AfroCentric GROUP

Healthier Together

2024

ANNUAL FINANCIAL STATEMENTS

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Preparation of the Annual Financial Statements

The Group Annual Financial Statements of AfroCentric Investment Corporation Limited (**AfroCentric**) for the year ended 30 June 2024 were prepared by Bongiwe Ncube CA(SA), General Manager: Group Finance, AfroCentric Investment Corporation Limited and were reviewed by Hannes Boonzaaier CA(SA), Group Chief Financial Officer of AfroCentric Investment Corporation Limited.

COMPANY INFORMATION

Registration number

1988/000570/06

Registered address

37 Conrad Road
Florida North
Roodepoort
1709

Postal address

PO Box 1101
Florida Glen
Roodepoort
1708

External Auditor

KPMG Inc.
Johannesburg

Group Company Secretary

Lebohang Mpumlwana
Tel: +27 11 671 4725

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 30 June 2024

The directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of the Group as presented on pages 18 to 109. These Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS ® Accounting Standards**), The Companies Act 71 of 2008, as amended (**the Companies Act**) and in compliance of the Memorandum of Incorporation of AfroCentric Investment Corporation Limited (**the Company**) and the JSE Limited Listings Requirements (**JSE Listings Requirements**); and include amounts based on judgements and estimates made by management.

The directors are also responsible for the Group's system of internal financial controls. The directors' responsibility includes: designing, implementing and maintaining internal financial controls relevant to the preparation and fair presentation of these annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Based on results of the reviews of the internal financial controls conducted by the internal audit function during the 2024 financial year and considering the information and explanations provided by management and discussions with the external auditor on the results of the audit, and assessed by the Audit and Risk Committee, nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of the overall system of controls has occurred during the period under review.

The going concern basis has been adopted in preparing the Annual Financial Statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on review of forecasts and budgets and available cash resources. The Annual Financial Statements support the viability of the Company and the Group. Furthermore, the Group has adequate cash resources which are in excess of the Group's funding requirements for the foreseeable future.

The financial statements have been audited by the independent auditing firm, KPMG Inc, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the Board of Directors (**the Board**) and committees of the Board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate.

The audit opinion of KPMG Inc. appears on pages 13 to 17.

The Board acknowledges its responsibility to ensure the integrity of the Annual Financial Statements. The directors confirm that they have collectively reviewed the content of this report and believe it addresses material issues and is a fair presentation of the performance of the Group.

The Annual Financial Statements have been approved by the Board and signed on 3 September 2024.

Dr Anna Mokgokong
Chairman

Hannes Boonzaaier
Group Chief Financial Officer

Gerald van Wyk
Group Chief Executive Officer

DECLARATION BY GROUP COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I declare that to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Lebohang Mpumlwana
Group Company Secretary

3 September 2024

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

for the year ended 30 June 2024

Each of the directors, whose names are stated below, hereby confirm that –

(a) the Annual Financial Statements set out on pages 18 to 109 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of International Financial Reporting Standards;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.

Gerald van Wyk
Group Chief Executive Officer

Hannes Boonzaaier
Group Chief Financial Officer

AUDIT AND RISK COMMITTEE REPORT

for the year ended 30 June 2024

DUTIES AND RESPONSIBILITIES

The Audit and Risk Committee is satisfied that it has executed its role and responsibilities in accordance with the requirements of the Companies Act, the JSE Listings Requirements and the recommendations of the King Report on Corporate Governance™ for South Africa, 2016 (**King IV**) as well as the responsibilities assigned to it as set out in the Audit and Risk Committee Terms of Reference which have been approved by the Board. The Board is satisfied that the Audit and Risk Committee has complied with these terms, and with its legal and regulatory responsibilities as set out in the Companies Act, King IV and the JSE Listings Requirements.

The primary role of the Audit and Risk Committee is to ensure the integrity of the Group's financial reporting and the audit processes, and that a sound risk management and internal control system is maintained. In pursuing these objectives, the Audit and Risk Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function. The Audit and Risk Committee consisted of three independent non-executive directors from 1 July 2023 to 30 June 2024.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee members were re-appointed at the Annual General Meeting "AGM" of the Company on 9 November 2023.

The members during the 2024 financial year were José Bruno Fernandes (**Chairperson**), Alice Marie le Roux and Mmaboshadi Chauke.

The Audit and Risk Committee members were independent of executive management during the year under review. The Group Chief Executive Officer (**CEO**), Group Chief Financial Officer (**CFO**) and Medscheme Chief Executive Officer attends meetings by invitation. Additionally, the Chief Audit Executive (**CAE**) and external audit function are invited to attend meetings and to report to the Audit and Risk Committee.

Member	Date of Appointment	Qualifications
José Bruno Fernandes	15 November 2018	CA (SA)
Alice Marie le Roux	25 May 2020	CA (SA) & RA
Mmaboshadi Chauke	1 June 2020	CA (SA)

The Board is satisfied that the members of the Audit and Risk Committee have the requisite knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations 2011 to equip the committee to perform its functions.

Shareholders will be requested to approve the appointment and/or reappointment of the members of the Audit and Risk Committee at the AGM scheduled for 7 November 2024.

ATTENDANCE OF MEETINGS

The attendance of Audit and Risk Committee members at its meetings during the financial year was as follows:

Member	Attendance
José Bruno Fernandes	5/5
Alice Marie le Roux	4/5
Mmaboshadi Chauke	5/5

The Audit and Risk Committee performs the duties set out in section 94(7) of the Companies Act, holding sufficient scheduled meetings to discharge its duties, subject to a minimum of four meetings per year. Additional ad-hoc meetings are held as and when required. During the year, five committee meetings were held and, where relevant, unrestricted access was granted to the external auditors.

AUDIT AND RISK COMMITTEE REPORT continued

for the year ended 30 June 2024

RESPONSIBILITIES

The Audit and Risk Committee is guided by the Audit and Risk Committee Terms of Reference and any amendments thereto are approved by the Board. The Audit and Risk Committee Terms of Reference incorporates the specific responsibilities outlined in the Companies Act and the JSE Listings Requirements. A separate internal Audit and Risk Committee has been established for the Group's Pharma-Cluster which meets on a quarterly basis and reports back to the Group Audit and Risk Committee.

It is the duty of the Audit and Risk Committee to undertake, *inter alia*, the following:

- Approve the audit strategy and recommend the audit fee for approval;
- Review the nature of and approve the fees for non-audit services;
- Assess the effectiveness of the CAE and the work and processes of the internal audit function;
- Satisfy itself with the appropriateness of the expertise and experience of the CFO;
- Review and approve the interim and year-end results and announcements, and recommend them to the Board for approval;
- Review and approve the consolidated and separate audited annual financial statements, the integrated annual report, and all other widely distributed financial documents and announcements, and recommend these to the Board for approval;
- Review and approve all major accounting policy decisions;
- Review and approve the risk register and the risk appetite statement;
- Review and confirm the updated authority levels;
- Assess the Group's position on contingent liabilities and other claims at financial year-end; and
- Review policies and procedures for preventing and detecting fraud.

EXECUTION OF AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Audit and Risk Committee discharged all responsibilities and functions delegated to it in terms of the Audit and Risk Committee Terms of Reference, the Companies Act, King IV and the JSE Listings Requirements.

During the year, the Audit and Risk Committee:

In respect of the external auditors:

- Considered and satisfied itself that the external audit firm and its engagement partner are independent;
- Considered and satisfied itself with respect to the Auditor Suitability Review required by the JSE Listings Requirements;
- Agreed to the terms of engagement, in consultation with executive management;
- Approved the fees paid to the external auditor for the 2024 financial year;
- Considered and recommended the audit plan and budgeted audit fee to the Board for approval;
- Held separate meetings with the external auditors in certain instances to discuss key audit matters;
- Ensured that the appointment of the new external auditors complies with the provisions of the Companies Act, paragraph 3.84(g)(iii) of the JSE Listings Requirements, and any other legislation relating to the appointment of the auditors;
- Evaluated external auditor responses to the request for proposals for the appointment of the new external auditor for the Group;
- Recommended the appointment of new external auditors to commence in the 2024 financial year, with such appointment confirmed at the 2023 Annual General Meeting; and
- The Audit and Risk Committee chairperson held separate meetings with the external auditors prior to Audit and Risk Committee meetings.

AUDIT AND RISK COMMITTEE REPORT continued

for the year ended 30 June 2024

In respect of financial reporting:

- Reviewed the current performance and future requirements for the financial management of the Group and concluded that the current finance team has the appropriate skills and expertise required to fulfil the finance function;
- Also considered the appropriateness and experience of the Group Chief Financial Officer, Hannes Boonzaaier, as required by the JSE Listings Requirements;
- Reviewed the audited separate and consolidated annual financial statements;
- Ensured that appropriate financial reporting procedures exist and are effective;
- Reviewed the appropriateness of any amendments to accounting policies and internal financial controls; and
- Reviewed the integrated reporting process.

The Audit and Risk Committee has assessed the Group's accounting policies and the consolidated financial statements for the year ended 30 June 2024 and is satisfied that they comply in all material aspects with IFRS ®Accounting Standards, the requirements of the Companies Act and the JSE Listings Requirements.

The Audit and Risk Committee recommended the Group Financial Statements for approval by the Board.

In respect of the internal audit:

- Approved the internal audit plan for the year;
- Monitored and provided oversight of the internal audit function; and
- The Audit and Risk Committee chairperson held separate meetings with the CAE prior to Audit and Risk Committee meetings.

AfroCentric Group has established and maintains internal controls and procedures, which are reviewed on a regular basis by internal audit, which then reports to the Audit and Risk Committee in order to manage the risk of business failures and to provide reasonable assurance against such failures. However, this is not a guarantee that such risks are eliminated.

In respect of Information Technology governance:

- Monitored the Group's technology governance framework and processes including that of system stability and information security;
- Reviewed and monitored the outcome of penetration tests conducted and mitigation of cybersecurity risks; and
- Monitored the Information and communication technology (**ICT**) risk management and compliance universe.

