b>(287 484)</b>
Net additions to property and equipment	(73 681)	(66 417)
Payment for acquisition of subsidiaries, net of cash acquired	(46 121)	—
Net additions to intangible assets	(188 243)	(183 691)
Settlement of deferred consideration	—	(15 000)
Net disposals/(acquisitions) of financial assets, investments and subsidiaries	10 528	(22 376)
Settlement of contingent consideration	(85 248)	—
<b>Net cash outflow from financing activities</b>	<b>(60 249)</b>	<b>(151 950)</b>
Changes in ownership interest in subsidiaries that do not result in loss of control	—	(84 981)
Net increase in borrowings	—	(3 077)
Net lease liability repayment	(60 249)	(63 892)
Effect of foreign exchange (loss)/benefit	(7 851)	7 257
<b>Net increase in cash and cash equivalents</b>	<b>244 503</b>	<b>(50 483)</b>
Cash and cash equivalents at beginning of the period	85 756	136 239
<b>Cash and cash equivalents at end of the period</b>	<b>330 259</b>	<b>85 756</b>

\* Refer to Note 5 for details on the restatements.

## EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	% change	Year ended 30 June 2024 R'000	Restated* Year ended 30 June 2023 R'000
Number of ordinary shares in issue		841 088 241	852 052 711
Weighted average number of ordinary shares	38.9	830 328 259	597 825 403
Weighted average number of shares for diluted EPS		850 393 806	620 633 732
<b>Basic earnings</b>		<b>55 381</b>	<b>183 523</b>
<b>Total basic earnings</b>	(69.8)	<b>55 381</b>	<b>183 523</b>
Adjusted by:		<b>279 427</b>	<b>33 735</b>
- Reversal of loss on disposal of subsidiary		—	198
- Impairment of property and equipment		26 611	25 000
- Impairment of goodwill		230 835	—
- Impairment of investment in associate		14 661	—
- Loss on disposal of assets		3 495	3 338
- Write off of intangible assets		6 060	5 415
Fair value (profits)/losses on investment property		(1 769)	1 750
Total tax adjustments		(466)	(1 374)
Total non-controlling interest adjustments		—	(592)
<b>Headline earnings</b>	54.1	<b>334 808</b>	<b>217 258</b>
<b>Earnings per share (cents)</b>			
- Attributable to ordinary shares (cents)	(78.3)	6.67	30.70
- Fully diluted EPS (cents)	(78.0)	6.51	29.57
<b>Headline earnings per share (cents)</b>			
- Attributable to ordinary shares (cents)	11.0	40.32	36.34
- Fully diluted HEPS (cents)	12.5	39.37	35.01

\* Refer to Note 5 for details on the restatements.

## NOTES

### NOTE 1: INTANGIBLE ASSETS

	Carrying value		Amortisation		Impairment
	Year ended 30 June 2024 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2024 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2024 R'000
<b>Goodwill</b>	<b>1 327 661</b>	<b>1 558 496</b>	<b>—</b>	<b>—</b>	<b>(230 835)</b>
AfroCentric Health	706 491*	473 980	—	—	(835)
Pharmacy Direct and Curasana	140 608*	473 954	—	—	(100 000)
Activo	294 645	424 645	—	—	(95 900)
DENIS	34 918	34 918	—	—	—
Activo Healthcare Assets	150 999	150 999	—	—	(34 100)
<b>Intangible assets</b>	<b>1 476 538</b>	<b>1 487 045</b>	<b>(192 690)</b>	<b>(208 823)</b>	<b>—</b>
Customer relationships – Pharmacy Direct and Curasana	10 781	19 730	(8 949)	(8 948)	—
Activo Dossiers	244 828	256 372	(18 168)	(17 618)	—
Customer relationships – DENIS	16 256	29 259	(13 003)	(13 003)	—
Activo Healthcare Assets Dossiers	134 551	153 689	(17 148)	(13 103)	—
<b>AfroCentric Health intangible assets</b>	<b>101 457</b>	<b>96 177</b>	<b>(20 860)</b>	<b>(36 937)</b>	<b>—</b>
Customer relationships – AfroCentric Health	38 534	42 559	(4 025)	(6 008)	—
AfroCentric Health Software	62 923	53 618	(16 835)	(30 929)	—
<b>Administration Systems – Self Generated</b>	<b>968 665</b>	<b>931 818</b>	<b>(114 562)</b>	<b>(119 213)</b>	<b>—</b>
Nexus and Other Healthcare Administration Systems	968 665	931 818	(114 562)	(119 213)	—
	<b>2 804 199</b>	<b>3 045 541</b>	<b>(192 690)</b>	<b>(208 823)</b>	<b>(230 835)</b>

\* Following a review regarding the true substance and benefits associated with the Glen Eden goodwill in the Healthcare Retail SA Cash Generating Unit (CGU), the goodwill relating to Glen Eden, amounting to R233.3 million, was reallocated to the Healthcare Administration SA CGU as it is closely aligned to the Medscheme medical scheme administration services being performed for its clients.