COMBINED ASSURANCE

The Audit and Risk Committee is of the view that the framework in place for combined assurance is adequate and is achieving the objective of an effective integrated approach, across the disciplines of risk management, compliance, and audit.

José Bruno Fernandes
Chairperson of the Audit & Risk Committee
3 September 2024

DIRECTORS' REPORT

for the year ended 30 June 2024

The directors have pleasure in presenting their report on the consolidated and separate financial statements of AfroCentric for the year ended 30 June 2024.

NATURE OF BUSINESS

AfroCentric Group is a JSE-listed investment holding company which operates in and provides specialised services to the public and private healthcare sectors, making quality healthcare more accessible and affordable to members and beneficiaries in both 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 successfully broadened its interests in the industry by continuing to pursue new opportunities to expand and rationalise its presence across the healthcare sector.

The consolidated annual financial statements as at 30 June 2024 and for the year then ended, comprise AfroCentric and its subsidiaries (**i.e. the Group**), and the Group's, investments in associates and joint ventures.

AFROCENTRIC SHARED VALUE

The Group's operating subsidiaries continue to provide value-added complementary services to its traditional medical scheme clients as part of the Group's strategy. Through this, the Group continues to preserve shareholder value and provide solutions to healthcare client needs. This has further enabled us to understand both our clients and competitor environment, and we can confirm that the Group is geared towards being sustainable into the future.

Our strategy is to optimise our Group's products and services in order to offer organisations and medical aid scheme members a seamless healthcare service. As part of our growth strategy, the Group contributes to South Africa's sustainable health and welfare by investing in healthcare-related businesses that grow and diversify its revenue sources. We remain passionate about promoting access to care and supporting meaningful progress in the universal healthcare journey.

With the Sanlam Group owning 59% of AfroCentric, the broad goals include sharing of assets and capabilities, and developing a complete and integrated client value proposition for retail and corporate clients.

The long-term synergies include, *inter alia:*

- Improving client experiences by offering a complete product value proposition ranging from health to wealth, and insurance protection;
- A new holistic corporate wellness model that partners with client schemes as well as Sanlam Corporate Services;
- Growth and retention in client scheme membership; and
- Growth and retention in Gap and Primary Health Insurance (**PHI**) books.

DEVELOPMENTS

During the financial year, AfroCentric Health (RF) Proprietary Limited acquired the remaining 49% shares in Essential Group Proprietary Limited, effective 22 February 2024. Refer to Note 16 for further details.

FINANCIAL RESULTS

Group consolidated total income increased by 0.69% to R8 936 million (2023: R8 875 million).

Group headline earnings increased by 54.07% to R334.8 million (2023: R217.3 million).

Profit before tax decreased by (51.57%) to R207.0 million (2023: R427.4 million).

Profit for the year decreased by (74.86%) to R74.3 million (2023: R295.5 million).

GOING CONCERN

The Group Annual Financial Statements have been prepared on a going concern basis. The Board performed a review of the Group's ability to continue as a going concern in the foreseeable future and therefore, based on this review, considers the preparation of the Annual Financial Statements on this basis to be appropriate.

DIRECTORS' REPORT continued

for the year ended 30 June 2024

DIVIDENDS

The Group declared a gross dividend of 11 cents per share during the current year. Refer to Note 26 for further details.

SHARE CAPITAL

The Company's share capital increased to 841 088 241 ordinary shares in the year under review. As per section 38 of the Companies Act, the Board may resolve to issue shares of the Company at any time, but only within the classes, and to the extent, that the shares have been authorised by or in terms of the Company's Memorandum of Incorporation.

The directors are authorised, by resolution of the shareholders and until the forthcoming Annual General Meeting (**AGM**), to issue the unissued shares in accordance with the limitation set by AGM resolutions.

SHARE REPURCHASES

During the year, no share repurchases were made by the Company.

AUDIT AND RISK COMMITTEE

The information relating to the Audit and Risk Committee is set out on pages 3 to 5.

DIRECTORS

The table below sets out the directors of AfroCentric for the year ended 30 June 2024.

Directors' name	Date of appointment	Designation
Dr ATM Mokgokong (**Chairman**)	10 June 2010	Non-executive
MJ Madungandaba	10 June 2010	Non-executive
JB Fernandes	23 November 2018	Lead Independent Non-executive
AM le Roux	25 May 2020	Independent Non-executive
M Chauke	1 June 2020	Independent Non-executive
JW Boonzaaier	8 January 2015	Executive – salaried
A Banderker*	15 December 2015	Executive – salaried
GN Van Wyk	1 August 2023	Executive – salaried
WH Britz**	1 August 2015	Non-executive
Dr ND Munisi	7 December 2015	Non-executive
K Mkhize	20 June 2022	Non-executive
PB Hanratty	12 June 2023	Non-executive
MK Dippenaar	12 June 2023	Non-executive

* *Resigned 31 October 2023.*

** *Resigned 1 February 2024.*

During the year under review, no material contracts in which directors have an interest were entered into which significantly impacted the business of the Company, other than those disclosed in Note 29 of the annual financial statements.

Directors' ordinary shareholdings as at 30 June 2024

DIRECTOR	Direct beneficial	Indirect beneficial	Total	%
ATM Mokgokong (**Chairman**)	–	33 344 402	33 344 402	3.96
MJ Madungandaba	–	41 509 017	41 509 017	4.94
JW Boonzaaier	739	–	739	0.00
ND Munisi	7 000	37 124 619	37 131 619	4.41
AM le Roux	17 924	–	17 924	0.00
	25 663	111 978 038	112 003 701	13.31

There were no changes in the directors' interests between the end of the financial year and date of approval of annual financial statements.

DIRECTORS' REPORT continued

for the year ended 30 June 2024

Directors' ordinary shareholdings as at 30 June 2023

DIRECTOR	Direct beneficial	Indirect beneficial	Total	%
Dr ATM Mokgokong (Chairman)	–	33 344 402	33 344 402	4.04
MJ Madungandaba	–	41 509 017	41 509 017	5.03
A Banderker	232 258	–	232 258	0.03
JW Boonzaaier	739	–	739	0.00
WH Britz	13 357 287	13 479 468	26 836 755	3.25
Dr ND Munisi	7 000	37 124 619	37 131 619	4.50
AM le Roux	17 924	–	17 924	0.00
	13 615 208	125 457 506	139 072 714	16.85

DIRECTORS' REMUNERATION

Remuneration of Executive and Non-executive Directors

Details of the remuneration are set out in Note 20 of the Group Financial Statements.

Remuneration of Non-executive Directors and Board Committee members

Non-executive Directors received the following total remuneration in the year under review:

DIRECTOR	Fees R'000
Dr ATM Mokgokong (**Chairman**)	1 847
MJ Madungandaba	2 091
M Chauke	675
MK Dippenaar	409
JB Fernandes	1 247
PB Hanratty*	–
AM le Roux	735
K Mkhize*	–
Dr ND Munisi	599
WH Britz**	298

* *Sanlam Group executive directors do not get remunerated for their services as directors on the AfroCentric board of directors.*

** *Mr. Britz resigned as an executive director of AfroCentric, effective 10 March 2022 but remained on the AfroCentric Board as a non-executive director until 1 February 2024.*
Due to the effective date of Mr. Britz's resignation as an executive director not falling on the last working day of a calendar month, he was erroneously paid his full salary for March 2022. This resulted in an overpayment of R249 954.
During his tenure as a non-executive director of AfroCentric, Mr. Britz was owed Board fees amounting to R547 659 which amount was outstanding as at the date of his resignation as a non-executive director. On 23 June 2024, an amount of R297 706 was paid to Mr Britz in settlement of the outstanding Board fees less the March 2022 salary overpayment

The director's remuneration highlighted above reflects their total gross directors' fees received across various subsidiaries within the Group.

DIRECTORS' REPORT continued

for the year ended 30 June 2024

Remuneration of the five highest paid subsidiary executives as at 30 June 2024 who are not directors of AfroCentric

EMPLOYEE	Annual cost to company and incentives R'000
AD Schwulst	8 833
AA Mahmood	4 071
MV Makoe	3 394
FV Nompumza	3 016
S Mbele	3 016

Remuneration of the five highest paid subsidiary executives as at 30 June 2023 who are not directors of AfroCentric

EMPLOYEE	Annual cost to company and incentives R'000
AA Mahmood	5 919
J van Rooyen	5 698
T du Preez	4 004
G Erasmus	3 745
MV Makoe	3 314

LITIGATION STATEMENT

In terms of the JSE Listings Requirements, the directors note that they are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position, apart from the matters per Note 28 of the Financial Statements.

BORROWING POWERS

In terms of the Memorandum of Incorporation, the borrowing powers of the Company are unlimited. The Company has no restrictive funding arrangements.

INSURANCE

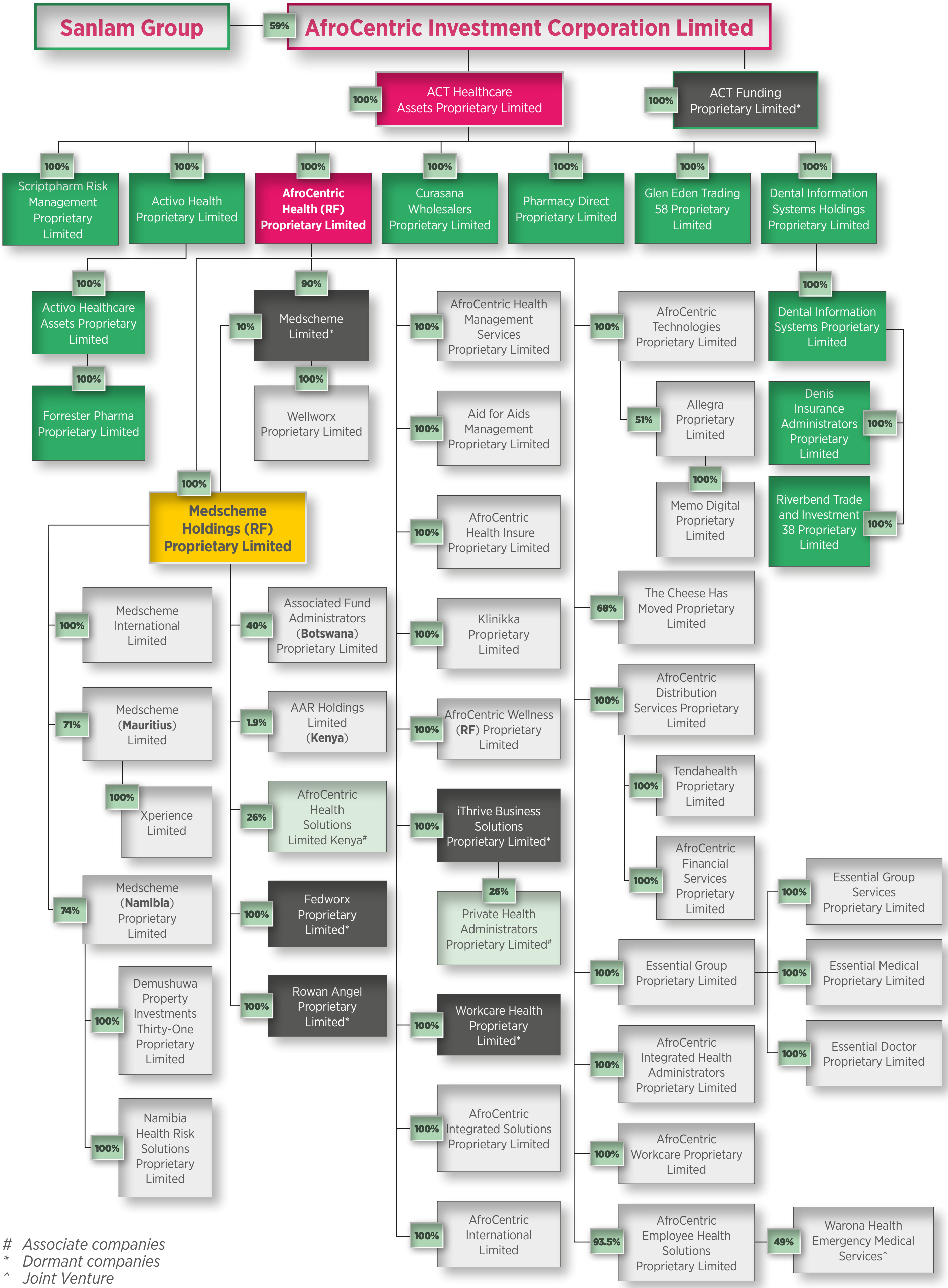
The Group protects itself and the directors against crime and civil liability by maintaining a comprehensive insurance policy and ensuring that professional indemnity is in place.

COMPLIANCE

Other than late filing of annual returns to the Companies and Intellectual Property Commission (**CIPC**) for certain subsidiaries, no events or actions during the financial year have led to the Group being non-compliant with the required laws and regulations relevant to the individual business units.

EXTERNAL AUDITOR

KPMG Inc. served as external auditor of the Group for the 2024 financial year.



 # Associate companies
** Dormant companies*
^ Joint Venture

SHAREHOLDERS' ANALYSIS

for the year ended 30 June 2024

ORDINARY SHAREHOLDERS

SHAREHOLDER SPREAD	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
1 – 1 000 shares	6 429	74.39	522 572	0.06
1 001 – 10 000 shares	1 489	17.23	6 793 356	0.81
10 001 – 100 000 shares	638	7.38	16 695 610	1.99
100 001 – 1 000 000 shares	63	0.73	19 609 739	2.33
1 000 001 – shares and over	23	0.27	797 466 964	94.81
TOTAL	8 642	100.00	841 088 241	100.00

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
Banks/Brokers	20	0.23	22 821 480	2.71
Close Corporations	10	0.12	572 221	0.07
Empowerment Trust	1	0.01	4 779 466	0.57
Endowment Funds	4	0.05	307 876	0.04
Individuals	8 365	96.79	44 744 127	5.32
Insurance Companies	5	0.06	210 937	0.03
Investment Company	1	0.01	62 912 483	7.48
Mutual Funds	11	0.13	4 672 623	0.56
Other Corporations	10	0.12	955 280	0.11
Private Companies	77	0.89	166 624 910	19.81
Public Companies	2	0.02	1 002	0.00
Retirement Funds	6	0.07	1 095 195	0.13
Sovereign Wealth Fund	1	0.01	5 281 860	0.63
Strategic Investor	1	0.01	494 431 629	58.78
Treasury Shares	5	0.06	24 458 356	2.91
Trusts	123	1.42	7 218 796	0.86
TOTAL	8 642	100.00	841 088 241	100.00

PUBLIC/NON-PUBLIC SHAREHOLDER SPREAD	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
2024				
NON-PUBLIC SHAREHOLDERS	14	0.16	630 893 829	75.00
Directors and associates of the Company	8	0.09	112 003 844	13.31
Treasury shares*	5	0.06	24 458 356	2.91
Strategic holder (more than 10%)	1	0.01	494 431 629	58.78
PUBLIC SHAREHOLDERS	8 628	99.84	210 194 412	25.00
TOTAL	8 642	100.00	841 088 241	100.00

* *The treasury shares include 12 995 532 shares issued in the current financial year for employees in terms of the new forfeitable share plan relating to 2023 allocations.*

SHAREHOLDERS' ANALYSIS continued

for the year ended 30 June 2024

PUBLIC/NON-PUBLIC SHAREHOLDER SPREAD	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
2023				
NON-PUBLIC SHAREHOLDERS	18	0.21	644 601 562	78.13
Directors and associates of the Company	12	0.14	139 072 714	16.85
Treasury shares*	4	0.05	11 097 219	1.35
Strategic holder (more than 10%)	2	0.02	494 431 629	59.93
PUBLIC SHAREHOLDERS	8 416	99.79	180 451 149	21.87
TOTAL	8 434	100.00	825 052 711	100.00

* *The treasury shares include 9 735 000 shares issued in the current financial year in terms of the new forfeitable share plan for employees relating to the 2022 allocations.*

MAJOR SHAREHOLDERS HOLDING MORE THAN 5% OF THE ISSUED SHARE CAPITAL	Number of shares	% of total shares in issue
2024		
Sanlam Life Insurance Limited	494 431 629	58.78
Community Healthcare Holdings Proprietary Limited	74 098 672	8.81
ARC Financial Services Investments Proprietary Limited	62 912 483	7.48
TOTAL	631 442 784	75.07

MAJOR SHAREHOLDERS HOLDING MORE THAN 5% OF THE ISSUED SHARE CAPITAL	Number of shares	% of total shares in issue
2023		
Sanlam Group	494 454 340	59.93
Community Healthcare Holdings Proprietary Limited	74 098 672	8.98
ARC Financial Services Investments Proprietary Limited	62 433 537	7.57
TOTAL	630 986 549	76.48

TOP 10 INSTITUTIONAL SHAREHOLDERS	Number of shares	% of total shares in issue
2024		
Sanlam Life Insurance Limited	494 431 629	58.78
Visio Capital Management Proprietary Limited	31 066 198	3.69
Definitive Capital Management Proprietary Limited	3 911 741	0.47
Peresec Prime Brokers	763 387	0.09
Mergence Investment Managers	555 643	0.07
Umthombo Wealth	508 313	0.06
Nedbank Private Wealth	364 912	0.04
Pershing Securities	328 114	0.04
Barnard Jacobs Mellet	244 641	0.03
TOTAL	532 174 578	63.27

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AFROCENTRIC INVESTMENT CORPORATION LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of the AfroCentric Investment Corporation Limited (**The Group and Company**) set out on pages 18 to 109, which comprises of the consolidated and separate statements of financial position as at 30 June 2024, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of AfroCentric Investment Corporation Limited as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (**IFRS Accounting Standards**); the JSE Listing Requirements and the Companies Act, No 71 of 2008 of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (**ISAs**). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (**IRBA Code**) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (**including International Independence Standards**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in terms of our separate financial statements.

INDEPENDENT AUDITOR'S REPORT continued

Impairment of goodwill

Refer to the consolidated financial statements notes for more detail:

- Note 1(f)(i): Material accounting policies
- Note 2(a): Material accounting estimates and assumptions – Impairment of goodwill; and
- Note 7: Intangible assets.

Key audit matter	How the matter was addressed in our audit
The Group's goodwill amounts to R1.33 billion as at 30 June 2024. Management determined the recoverable amount of the various cash-generating units (**"CGUs"**) as being the higher of fair value less costs to sell or value in use. The value in use of the CGUs was calculated by management through the discounting of the best estimate of future cash flows attributable to the CGUs. The key assumptions and significant judgements used by management in the calculation of the value in use were as follows: (a) The estimated revenues to be earned from the CGUs; (b) The discount rate that takes into account the yield on government bonds, Beta, risk adjustment factors and a market risk premium; (c) Forecast period; and (d) An average growth rate, based on past performance and management's expectations of future earnings. We considered the goodwill impairment assessment to be a matter of most significance to the current year audit due to the: • Significant judgments in management's calculation of the value in use of the CGUs; and • Magnitude of the goodwill balance in the consolidated financial statements.	We performed the procedures below, with the support of our own valuation experts over management's impairment tests: • Assessed the composition of future cash flow forecasts and the underlying management assumptions by evaluating: - the accuracy of previous forecasts of the CGU by comparing the budgets of previous financial years with actual results and by analysing deviations; - the consistency with external market and industry resources; - the basis for assumptions inherent in the cashflow projections assessing the reasonability of assumptions based on the business and the economic conditions expected to exist over the forecast period; and - the cash flows to ensure that they are in nominal terms and the appropriateness of the discount rate. • Recalculated the growth rate applied to the cash flows based on the years covered by management's approved budgets; • Assessed the basis for the discount rates used and considered the risks specific to the future cash flows and whether these are included in the discount rates; • Recalculated the carrying amount of the goodwill related to the CGUs with reference to underlying documentation, including financial information • Challenged management's valuation analyses by performing our own sensitivity analyses based on independent inputs for key valuation assumptions; • Assessed the reasonableness of the recoverable amount calculations performed by management, compared and concluded on the differences between management's valuation results and our internal valuation expert results.