### NOTE 2: BORROWINGS

	Year ended 30 June 2024 R'000	Year ended 30 June 2023 R'000
Borrowings (non-current)	569 853	528 005
Borrowings (current)	58 553	120 000
<b>Total borrowings</b>	<b>628 406</b>	<b>648 005</b>

### NOTE 3: NET CASH

	Year ended 30 June 2024 R'000	Year ended 30 June 2023 R'000
Cash and cash equivalents	330 259	189 763
Bank overdraft	—	(104 007)
<b>Net cash</b>	<b>330 259</b>	<b>85 756</b>

## NOTES continued

### NOTE 4: IFRS 17 INSURANCE CONTRACTS

#### Note 4.1: Net insurance result

	Centriq R'000	Guardrisk R'000	Total R'000
<b>30 June 2024</b>			
<b>Insurance revenue</b>			
Gross Written Premiums	83 726	12 309	96 035
<b>Total insurance revenue</b>	<b>83 726</b>	<b>12 309</b>	<b>96 035</b>
<b>Insurance service expense</b>			
Incurred claims	(46 800)	(3 920)	(50 720)
Other insurance service expenses	(33 926)	(5 454)	(39 380)
Changes to liabilities for incurred claims	—	—	—
<b>Total insurance service expenses</b>	<b>(80 726)</b>	<b>(9 374)</b>	<b>(90 100)</b>
<b>Insurance service result</b>	<b>3 000</b>	<b>2 935</b>	<b>5 935</b>
<b>Insurance finance income</b>			
Net cell captive interest income	3 788	2 943	6 731
<b>Total insurance finance income</b>	<b>3 788</b>	<b>2 943</b>	<b>6 731</b>
<b>Net insurance result</b>	<b>6 788</b>	<b>5 878</b>	<b>12 666</b>

	Centriq R'000	Guardrisk R'000	Total R'000
<b>30 June 2023</b>			
<b>Insurance revenue</b>			
Gross Written Premiums	70 734	11 681	82 415
<b>Total insurance revenue</b>	<b>70 734</b>	<b>11 681</b>	<b>82 415</b>
<b>Insurance service expense</b>			
Incurred claims	(35 522)	(3 131)	(38 653)
Other insurance service expenses	(28 982)	(5 236)	(34 218)
Changes to liabilities for incurred claims	(210)	—	(210)
<b>Total insurance service expenses</b>	<b>(64 714)</b>	<b>(8 367)</b>	<b>(73 081)</b>
<b>Insurance service result</b>	<b>6 020</b>	<b>3 314</b>	<b>9 334</b>
<b>Insurance finance income</b>			
Net cell captive interest income	2 105	1 986	4 092
<b>Total insurance finance income</b>	<b>2 105</b>	<b>1 986</b>	<b>4 092</b>
<b>Net insurance result</b>	<b>8 125</b>	<b>5 300</b>	<b>13 426</b>



## NOTES continued

## NOTE 4: IFRS 17 INSURANCE CONTRACTS (continued)

## Note 4.2: Insurance contract assets

	Estimates of the present value of future cash flows R'000	Risk adjustment R'000	Total asset/ (liability) R'000
<b>Insurance contract assets as at 1 July 2023</b>	70 879	(901)	69 978
<b>Changes that relate to past services</b>			
Risk adjustment recognised for the risk expired	27	(27)	—
<b>Changes that relate to future services</b>			
Contracts initially recognised in the period	(54)	54	—
Insurance revenue	96 035	—	96 035
Insurance services expenses	(90 100)	—	(90 100)
<b>Insurance service result</b>	5 935	—	5 935
<b>Insurance finance income</b>	6 731	—	6 731
<b>Total changes in the income statement</b>	12 666	—	12 666
<b>Cash flows</b>			
Premiums received	—	—	—
Dividends paid	(15 000)	—	(15 000)
Recapitalisation of the cell	—	—	—
Insurance finance income	—	—	—
<b>Total cash flows</b>	(15 000)	—	(15 000)
Risk adjustment recognised for the risk expired	—	—	—
<b>Insurance contract assets as at 30 June 2024</b>	68 518	(874)	67 644