INDEPENDENT AUDITOR'S REPORT continued

Capitalisation of development costs relating to internally generated software and impairment assessment of internally generated software

Refer to the consolidated financial statements notes for detail:

- Note 1(f)(iv): Material accounting policies
- Note 1(g)(i): Impairment of non-financial assets; and
- Note 2(h): Material accounting estimates and assumptions - impairment of internally generated software;
- Note 7: Intangible assets.

Key audit matter

The Group's internally generated computer software balance of R969 million as at 30 June 2024 includes current year capitalised internally generated software (**"software"**) amounting to R151 million. Management considers these capitalised costs to be clearly associated with identifiable products which will be controlled by the Group.

In capitalising these development costs, management considers whether the criteria in IAS 38, Intangible Assets is met and development expenditure that does not meet the above criteria are recognised as an expense in the consolidated statement of profit or loss as these are incurred.

The Group's policy is to perform an annual impairment assessment using a discounted cash flow forecast on all software, regardless of whether an indication of impairment exists.

Key assumptions applied by management in the cashflow forecast included the following:

(a) The estimated revenues to be earned from the use of the assets and the period over which those revenues are projected;

(b) The discount rate; and

(c) Risk adjustment factors used in deriving an appropriate discount rate applied to future estimated cash flows.

We considered the capitalisation of development costs relating to software and the impairment assessment of the software to be a matter of most significance to the current year audit due to the:

- Significant judgements management applied in assessing whether direct development costs such as employee expenses and contractor costs of the system development team met the recognition criteria in IAS 38 for capitalisation as an asset;
- Recoverability of these assets is based on forecasting and discounting future cash flows which involves a high degree of judgement by management; and
- Magnitude of capitalised development costs in the consolidated financial statements.

How the matter was addressed in our audit

With the assistance of our own valuations experts, we have performed the following procedures to assess the overall reasonableness of Management's assertions as to the value-in use estimates:

- We reviewed the methodology being used to determine recoverable value and whether it is appropriate per IAS 36.
- We have assessed whether the terminal growth rate and value is reasonable.
- We have assessed whether cash flows have been correctly discounted to the valuation date.
- We assessed whether cash flows are real or nominal and that the discount rate and terminal growth rate used are on a consistent basis.
- We assessed the basis of the discount rate used by:
  - Assessing whether the risk specific to the future cash flows are included in the discount rate.
  - Assessing whether the risk specific to the future cash flow estimates that had been adjusted, are not duplicated in the discount rates.

We performed the following procedures to assess the overall reasonableness of the capitalisation of development costs:

- We obtained the internally generated software listing and agreed the total to the trial balance to ensure it is complete.
- We selected a sample of additions of capitalised development costs using statistical sampling method and vouched to corresponding invoices and earnings report.
- We obtained the timesheet report to recalculate the percentage of enhancement hours which support the percentage of development costs capitalised.

INDEPENDENT AUDITOR'S REPORT continued

Other matter

The consolidated and separate financial statements of the Group and Company as at and for the year ended 30 June 2023, were audited by another auditor who expressed an unmodified opinion on the consolidated and separate financial statements on 18 September 2023.

Other information

The directors are responsible for the other information. The other information comprises of the information included in the document titled "AfroCentric Investment Corporation Limited consolidated and separate Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report, the Audit Committee Report and the Company Secretary Certificate as required by the Companies Act No 71 of 2008 of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (**IFRS Accounting Standards**); JSE Listing Requirements and the requirements of the Companies Act, No 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance that the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of AfroCentric Investment Corporation Limited for one year.

KPMG Inc.
Registered Auditor

KPMG Inc.

Per Z.A Beseti
Chartered Accountant (SA)
Registered Auditor
Director
KPMG Crescent
85 Empire Road
Parktown
2193
South Africa
3 September 2024

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 30 June 2024

		Group			Company	
	Notes	2024 R'000	Restated* 2023 R'000	Restated* 1 July 2022 R'000	2024 R'000	2023 R'000
ASSETS						
NON-CURRENT ASSETS						
Property and equipment	5.1	**591 652**	647 871	697 618	**–**	–
Right of use assets	5.3	**142 572**	191 065	147 964	**–**	–
Investment property	6	**12 500**	10 731	7 631	**–**	–
Intangible assets	7	**2 804 199**	3 045 541	3 076 336	**–**	–
Investments in associates and joint ventures	9	**8 732**	49 148	33 340	**–**	–
Investment in subsidiaries	10	**–**	–	–	**1 847 163**	1 847 163
Deferred tax assets	11	**132 015**	82 881	77 072	**–**	–
Other financial assets	13	**27 719**	39 928	19 117	**–**	–
Insurance contract assets	35	**67 644**	69 978	56 154	**–**	–
Deferred payment assets		**3 673**	4 427	–	**–**	–
TOTAL NON-CURRENT ASSETS		**3 790 706**	4 141 570	4 115 232	**1 847 163**	1 847 163
CURRENT ASSETS						
Inventories	12	**449 079**	444 562	431 764	**–**	–
Trade and other receivables	8.2	**786 276**	740 695	724 321	**4 887**	17 580
Current tax assets		**53 235**	43 640	27 235	**–**	18
Cash and cash equivalents	8.3	**330 259**	189 763	138 589	**4 274**	3 755
TOTAL CURRENT ASSETS		**1 618 849**	1 418 660	1 321 909	**9 161**	21 353
TOTAL ASSETS		**5 409 555**	5 560 230	5 437 141	**1 856 324**	1 868 516

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION continued

as at 30 June 2024

		Group			Company	
	Notes	2024 R'000	Restated* 2023 R'000	Restated* 1 July 2022 R'000	2024 R'000	2023 R'000
EQUITY AND LIABILITIES						
EQUITY						
Issued share capital	14.1	**21 324**	21 294	18 909	**21 324**	21 294
Share premium	14.2	**2 537 411**	2 525 687	1 094 876	**2 537 411**	2 525 687
Retained income/(Accumulated loss)		**793 605**	859 637	1 245 500	**(815 472)**	(763 849)
Other reserves	15	**17 656**	36 684	23 085	**24 468**	34 115
Capital contribution by non-controlling interest		**–**	–	55 874	**–**	–
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**3 369 996**	3 443 302	2 438 244	**1 767 731**	1 817 247
Non-controlling interests	16	**31 189**	55 950	987 772	**–**	–
TOTAL EQUITY		**3 401 185**	3 499 252	3 426 016	**1 767 731**	1 817 247
LIABILITIES						
NON-CURRENT LIABILITIES						
Deferred tax liabilities	11	**259 628**	223 131	242 367	**–**	–
Other liabilities	37	**1 680**	18 795	18 886	**–**	–
Lease liabilities	8.6	**111 750**	176 683	127 790	**–**	–
Borrowings	8.5	**569 853**	528 005	531 082	**–**	–
Loans from group company	8.7	**–**	–	–	**78 700**	38 474
Contingent consideration	31	**–**	–	75 798	**–**	–
TOTAL NON-CURRENT LIABILITIES		**942 911**	946 614	995 923	**78 700**	38 474
CURRENT LIABILITIES						
Employment benefit liabilities	17	**182 347**	106 276	143 122	**–**	–
Trade and other payables	8.4	**749 849**	627 283	647 820	**9 871**	12 795
Current tax liabilities		**9 374**	9 031	19 161	**22**	–
Lease liabilities	8.6	**65 336**	67 644	68 610	**–**	–
Borrowings	8.5	**58 553**	120 000	120 000	**–**	–
Deferred payment		**–**	–	14 139	**–**	–
Bank overdraft	8.3	**–**	104 007	2 350	**–**	–
Contingent consideration	31	**–**	80 123	–	**–**	–
TOTAL CURRENT LIABILITIES		**1 065 459**	1 114 364	1 015 202	**9 893**	12 795
TOTAL LIABILITIES		**2 008 370**	2 060 978	2 011 125	**88 593**	51 269
TOTAL EQUITY AND LIABILITIES		**5 409 555**	5 560 230	5 437 141	**1 856 324**	1 868 516

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Notes	Group 2024 R'000	Group Restated* 2023 R'000	Company 2024 R'000	Company 2023 R'000
Revenue from contracts with customers	18 & 34.4	**8 794 671**	8 760 226	**–**	–
Dividends received	20	**–**	105	**92 500**	107 078
Fair value gains	20	**1 769**	3 669	**–**	–
Insurance revenue	35	**96 035**	82 415	**–**	–
Insurance finance income	35 & 21	**6 731**	4 092	**–**	–
Finance income	21	**31 277**	21 745	**324**	275
Other income		**5 187**	2 570	**–**	2 570
TOTAL INCOME		**8 935 670**	8 874 822	**92 824**	109 923
Cost of pharmaceutical products and finished goods	19	**(2 030 276)**	(2 125 074)	**–**	–
Cost of distribution of pharmaceutical products	19	**(71 624)**	(78 376)	**–**	–
Employee benefit costs	20	**(2 699 057)**	(2 445 087)	**(4 634)**	(2 648)
Other expenses	20 & 34.4	**(1 131 576)**	(1 118 182)	**(41 175)**	(35 039)
Capitation costs	20	**(1 645 000)**	(1 772 982)	**–**	–
Insurance service expense	35	**(90 100)**	(73 081)	**–**	–
Amortisation	7 & 20	**(192 690)**	(208 823)	**–**	–
Rent and property costs	20	**(123 050)**	(109 102)	**–**	–
Right of use asset depreciation	5.3 & 20	**(52 747)**	(65 380)	**–**	–
Depreciation	5.1 & 20	**(94 142)**	(82 976)	**–**	–
IT costs	20	**(212 819)**	(255 701)	**(32)**	–
Write-off of intangibles	7 & 20	**(6 060)**	(5 415)	**–**	–
Impairment of intangible assets	7.2 & 20	**(230 835)**	–	**–**	–
Impairment of property and equipment	5.2 & 20	**(26 611)**	(25 000)	**–**	–
Impairment of investment in associates	9 & 20	**(14 661)**	–	**–**	–
Impairment of loans	9 & 20	**(2 158)**	(2 115)	**–**	–
Share of (losses)/profits from associates and joint ventures	9	**(9 045)**	14 051	**–**	–
Interest on lease liabilities	8.6	**(19 190)**	(16 964)	**–**	–
Finance costs	21	**(77 045)**	(77 229)	**(6 064)**	(2 113)
PROFIT BEFORE TAX	20	**206 984**	427 386	**40 919**	70 123
Income tax expense	22	**(132 729)**	(131 654)	**(22)**	(54)
Loss on disposal of subsidiaries		**–**	(198)	**–**	–
PROFIT FOR THE YEAR		**74 255**	295 534	**40 897**	70 069
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Owners of Parent		**55 381**	183 523	**40 897**	70 069
Non-controlling interest	16	**18 874**	112 011	**–**	–
		74 255	295 534	**40 897**	70 069

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME continued

for the year ended 30 June 2024

	Notes	Group 2024 R'000	Group Restated* 2023 R'000	Company 2024 R'000	Company 2023 R'000
PROFIT FOR THE YEAR		**74 255**	295 534	**40 897**	70 069
OTHER COMPREHENSIVE (EXPENSE)/INCOME					
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS					
TOTAL OTHER COMPREHENSIVE EXPENSE THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		**(52)**	(103)	**–**	–
Remeasurement of post-employment benefit obligations	20	**(71)**	(141)	**–**	–
Income tax relating to these items	22	**19**	38	**–**	–
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS					
TOTAL OTHER COMPREHENSIVE (EXPENSE)/ INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS		**(9 381)**	8 787	**–**	–
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS					
Foreign exchange (losses)/gains		**(7 851)**	7 257	**–**	–
CASH FLOW HEDGES					
(Losses)/gains on cash flow hedges		**(1 530)**	1 530	**–**	–
TOTAL OTHER COMPREHENSIVE (EXPENSE)/ INCOME NET OF TAX		**(9 433)**	8 684	**–**	–
TOTAL COMPREHENSIVE INCOME		**64 822**	304 218	**40 897**	70 069
COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Comprehensive income, attributable to owners of parent		**45 948**	192 207	**40 897**	70 069
Comprehensive income, attributable to non-controlling interests	16	**18 874**	112 011	**-**	-
		64 822	304 218	**40 897**	70 069
EARNINGS PER SHARE (CENTS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
BASIC EARNINGS PER SHARE					
Basic earnings per share	23	**6.67**	30.70	**–**	–
TOTAL BASIC EARNINGS PER SHARE		**6.67**	30.70	**–**	–
DILUTED EARNINGS PER SHARE					
Diluted earnings per share	23	**6.51**	29.57	**–**	–
TOTAL DILUTED EARNINGS PER SHARE		**6.51**	29.57	**–**	–

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2024

		Group						
	Notes	Ordinary share capital R'000	Share premium R'000	Other reserves R'000	Capital contri-bution by non-controlling interest R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
BALANCE AT 30 JUNE 2022 AS PREVIOUSLY REPORTED		18 909	1 094 876	23 085	55 874	1 245 965	987 772	3 426 481
IFRS 17 transition restatement	34.2	–	–	–	–	(465)	–	(465)
BALANCE AT 30 JUNE 2022 RESTATED		18 909	1 094 876	23 085	55 874	1 245 500	987 772	3 426 016
BALANCE AT 1 JULY 2022 AS RESTATED		18 909	1 094 876	23 085	55 874	1 245 500	987 772	3 426 016
CHANGES IN EQUITY								
Profit for the year		–	–	–	–	183 523	112 011	295 534
Other comprehensive income/(expense)		–	–	8 787	–	(103)	–	8 684
Issue of equity – share based payment awards exercised	14 & 15	30	14 157	(14 187)	–	–	–	–
Dividend recognised as distributions to shareholders	26	–	–	–	–	(98 235)	(65 593)	(163 828)
(Decrease)/increase through treasury shares		(10)	–	1 162	–	(1 162)	–	(10)
Decrease through changes in ownership interests in subsidiaries		–	–	–	–	(525 760)	(978 240)	(1 504 000)
Increase through share-based payment transactions	15	–	–	17 837	–	–	–	17 837
Increase through additional issue of shares	14	2 365	1 416 654	–	–	–	–	1 419 019
Reclassification of capital contribution by non-controlling interest to retained earnings		–	–	–	(55 874)	55 874	–	–
BALANCE AT 30 JUNE 2023 AS RESTATED		21 294	2 525 687	36 684	–	859 637	55 950	3 499 252
BALANCE AT 1 JULY 2023		21 294	2 525 687	36 684	–	859 637	55 950	3 499 252
CHANGES IN EQUITY								
Profit for the year		–	–	–	–	55 381	18 874	74 255
Other comprehensive Expense		–	–	(9 381)	–	(52)	–	(9 433)
Issue of equity – share-based payment awards exercised	14 & 15	30	11 724	(11 754)	–	–	–	–
Dividend recognised as distributions to shareholders	26	–	–	–	–	(92 520)	(26 581)	(119 101)
Decrease through changes in ownership interests in subsidiaries	26 & 16	–	–	–	–	(28 841)	(17 054)	(45 895)
Increase through share-based payment transactions	15	–	–	3 133	–	–	–	3 133
Increase through share-based payment transactions-prior year	15	–	–	(1 026)	–	–	–	(1 026)
BALANCE AT 30 JUNE 2024		21 324	2 537 411	17 656	–	793 605	31 189	3 401 185
Note		14	14					

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY continued

for the year ended 30 June 2024

	Notes	Company				
		Ordinary share capital R'000	Share premium R'000	Other reserves R'000	Accumulated loss R'000	Total R'000
BALANCE AT 1 JULY 2022		18 909	1 094 876	30 465	(735 520)	408 730
CHANGES IN EQUITY						
Issue of equity – share-based payment awards exercised	14	30	14 157	(14 187)	–	–
Profit for the year		–	–	–	70 069	70 069
Dividend recognised as distributions to shareholders	26	–	–	–	(98 398)	(98 398)
Increase through additional issue of shares		2 365	1 416 654	–	–	1 419 019
Increase through share-based payment transactions	14	–	–	17 837	–	17 837
Decrease through treasury share transactions		(10)	–	–	–	(10)
BALANCE AT 30 JUNE 2023		21 294	2 525 687	34 115	(763 849)	1 817 247
BALANCE AT 1 JULY 2023		21 294	2 525 687	34 115	(763 849)	1 817 247
CHANGES IN EQUITY						
Profit for the year		**–**	**–**	**–**	**40 897**	**40 897**
Dividend recognised as distributions to shareholders	26	**–**	**–**	**–**	**(92 520)**	**(92 520)**
Issue of equity – share-based payment awards exercised	14 & 15	**30**	**11 724**	**(11 754)**	**–**	**–**
Increase through share-based payment transactions	15	**–**	**–**	**3 133**	**–**	**3 133**
Decrease through share-based payment transactions-prior year	15	**–**	**–**	**(1 026)**	**–**	**(1 026)**
BALANCE AT 30 JUNE 2024		**21 324**	**2 537 411**	**24 468**	**(815 472)**	**1 767 731**
Note		14	14			

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended 30 June 2024

		Group		Company	
	Notes	2024 R'000	Restated* 2023 R'000	2024 R'000	2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		**8 850 312**	8 871 855	**–**	–
Cash paid to suppliers and employees		**(7 822 416)**	(8 075 712)	**(18 009)**	(36 217)
CASH GENERATED FROM/(UTILISED IN) OPERATIONS	24	**1 027 896**	796 143	**(18 009)**	(36 217)
Dividend paid	26	**(119 101)**	(163 828)	**(92 520)**	(98 398)
Dividends received		**–**	105	**92 500**	107 078
Interest paid	8.5 & 21	**(77 045)**	(77 229)	**(6 064)**	(2 113)
Interest paid on lease liability	8.6	**(19 190)**	(16 964)	**–**	–
Interest received	21	**31 277**	21 745	**324**	275
Insurance finance income	21	**6 731**	4 092	**–**	–
Income taxes (paid)/refunded	25	**(155 200)**	(182 370)	**19**	(13)
NET CASH GENERATED FROM/(UTILISED IN) OPERATING ACTIVITIES		**695 368**	381 694	**(23 750)**	(29 388)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash flows from disposal of subsidiaries		**–**	(3 629)	**–**	–
Proceeds from sale of tangible assets		**228**	8 312	**–**	–
Purchase of a subsidiary	16	**(46 121)**	–	**–**	–
Settlement of deferred consideration		**–**	(15 000)	**–**	–
Purchase of tangible assets	5.1	**(73 909)**	(74 729)	**–**	–
Purchase of intangible assets	7	**(188 243)**	(183 691)	**–**	–
Disposal/(Purchase) of other financial assets	13	**10 527**	(18 747)	**–**	–
Payment of contingent consideration		**(85 248)**	–	**–**	–
NET CASH UTILISED IN INVESTING ACTIVITIES		**(382 766)**	(287 484)	**–**	–
CASH FLOWS FROM FINANCING ACTIVITIES					
Changes in ownership interests in subsidiaries that do not result in loss of control	16	**–**	(84 981)	**–**	–
Lease liabilities capital repayment	8.6	**(60 248)**	(63 892)	**–**	–
Capital settlement of borrowings	8.5	**–**	(16 093)	**–**	–
Proceeds of borrowings	8.5	**–**	13 016	**–**	–
Proceeds of loans from group companies		**–**	–	**24 270**	29 942
NET CASH (UTILISED IN)/GENERATED FROM FINANCING ACTIVITIES		**(60 248)**	(151 950)	**24 270**	29 942
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**252 354**	(57 740)	**520**	554
Effect of exchange rate changes on cash and cash equivalents		**(7 851)**	7 257	**–**	–
Cash and cash equivalents at beginning of the year		**85 756**	136 239	**3 755**	3 201
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8.3	**330 259**	85 756	**4 275**	3 755

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES

1(a) General information

AfroCentric Investment Corporation Limited ('**the Company**') together with its subsidiaries (together forming '**the Group**') is a public company operating in the healthcare fund management sector, pharmaceutical sector and associated industries. The Company's main business is to acquire and hold assets for investment purposes.