## NOTES continued

## NOTE 4: IFRS 17 INSURANCE CONTRACTS (continued)

## Note 4.2: Insurance contract assets (continued)

	Estimates of the present value of future cash flows R'000	Risk adjustment R'000	Total asset/ (liability) R'000
<b>Insurance contract assets as at 1 July 2022</b>	56 619	(467)	56 152
<b>Changes that relate to past services</b>			
Risk adjustment recognised for the risk expired	(48)	48	—
<b>Changes that relate to future services</b>			
Contracts initially recognised in the period	—	—	—
Insurance revenue	82 415	—	82 415
Insurance services expenses	(73 081)	—	(73 081)
<b>Insurance service result</b>	9 334	—	9 334
<b>Insurance finance income</b>	4 092	—	4 092
<b>Total changes in the income statement</b>	13 426	—	13 426
<b>Cash flows</b>			
Premiums received	—	—	—
Dividends paid	400	—	400
Recapitalisation of the cell	—	—	—
Insurance finance income	—	—	—
<b>Total cash flows</b>	400	—	400
Risk adjustment recognised for the risk expired	—	—	—
<b>Insurance contract assets as at 30 June 2023</b>	70 879	(901)	69 978

**NOTES** continued**NOTE 5: RESTATEMENTS OF JUNE 2023 AND JUNE 2022 RESULTS**

During the current year, there were restatements due to the adoption of IFRS 17 and prior period errors that were identified. Refer to Note 5.1 for IFRS 17 restatement and Note 5.4 for prior period error.

**5.1 Impact on consolidated statement of profit or loss and other comprehensive income on transition to IFRS 17**

During the current year, AfroCentric adopted IFRS 17 on the two cell captives (Medgap cover and Sanlam gap cover) that are managed by Guardrisk Limited and Centriq Life Insurance Company Limited, respectively. The impact of the transition to IFRS 17 has been disclosed by restating each of the financial statement line items for the prior periods as below.

	Group 2023 As previously reported	IFRS 17 Restatements	Restated 2023
	R'000	R'000	R'000
<b>Consolidated statement of comprehensive income</b>			
Fair value gains	16 245	(12 576)	3 669
Insurance revenue	—	82 415	82 415
Insurance finance income	—	4 092	4 092
<b>Total income</b>	16 245	73 931	90 176
Insurance service expense	—	(73 081)	(73 081)
<b>Profit for the year</b>	294 684	850	295 534
Owners of Parent	182 673	850	183 523
<b>Total comprehensive income</b>	303 368	850	304 218
Total earnings per share	30.56	0.14	30.70
Total diluted earnings per share	29.43	0.14	29.57
Headline earnings per share	36.20	0.14	36.34

**5.2 Impact on statement of financial position on transition to IFRS 17**

	Impact on retained earnings at the beginning			Impact on retained earnings at the beginning		
	Jun-23 as previously reported	IFRS 17 Restatements	Restated 1 July 2023	Jun-22 as previously reported	IFRS 17 Restatements	Restated 1 July 2022
	R'000	R'000	R'000	R'000	R'000	R'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Insurance contracts	—	69 978	69 978	—	56 154	56 154
Other financial assets	109 521	(69 593)	39 928	75 736	(56 619)	19 117
<b>Total non-current assets</b>	109 521	385	109 906	75 736	(465)	75 271
<b>EQUITY AND LIABILITIES</b>						
Retained earnings	859 252	385	859 637	1 245 965	(465)	1 245 500
<b>Total Equity</b>	3 498 867	385	3 499 250	3 426 481	(465)	3 426 016

**NOTES** continued**NOTE 5: RESTATEMENTS OF JUNE 2023 AND JUNE 2022 RESULTS** (continued)**5.3 Impact on statement of cash flows on transition to IFRS 17**

The cash flow statement has been restated with the impact of the transition to IFRS 17.

	Group 2023 As previously reported	IFRS 17 Restatements	Restated 2023
	R'000	R'000	R'000
<b>Consolidated statement of cash flows</b>			
<b>Cash flows from operating activities</b>			
Cash flows from operations	800 235	(4 092)	796 143

**5.4 Impact on consolidated statement of profit or loss and other comprehensive income on correction of prior period error**

During the 2023 financial period, Medscheme Holdings incorrectly recognised revenue from contracts with customers and other expenses. The effect of the error can be seen on revenue from contracts with customers and other expenses. This restatement did not have an impact on the Statement of Financial Position and on the Statement of Cash Flows.

	Group 2023 As previously reported	IFRS 17 Restatements	Restated 2023
	R'000	R'000	R'000
<b>Consolidated statement of profit or loss and other comprehensive income</b>			
Revenue from contracts with customers	8 868 032	(107 806)	8 760 226
Other expenses	(1 225 988)	107 806	(1 118 182)
<b>Profit before tax</b>	426 536	—	426 536
Profit for the year	294 684	—	294 684
Owners of Parent	182 673	—	182 673
<b>Total comprehensive income</b>	303 368	—	303 368

## SEGMENTAL ANALYSIS

	Growth 2024		30 June 2024			Restated* 30 June 2023		
	Revenue	Operating profit	Revenue	Operating profit	Operating margin	Revenue	Operating profit	Operating margin
	%	%	R'000	R'000	%	R'000	R'000	%
<b>Healthcare SA</b>	7	(8)	4 146 192	328 345	8	3 879 771	357 337	9
DENIS Group	1	1	569 479	54 097	9	566 127	53 308	9
Information Technology	(2)	18	635 625	213 352	34	651 877	180 784	28
<b>Total SA administration business</b>	5	0.5	5 351 323	595 794	11	5 097 775	591 429	12
Healthcare Africa	6	(12)	249 355	83 903	34	234 835	95 142	41
<b>Total Group administration business</b>	5	(1)	5 600 678	679 697	12	5 332 610	686 571	13
<b>Healthcare Retail</b>	(5)	7	4 251 575	210 646	5	4 464 341	196 323	4
Pharmacy Direct & Curasana Wholesaler	6	2	1 825 104	81 125	4	1 728 754	79 715	5
Activo Group	6	(18)	1 080 365	75 965	7	1 019 098	93 087	9
Scriptpharm	(9)	34	1 346 106	53 556	4	1 475 358	39 833	3
Mmed	—	—	—	—	—	241 131	(16 312)	(7)
<b>Total Healthcare</b>	1	1	9 852 253	890 343	9	9 796 951	882 894	9
Other (including inter-segment elimination)	1	—	(961 547)	—	—	(954 310)	—	—
<b>Total</b>	1	1	8 890 706	890 343	10	8 842 641	882 894	10

\* Refer to Note 5 for details on the restatements.

## SEGMENTAL ANALYSIS continued

	Growth 2024		30 June 2024				Restated* 30 June 2023			
	Profit before tax	Profit after tax	Profit before tax	Profit after tax	Net margin	Total assets	Profit before tax	Profit after tax	Net margin	Total assets
	%	%	R'000	R'000	%	R'000	R'000	R'000	%	R'000
<b>Healthcare SA</b>	(4)	(9)	170 095	102 729	2	1 994 840	177 991	112 458	3	1 575 957
DENIS Group	7	(5)	54 464	37 187	7	161 028	50 777	39 166	7	163 428
Information Technology	161	171	20 812	24 342	4	1 389 280	(34 397)	(34 178)	(5)	1 605 207
<b>Total SA administration business</b>	26	40	245 371	164 258	3	3 545 148	194 371	117 446	6	3 344 592
Healthcare Africa	(10)	(13)	81 184	56 259	23	192 638	90 108	64 826	28	191 515
<b>Total Group administration business</b>	15	21	326 555	220 517	4	3 737 786	284 479	182 272	6	3 536 107
<b>Healthcare Retail</b>	18	29	159 928	117 695	3	1 768 058	135 394	91 500	5	1 759 636
Pharmacy Direct & Curasana Wholesaler	49	66	64 178	49 230	3	894 141	43 098	29 718	2	882 877
Activo Group	(54)	(57)	32 325	22 664	2	787 974	70 851	52 417	5	693 658
Scriptpharm	32	30	63 425	45 801	3	85 943	47 959	35 160	2	183 101
Mmed	—	—	—	—	—	—	(26 514)	(25 795)	(11)	—
<b>Total Healthcare</b>	16	24	486 483	338 212	3	5 505 844	419 873	273 772	6	5 295 743
Other (including inter-segment elimination)**	(3 820)	(1 302)	(279 499)	(263 957)	27	(96 289)	7 513	21 960	6	264 487
<b>Total</b>	(52)	(75)	206 984	74 255	1	5 409 555	427 386	295 732	6	5 560 230

\* Refer to Note 5 for details on the restatements.