The Company is incorporated and domiciled in South Africa. The address of its registered office is 37 Conrad Road, Florida North, Roodepoort, South Africa. The majority of the Company's shares are held by Sanlam Life Insurance Limited.

These consolidated and separate Financial Statements have been approved for issue by the Board on 3 September 2024.

(i) Statement of compliance

The Group and the Company Financial Statements were prepared in accordance with the requirements of the International Financial Reporting Standards (**IFRS ® Accounting Standards**), interpretations issued in accordance to the IFRS Interpretations Committee (**IFRS IC**). These Financial Statements have been prepared in accordance with the requirements of the International Accounting Standards Board (**IASB ®**), the Companies Act, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the Financial Statements are the same as those applied in the Group's Audited Consolidated and Separate Financial Statements for the year ended 30 June 2023 except for the retrospective adoption of IFRS 17 Insurance Contracts. The Group has assessed all material contracts where it has potentially accepted significant insurance risk including cell captive insurance arrangements. The Group has identified material contracts in scope of IFRS 17 (refer to 1(a)(iii)).

(ii) Basis of presentation

The material accounting policies adopted are set out below and have been applied consistently to all the years presented.

The Financial Statements have been prepared under the historical cost convention except for the following:

- Post-employment medical obligations, independently valued using the Projected Unit Credit Method.

Carried at fair value:

- Financial instruments measured at fair value through profit or loss; and
- Investment property held at fair value using independent market valuations.

All amounts in the Consolidated and Separate financial statements are presented in South African Rand, rounded to the nearest thousand (R'000), unless otherwise stated.

The preparation of the Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting years. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The Consolidated and Separate statement of profit or loss and other comprehensive income is presented on the nature method as the Group believes this represents more meaningful and relevant information to the user and is disclosed in this manner.

(iii) IFRS 17 Insurance contracts (IFRS 17)

Introduction

The IASB issued IFRS 17 Insurance contracts in May 2017 and on 25 June 2020, the IASB issued amendments to the standard. The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023. The Group adopted the standard on 1 July 2023 and restated comparative information.

Transition approach

The Group adopted IFRS 17 as of 1 July 2023 on a fully retrospective basis. Comparative information has been restated as required by the transitional provisions of IFRS 17. The R465 000 transition impact in retained earnings is attributable to the cell captive business. The change in carrying amounts of insurance assets and liabilities at the date of transition, have been recognised in retained earnings at 1 July 2022 (the comparative period).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(a) General information *continued*

(iii) IFRS 17 Insurance contracts (IFRS 17) *continued*

Impact on opening retained earnings on transition to IFRS 17

	Group*		
	30 June 2022 R'000	IFRS 17 restatement R'000	Restated 1 July 2022 R'000
Retained earnings	1 245 965	(465)	1 245 500

* *The adoption of IFRS 17 had no impact on the retained earnings of the Company.*

(iv) International Financial Reporting Standards, interpretations and amendments issued but not effective for 30 June 2024 year-ends

IFRS	Effective date	Executive summary
IFRS S1 and IFRS S2 General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures	Annual periods beginning on or after 1 January 2024	The International Sustainability Standards Board (**ISSB**)'s first two standards are designed to be applied together. IFRS S1 provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets. IFRS S2 provides guidance on how to report on climate-related risks and opportunities in the climate standard. The Group is still in the process of determining the impact of the new standards.
Amendments to IAS 21 Lack of Exchangeability	Annual periods beginning on or after 1 January 2025	The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. When estimating a spot rate, a company can use: • an observable exchange rate without adjustment; or • another estimation technique. The Group has assessed that the following amendment to the standard and it does not have an impact on the Group currently, it will be reconsidered in future as and when it does become applicable.
IFRS 7 Financial Instruments: Disclosures Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 7	Annual periods beginning on or after 1 January 2026	The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The Group is still in the process of determining the impact of the amendments to the accounting standard.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(a) General information *continued*

(iv) International Financial Reporting Standards, interpretations and amendments issued but not effective for 30 June 2024 year-ends *continued*

IFRS	Effective date	Executive summary
IFRS 9 Financial Instruments Amendments to the Classification and Measurement to IFRS 9	Annual periods beginning on or after 1 January 2026	Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by: • Clarifying the classification of financial assets with environmental, social, and corporate governance (**ESG**) and similar features; and • Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through the electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specific criteria are met. The Group is still in the process of determining the impact of the amendments to the accounting standard. It is expected that the impact will be material.
IFRS 18 Presentation and Disclosure in Financial Statements	Annual periods beginning on or after 1 January 2027	IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies: • Improved comparability in the statement of profit or loss through the introduction of three defined categories for income and expenses (operating, investing, and financing) – to improve the structure of the profit or loss, and a requirement for all companies to provide new defined subtotals, including operating profit. • Enhanced transparency of management – defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement. • More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses. This standard will replace IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. The Group is still in the process of determining the impact of the accounting standard and it is expected that the impact will be material.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(a) General information *continued*

(iv) International Financial Reporting Standards, interpretations and amendments issued but not effective for 30 June 2024 year-ends *continued*

IFRS	Effective date	Executive summary
IFRS 19 Subsidiaries without Public Accountability Disclosures	Annual periods beginning on or after 1 January 2027	IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for the users of their financial statements. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a board group of outsiders. The Group is currently assessing the impact on subsidiaries and it is expected that the impact may be material on the subsidiaries' financial statements.
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Optional amendment	Resolves the conflict regarding how much of the gain on disposal the parent can recognise when control of a subsidiary is lost in a transaction with an associate or a joint venture. The Group has assessed that the amendment to the standards does not have an impact on the Group.
IAS 1 Presentation of Financial Statements	Annual periods beginning on or after 1 January 2024	Non-current liabilities with Covenants: The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The standard is not expected to have a material impact on the Group.
IFRS 16 Leases	Annual periods beginning on or after 1 January 2024	Lease Liability in a Sale and Leaseback: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The standard is not expected to have a material impact on the Group.
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure	Annual periods beginning on or after 1 January 2024	Supplier Finance Arrangements: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The standard is not expected to have a material impact on the Group.

The Group did not early adopt any of the standards and interpretations not yet effective for 30 June 2024.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(b) Basis of consolidation

(i) Subsidiaries

The Consolidated Annual Financial Statements incorporate the Annual Financial Statements of the Company and entities controlled by the Company. The Annual Financial Statements are available at the premises of the Company's offices, being 37 Conrad Road, Florida North, Roodepoort, 1709.

(ii) Business combinations

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The unwinding of interest to the income statement is on a monthly basis, with a corresponding entry recognised in the deferred consideration until the deferred consideration is settled. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated, when necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(b) Basis of consolidation *continued*

(iv) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangement.

At Company and Group, the investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss and other comprehensive income in the profit and loss section, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates and joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount separately in the statements of profit or loss and other comprehensive income.

Profits and losses and unrealised gains resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates and joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

1(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated Financial Statements are presented in South African Rand, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or costs". Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount such as translation of foreign operations to presentation currency are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities measured at fair value through other comprehensive income, are included in other comprehensive income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(c) Foreign currency translation *continued*

(iii) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(b) Income and expenses for each statements of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates prevailing at the dates of the transactions, in which case income and expense items are translated at the exchange rates at the dates of the transactions); and

(c) All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as other reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at each reporting date. Exchange differences arising are recognised in other comprehensive income.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

1(d) Property and equipment

Property and Equipment are initially recorded at cost. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount when they meet the recognition criteria of property and equipment. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets.

The estimated maximum useful lives are:

Leasehold improvements	two to ten years (depending on the lease term)
Right of use assets (refer 1(h))	two to ten years (depending on the lease term)
Computer equipment	three to seven years
Motor vehicles	five to six years
Furniture and fittings	five to ten years
Equipment	five to ten years
Buildings	thirty to fifty years
Land not depreciated	

The residual values and useful lives of assets are reviewed on an annual basis and if appropriate are adjusted accordingly.

Assets are assessed for impairment annually, whether there are impairment indications or not. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. When an asset that was previously impaired has a recoverable amount in excess of the carrying amount, the previous impairment that recognised is reversed to the value of the recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Derecognition

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal and the gain or loss arising from the derecognition of an item of property and equipment is included in profit and loss when the item is derecognised.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(e) Investment property

(i) Initial recognition

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

(ii) Subsequent measurement

An Investment property is subsequently measured at fair value per IAS 40 and gains and losses from the fair value adjustments are recognised in profit or loss. One of the investment properties is valued on an annual basis, and the other is valued every three years by an independent valuer. Refer to Note 6.2 for the valuation process.

(iii) Derecognition

An Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses from derecognition of an investment property are determined as the net disposal proceeds less the carrying amount and are recognised in profit or loss.

1(f) Intangible assets and goodwill

Intangible assets are initially recorded at cost and subsequently measured at cost less accumulated amortisation and impairment.

Amortisation is charged on the straight-line basis over the estimated useful lives of the assets.

The estimated maximum useful lives are:

Computer software acquired	two to five years
Contractual customer relationships	five to ten years
Brands and intellectual property	ten years
Pharmaceutical dossiers	ten to twenty years
Internally generated computer software development costs	less than fifteen years
Goodwill	indefinite

Goodwill, by its nature, relates to future benefits that the Group expects to realise from synergies between the acquired companies and the Group. These synergies are expected to be ongoing for the Group – as such Goodwill has an indefinite useful life.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of associates is included in the carrying amount of investments in associates and is tested for impairment as part of the overall balance. Goodwill on acquisitions of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating unit (**CGUs**), or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(ii) Contractual customer relationships

Acquired contractual customer relationships from business combinations are recognised at fair value at acquisition date. As contractual customer relationships have a finite useful life, they are subsequently carried at cost less accumulated amortisation and impairment losses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(f) Intangible assets and goodwill *continued*

(iii) Brands and intellectual property

Brands and intellectual property that were acquired through business combinations have finite useful lives and are initially measured at fair value and subsequently amortised over their useful lives.