\*\* During the year, partial impairment of goodwill to the value of R230 million was recognised on some of the pharmaceutical assets (Activo Health, Forrester Pharma, Pharmacy Direct, and Curasana Wholesaler) was recognised. Refer to Note 1).

The goodwill impairment was necessitated by adverse price adjustments in some of the main product lines of the pharmaceutical cluster that have had a negative impact on profitability in the current year and is expected to continue into the medium term, synergies and expected growth in new pharmaceutical product lines that is lagging on the original acquisition assessments of these assets, as well as the anticipated reduction in profitability pursuant to the lower margins in both the private sector delivery market as well as the chronic medication delivery contract with the public sector.

These impairments are recognised at Group and not at segmental level.

	Operating profit June 2024	Restated* Operating profit June 2023	Operating profit June 2024	Restated* Operating profit June 2023
Composition of operating profit - % contribution	%	%	R'000	R'000
Total SA Administration business	68	67	595 794	591 429
Healthcare Africa	9	11	83 903	95 142
Healthcare Retail	24	22	210 646	196 323
	100	100	890 343	882 894

\* Refer to Note 5 for details on the restatements.

## DISAGGREGATED REVENUE

### Revenue

Disaggregation of revenue from contracts with customers:

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

	Administration fees R'000	Health risk management fees – medical aid schemes R'000	Management fees R'000	Healthcare insurance R'000	IT revenue and other R'000	Retail R'000	Health risk management fees – Capitation funds R'000	Marketing fees R'000	Group total R'000
<b>30 JUNE 2024</b>									
<b>Primary geographical markets</b>									
South Africa	1 660 694	1 746 025	16 516	53 401	546 841	2 667 532	1 706 804	147 507	8 545 320
Africa	209 423	20 244	1 859	—	17 825	—	—	—	249 351
	<b>1 870 117</b>	<b>1 766 269</b>	<b>18 375</b>	<b>53 401</b>	<b>564 666</b>	<b>2 667 532</b>	<b>1 706 804</b>	<b>147 507</b>	<b>8 794 671</b>
<b>Major product/service line</b>									
Admin health	1 870 117	—	—	—	564 666	—	—	147 507	2 582 290
Retail (Pharma)	—	—	—	—	—	2 667 532	—	—	2 667 532
Managed healthcare	—	1 766 269	18 375	53 401	—	—	1 706 804	—	3 544 849
	<b>1 870 117</b>	<b>1 766 269</b>	<b>18 375</b>	<b>53 401</b>	<b>564 666</b>	<b>2 667 532</b>	<b>1 706 804</b>	<b>147 507</b>	<b>8 794 671</b>
<b>Timing of revenue recognition</b>									
Products transferred at a point in time	—	—	—	—	—	2 667 532	—	—	2 667 532
Products and services transferred over time	1 870 117	1 766 269	18 375	53 401	564 666	—	1 706 804	147 507	6 127 139
	<b>1 870 117</b>	<b>1 766 269</b>	<b>18 375</b>	<b>53 401</b>	<b>564 666</b>	<b>2 667 532</b>	<b>1 706 804</b>	<b>147 507</b>	<b>8 794 671</b>
<b>Restated*</b>									
<b>30 JUNE 2023</b>									
<b>Primary geographical markets</b>									
South Africa	1 580 740	1 586 834	12 884	48 323	522 910	2 773 070	1 856 374	144 255	8 525 390
Africa	197 868	17 611	1 780	—	17 577	—	—	—	234 836
	<b>1 778 608</b>	<b>1 604 445</b>	<b>14 664</b>	<b>48 323</b>	<b>540 487</b>	<b>2 773 070</b>	<b>1 856 374</b>	<b>144 255</b>	<b>8 760 226</b>
<b>Major product/service line</b>									
Admin health	—	—	—	—	540 487	—	—	144 255	684 742
Retail (Pharma)	1 778 608	—	—	—	—	2 773 070	—	—	4 551 678
Managed healthcare	—	1 604 445	14 664	48 323	—	—	1 856 374	—	3 523 806
	<b>1 778 608</b>	<b>1 604 445</b>	<b>14 664</b>	<b>48 323</b>	<b>540 487</b>	<b>2 773 070</b>	<b>1 856 374</b>	<b>144 255</b>	<b>8 760 226</b>
<b>Timing of revenue recognition</b>									
Products transferred at a point in time	—	—	—	—	—	2 773 070	—	—	2 773 070
Products and services transferred over time	1 778 608	1 604 445	14 664	48 323	540 487	—	1 856 374	144 255	5 987 156
	<b>1 778 608</b>	<b>1 604 445</b>	<b>14 664</b>	<b>48 323</b>	<b>540 487</b>	<b>2 773 070</b>	<b>1 856 374</b>	<b>144 255</b>	<b>8 760 226</b>