(iv) Internally generated computer software development costs

Development costs that are clearly associated with an identifiable and unique product, which will be controlled by the Group and have a profitable benefit exceeding the cost beyond one year, are recognised as intangible assets.

The following criteria are required to be met before the related expenses can be capitalised as an intangible asset:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Research and development expenditure that does not meet the criteria above is recognised as an expense as incurred. Costs associated with maintaining computer software programmes are expensed as incurred. Development costs previously expensed are not recognised as an asset in a subsequent period. Expenditure that enhances and extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software.

(v) Computer software acquired

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software.

Directly attributable costs associated with the acquisition and installation of software are capitalised.

(vi) Pharmaceutical dossiers

Pharmaceutical dossiers relate to generic pharmaceuticals products including over-the-counter medicine, antiretrovirals, acute and chronic medicines. These are fair valued at acquisition date and subsequently will be amortised over their useful lives. These are initially measured at cost or at fair value if acquired through business combination.

1(g) Impairment of assets

(i) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment bi-annually. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (**CGUs**). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(h) Leases

(i) The Group is the lessee

The Group leases various properties, motor vehicles, office equipment and furniture. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options as described in 1(h) (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. All non-cancellable lease terms are taken into account when determining the lease term. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- the lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leased assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(ii) Extension and termination options

Extension and termination options are included in a number of property and vehicle leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

1(i) Financial instruments

(i) Classification

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets classification

The Group classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss (**FVPL**);
- Financial assets subsequently measured at fair value through other comprehensive income (**FVOCI**); and
- Financial assets subsequently measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Cash comprises balances with the bank, cash on hand (e.g., petty cash) and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Bank overdrafts are included in cash and cash equivalents as they form an integral part of the Group's cash management, i.e., it is payable on demand and the bank balance often fluctuates from being positive to overdrawn.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(i) Financial instruments *continued*

(i) Classification *continued*

(a) Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

(b) Financial assets at fair value through other comprehensive income

The Group classifies its financial assets as at fair value through other comprehensive income (**FVOCI**) only if both of the following criteria are met:

- the financial assets (debt instruments) is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets designated at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (**FVPL**):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI;
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income (**OCI**).

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice.

These include whether:

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(i) Financial instruments *continued*

(i) Classification *continued*

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition.

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial liabilities classification

The Group classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost; and
- Financial liabilities subsequently measured at fair value through profit or loss (**FVPL**).

A financial liability is classified as at FVTPL if it is designated as such on initial recognition when certain requirements are met.

(ii) Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(i) Financial instruments *continued*

(iii) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classifications.

For assets measured at fair value, gains and losses are either recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(a) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 8.2 for further details.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristics and the days past due.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12 month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(i) Financial instruments *continued*

(iii) Subsequent measurement *continued*

(b) Derecognition

Financial asset

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group/Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

1.1 Prepayments

Prepayments consist of various payments that have been made in advance for goods and services to be received in future. Prepayments are measured at amortised cost, and are derecognised when the goods and services to which the prepayment relate have been received.

1(j) Contingent liabilities

Contingent liabilities are liabilities for which a reliable estimate can be made, yet the probability of an outflow of economic benefits is remote.

The fair values of contingent liabilities recognised as part of the business combinations have been determined by management as the amounts that a third party would charge to assume the contingent liabilities. These amounts reflect all expectations about possible cash flows and not the single most likely or the expected maximum or minimum cash flow.

After their initial recognition, the Group measures contingent liabilities that are recognised separately due to a business combination at the higher of:

(i) the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IFRS 15 Revenue.

Contingent liabilities not acquired in business combinations are not recognised but disclosed in Note 28.

1(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss and other comprehensive income as finance costs.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(l) Employee costs

(i) Pension and provident fund obligations

The Group operates a number of defined contribution plans, the assets of which are held in separate registered funds. The pension and provident plans are funded by payments from employees and by the Group, taking account of the recommendations of independent qualified actuaries. The funds are administered in terms of the Pension Funds Act and annual actuarial valuations are performed.

The Group's contributions to the defined contribution pension and provident plans are charged to the statement of profit or loss and other comprehensive income in the year to which they relate. The Group has no further payment obligations once the contributions have been paid.

(ii) Post-employment medical obligations

Some of the retired employees are provided with post-employment healthcare benefits. No further post-employment healthcare benefits will be granted. These obligations are valued annually by independent qualified actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Interest costs are charged to the statement of profit or loss and other comprehensive income as finance costs.

(iii) Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. This provision is recognised in the statement of financial position under "Employment benefit liabilities".

(iv) Termination benefits

Termination benefits are expected at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Benefits falling due more than 12 months "after the statement of financial position date" are discounted to present value.

(v) Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided, to "Employee benefit costs" in the statement of profit or loss and other comprehensive income.

The Group recognises a liability and an expense for bonuses based on a formula where there is a contractual obligation or a past practice that created a constructive obligation. The Group has an incentive scheme (refer to Note 27). The expense is recognised as "Employee benefit costs" in the statement of profit or loss and other comprehensive income. Factors that are taken into account when determining the incentive bonus amount include key performance indicators and performance of both the individual and the Company.

1(m) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment in the Separate financial statements of the Company.

1(n) Income and expense recognition

Revenue is the amount of consideration the business expects to be entitled to.

The Group recognises revenue once performance obligations have been met.

All revenue excludes value added tax (**VAT**). All expenditure on which input VAT can be claimed, excludes VAT.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(n) Income and expense recognition *continued*

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good and monthly as the services are performed.

The revenue recognised is typically due within 30 days of rendering the service. There is therefore no significant financing component.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of products/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Admin health and healthcare insurance	Administration of the fund/scheme and insurance underwriting contracts, which could include processing claims, collecting payments, maintaining records, member administration.	The customer benefits as AfroCentric provides the service, thus revenue should be recognised as the services are rendered over the contract duration. The fee charged is per member per month – even though some of the contracts have sliding scales applicable depending on member numbers. This does not impact the revenue to be recognised in a given month as that months' services would result in revenue for that month based on the number of members during that month multiplied by the applicable rate. The contracts provide for annual escalation – such amendments are accounted for in the period in which they arise. The general practice of the clients is to issue an invoice to AfroCentric to bill for the penalties that have been incurred in the period where the service level agreement requirements have not been met. The penalties are not offset against the invoices issued to customers, but are rather recognised as an expense in the month in which the penalty is incurred. The penalties therefore do not give rise to variable consideration.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(n) Income and expense recognition *continued*

(i) Revenue from contracts with customers *continued*

Type of products/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Pharmaceutical	Services provided vary across the agreements, but include the following: maintenance of stock of medicines required to fulfil scripts, contacting members to inform them of script expiry, delivery and dispensing of medicines per scripts.	Services provided: The customer benefits as AfroCentric provides the service, thus revenue should be recognised as the services are rendered, which is as the dispensed medicines are delivered to the member, thus revenue in respect of the sale of the medicines and the services are recognised at the same time. Medicine prices charged are regulated. Fee per medicine per script is indicated in the contract. The general practice of the clients is to issue an invoice to AfroCentric to bill for the penalties that have been incurred in the period where the service level agreement requirements have not been met. The penalties are not offset against the invoices issued to customers, but are rather recognised as an expense in the month in which the penalty is incurred. The penalties therefore do not give rise to variable consideration.
	Goods sold comprise various branded and generic pharmaceutical goods. Standard trade agreements are in place setting out the timing of payments to which the Company is entitled to.	Goods sold: Revenue from sale of goods is recognised when the Company transfers control of the goods. Control of goods transfers upon shipment of the goods to the customer or when the goods is available for use to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the product shipped. Revenue should therefore be recognised at a point in time.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(n) Income and expense recognition *continued*

(i) Revenue from contracts with customers *continued*

Type of products/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Managed healthcare	Management services vary per customer contract, and per scheme option. Services within a specific option are indivisible.	The customer benefits as AfroCentric provides the service, thus revenue should be recognised over time. Additional once-off services which are performed would result in revenue recognition as that service is provided. The fee charged is per member per month – even though some of the contracts have sliding scales applicable depending on member numbers, this does not impact the revenue to be recognised in a given month as that months' services would result in revenue for that month based on the number of members during that month multiplied by the applicable rate. The contracts provide for annual escalation – such amendments are accounted for in the period in which they arise. The general practice of the clients is to issue an invoice to AfroCentric to bill for the penalties that have been incurred in the period where the service level agreement requirements have not been met. The penalties are not offset against the invoices issued to customers, but are rather recognised as an expense in the month in which the penalty is incurred. The penalties therefore do not give rise to variable consideration.
Marketing services	Sales and marketing initiatives that support and promote the brand of our various clients.	The customer benefits as and when the Group entities render the services in terms of the signed contract. Marketing fees are paid by the customer monthly, which is in line with the frequency and timing of satisfying performance obligations under the contract.
IT revenue	Administration of the fund/scheme, which include processing claims, collecting payments, maintaining records, member administration and IT services which includes hosting and switching fees.	The customer benefits as AfroCentric Group of entities provide the service, thus revenue is recognised as the services are rendered over the contract duration. The fee charged is per claim per month. The contracts provide for annual escalations. Such amendments are accounted for in the period in which they arise. The rates are updated from the month the increase is effective per the contract. Payments are made on a monthly basis.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(n) Income and expense recognition *continued*

(i) Revenue from contracts with customers *continued*

Type of products/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Capitation funds	Fees are paid upfront monthly i.e. it is a bona fide transfer of the risk which means the capitation fees/monies paid to the Group are utilised to pay the service providers for authorised medicine dispensed which is related to the costs included in the capitation fee compilation.	Capitation fees are recognised as the services are rendered over the contract duration. The capitation fees are paid by the customers monthly, which is in line with the Company satisfying its performance obligations under the contract.
Management fees	Management fees are charged for successful third-party recoveries which may be due back to the Scheme(s). These recoveries relate to past medical expenses previously paid by Medical Schemes and subsequently settled by the Road accident fund and paid back to the relevant Scheme(s). Recovery success fees are charged in line with rates agreed and set out in the relevant contracts with Schemes/ third-parties.	Revenue is recognised when the third party claims are eligible for lodgment, or when the third party claims are lodged against a third party from injuries sustained in a motor vehicle by Scheme members. The fee charged for the management and administration of motor vehicle accidents/ Road Accident Fund recoveries is based on a percentage of the gross total amount recovered for past medical expenses on behalf of the Medical Schemes.