\* Refer to Note 5 for details on the restatements.

## SUPPLEMENTARY INFORMATION OPERATING PERFORMANCE (NON-IFRS MEASURE)

	% change	Year ended 30 June 2024 R'000	Restated* Year ended 30 June 2023 R'000
Healthcare services revenue	6.0	4 639 131	4 378 300
Healthcare services operating costs	7.2	(4 038 306)	(3 766 970)
IFRS 16: Lease reversals		78 872	75 241
<b>Healthcare services operating profit</b>	(1.0)	679 697	686 571
Healthcare retail revenue	(4.8)	4 251 575	4 464 341
Healthcare retail cost of sales	6.1	(3 370 496)	(3 590 850)
Healthcare retail operating costs	1.0	(670 433)	(677 168)
<b>Healthcare retail operating profit</b>	7.3	210 646	196 323
<b>Total healthcare operating profit</b>	0.8	890 343	882 894
Loss on sale of investment		(5)	—
Fair value gains		1 769	3 669
Other income		5 186	2 570
Impairment of assets and loans		(274 265)	(27 115)
Scrapping of intangible assets		(6 060)	(5 415)
Net finance and investment income		(58 227)	(68 252)
– Finance and investment income		38 008	25 941
– Finance costs: Lease liabilities		(19 190)	(16 964)
– Finance costs		(77 045)	(77 229)
Share-based payment expense		(3 133)	(17 837)
Share of (losses)/profits from associates and joint ventures		(9 045)	14 051
<b>Profit before depreciation and amortisation</b>	(30.3)	546 563	784 565
Depreciation	(13.5)	(94 142)	(82 976)
Right of use assets depreciation	19.3	(52 747)	(65 380)
Amortisation of intangible assets	7.7	(192 690)	(208 823)
<b>Profit before taxation</b>	(51.6)	206 984	427 386
Income tax expense	0.8	(132 729)	(131 654)
<b>Profit for the year from continuing operations</b>	(74.9)	74 255	295 732
Loss on disposal of subsidiary		—	(198)
<b>Profit for the year</b>	(74.9)	74 255	295 534
Other comprehensive (loss)/income		(9 433)	8 684
<b>Comprehensive net income for the year</b>	(78.7)	64 822	304 218
<b>Attributable to:</b>			
Equity holders of the Parent		45 948	192 207
Non-controlling interest		18 874	112 011
		64 822	304 218

\* Refer to Note 5 for details on the restatements.

## COMPANY INFORMATION

### AfroCentric Investment Corporation Limited

Incorporated in the Republic of South Africa  
Registration number 1988/000570/06  
JSE Code: ACT  
ISIN: ZAE 000078416  
("AfroCentric" or "the Company" or "the Group")

### Registered Office

37 Conrad Rd Florida North Roodepoort 1709

### Sponsor

Questco Corporate Advisory Proprietary Limited

### Group Company Secretary

L Mpumlwana

### Group Investor Relations

G Dlamini  
investor-relations@afrocentric.za.com  
Tel: +27 11 671 2475

### Directors

ATM Mokgokong\*\* (Chairman)  
MJM Madungandaba\*\* (Deputy Chairman)  
GN Van Wyk\*\*\* (CEO)  
JW Boonzaaier\*\*\* (CFO)  
M Chauke\*  
MK Dippenaar\*\*  
JB Fernandes\* (Lead)  
PB Hanratty\*\*  
AM le Roux\*  
K Mkhize\*\*  
ND Munisi\*\*

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

[www.afrocentric.za.com](http://www.afrocentric.za.com)



**AfroCentric**  
GROUP  
Healthier Together