(ii) Finance income

Interest income is recognised on a time-proportion basis using the effective interest method. Interest income on impaired loans should continue to be recognised on a time proportion basis using the effective interest method on the impaired balance.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established (date of declaration).

(iv) Other expenditure

All other expenditure is recognised as and when incurred.

(v) Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(vi) Finance cost

South African Revenue Service (**SARS**) interest is recognised as part of finance cost.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(o) Inventories

Inventories include assets held for sale in the ordinary course of business such as pharmaceutical products as well as highly specialised high-value medical equipment.

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realisable value on a weighted average basis. Net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs necessarily incurred to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1(p) Taxation

(i) Direct taxation

Direct taxation includes all domestic and foreign taxes based on taxable profits and capital gains tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences.

Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity and other comprehensive income.

The current income tax charge is calculated on the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

The Group offsets current tax assets and current tax liabilities when it has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in full, using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the annual financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. However, deferred tax is not recognised on:

- initial recognition of goodwill;
- initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- investments in subsidiaries and associates where the Group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Dividends tax

Taxes on dividends declared by the Group are recognised as part of the dividends paid within equity as dividends tax represents a tax on the shareholder and not the Group, at the rate of 20%. Tax on dividends in specie will remain the liability of the Company declaring the dividend.

South African resident companies are exempt from dividends tax. Upon declaring a dividend (excluding dividends in specie), the Group withholds the dividends tax on payment and, where the dividend is paid through a regulated intermediary, liability for withholding dividends tax shifts to the intermediary. Dividends tax does not need to be withheld if a written declaration is obtained from the shareholder stating that they are either entitled to an exemption or to double tax relief.

Dividends tax withheld by the Group on dividends paid to its shareholders and payable at the reporting date to SARS is included in "Trade and other payables" in the statement of financial position.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(q) Dividends

Dividends are recorded in the Group's Annual Financial Statements in the period in which they are approved by the Group's shareholders.

1(r) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

When the Group reacquires its own equity instruments, those instruments (treasury shares) shall be deducted from equity. In the event that the shares are cancelled upon re acquisition, share capital and share premium are respectively reduced with the original issue price of the shares re-acquired. Any difference between the original issue price and the re-acquisition price is recognised as an increase or decrease in the retained earnings. Where such treasury shares are acquired and held by other members of the consolidated Group, the consideration paid or received is recognised directly in equity as a treasury share reserve.

(ii) Share-based payments

The Group issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Vesting assumptions are reviewed at each reporting period to ensure that they reflect current expectations. At Company level, it is accounted for as equity-settled share-based payments seeing as employees of the company will be remunerated with shares in the holding company AfroCentric Investment Corporation Limited, for services rendered to the subsidiary company. The share-based payment expense is accounted for individually in each impacted subsidiary where the participants are employed. The Group's IFRS 2 share-based payment expense is recharged to the respective subsidiary which employs participants who qualify for participation in the scheme.

1(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Financial Officer (**CFO**), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Operating Decision-Maker, as the person that makes strategic decisions.

1(t) Incurred But Not Reported (IBNR) and seasonality reserves

IBNR relates to claims incurred but not received at financial year-end. This pertains to claims with a service date of on/before 30 June that would be received for payment on/after 1 July.

Dental Information Systems Proprietary Limited and Scriptpharm Risk Management Proprietary Limited have a financial year-end of 30 June with a Scheme's benefit year from 1 January to 31 December each year. Revenue is earned monthly but claims cost is not incurred evenly due to seasonality changes.

The claims budget prepared for each financial year is management's best estimate of the claims experience taking the seasonality into account. A seasonality reserve is usually held at each financial year-end (where applicable) for the difference between the actual and budgeted claims where the budgeted claims is higher than the actual claims, a seasonality reserve will be recognised.

As the claims are not incurred evenly in the year, the seasonality reserve highlights the claims at year-end pertaining to the calendar period January to June that will come through in the period July to December.

1(u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances that are subsequently measured at amortised cost. Bank overdrafts are offset against positive bank balances where a legally enforceable right of offset exists and there is an intention to settle the overdraft and realise the net cash. For the purposes of the statement of cash flows, cash and bank balances consist of cash and bank balances defined above net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1(v) Insurance contracts

(a) Classification

The Group accepts significant insurance risk from its policyholders when issuing in-substance reinsurance contracts in the normal course of business. All the Group's insurance contracts are classified as insurance contracts without direct participation features and there are no investment components within the insurance contracts issued.

The Group recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group of contracts becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received); and
- The date when a group of contracts becomes onerous.

Level of aggregation

The Group allocates insurance contracts that are managed together and are subject to similar risks to portfolios. The Group has defined portfolios of insurance contracts issued based on its cell insurer, namely, Guardrisk and Centriq. For determining the level of aggregation, the Group identifies a contract as the smallest 'unit'.

Each portfolio of insurance contracts issued is further disaggregated into groups of contracts that are issued within a financial year (annual cohorts). Portfolios are further divided into 3 categories based on the expected profitability at initial recognition: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder.

For each portfolio, the Group applies judgement to conclude whether reasonable and supportable information is available to conclude that a set of contracts will all be in the same profitability group. The expected profitability of sets of contracts at inception is determined based on the existing measurement models and assumptions.

Separating components of insurance contract

The Group assessed its contracts to determine whether they contain components which must be accounted for under another IFRS ® Accounting Standard rather than IFRS 17. Currently, the insurance contracts through cell captive agreements with cell insurers do not include any distinct components that require separation.

Contract boundary

The measurement of a group of insurance contracts includes all the future cash flows within the boundary of each contract in the Group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay the premiums, or in which the group has a substantive obligation to provide the policyholder with insurance contract services.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

The Group determined the contract boundaries for its current insurance contract with cell insurers. The contract boundaries are consistent with the terms and conditions as per the shareholders agreements.

(b) Measurement

Initial measurement

The results of the insurance contracts held in the cell captives, represent solely AfroCentric's share in the cell captives. This represents the investment held by the Group in the cells.

The Group measures insurance contracts by performing year-to-date estimates of the carrying amount of the insurance contract liabilities/assets. The carrying amount of the insurance contract assets/liabilities is measured as estimated cash flow plus risk adjustment.

The discount rates reflect the characteristics of the cash flows including timing, currency and liquidity of cash flows.

The Risk Adjustment (**RA**) represents the compensation that is required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts that arise from non-financial risk.

The explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (**LIC**).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES CONTINUED

1(v) Insurance contracts *continued*

(b) Measurement *continued*

Subsequent measurement

The carrying amount of a Group of contracts is measured at the end of each reporting under PPA as sum of the carrying amount at the beginning of the reporting period:

- plus the premiums received in the period;
- minus insurance services expenses;
- plus or minus finance charges;
- plus or minus release of the risk adjustment for non-financial risk and discounting;
- minus insurance acquisition cash flows (if not recognised as an expense in profit and loss); and
- minus any investment component paid.

Derecognition and modification

The Group derecognises a contract when the rights and obligations relating to the contract are extinguished, i.e. expired, discharged, or canceled.

(c) Cell captive arrangements – Third party cell captive arrangements

For cell captive business, insurance policies are issued in third-party cell captive structures. All items relating to these arrangements are included in the Group's statement of profit or loss and other comprehensive income.

(i) Insurance Revenue

The Group will allocate the expected premium receipts to each period of coverage based on the passage of time

(ii) Insurance service expense

- Claims and administration expenses incurred;
- experience adjustments relating to claims and administration expenses incurred;
- actual tax on-charged to cell owner by cell insurer during the reporting period;
- the initial loss on onerous groups of contracts recognised during the period;
- the increases and reversals of losses on onerous contracts; and
- the changes in liability for incurred claims relating to past service.

(iii) Finance income/expenses from insurance contracts

The Group recognises all insurance finance income or expenses for the reporting period in profit or loss.

(iv) Loss components

The Group should aggregate contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes.

The Group does not currently have any loss components as none of the groups of contracts were onerous at initial recognition or have become onerous subsequently.

(v) Cell captive estimated net cash flows

For in-substance reinsurance agreements, the cash flows consist of the following items:

- re-capitalisation of the cell; and
- distribution received represents any cash distribution received by the Group from the cell captives.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

2. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed as follows:

2(a) Impairment of goodwill

The carrying amount of goodwill is tested bi-annually for impairment (regardless of whether or not any indicators of impairment exist) in accordance with the requirements of IAS 36. The recoverable amount of the CGUs has been determined based on value-in-use calculation, being the net present value of the discounted cash flows of the CGU. Details of the main assumptions applied in determining the recoverable amount of the CGU are provided in Note 7 in these Annual Financial Statements.

2(b) Carrying value of tangible and intangible assets

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are Grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each Group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

The carrying amount of tangible and intangible assets at 30 June 2024 was R604 million (June 2023: R659 million) and R2 804 million (June 2023: R3 046 million) respectively.

2(c) Material judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed annually and if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

2(d) Fair value measurement

For further details and main assumptions please refer to Notes 6.2 and 13 in these Annual Financial Statements.

2(e) Deferred tax assets

The Group deferred tax assets include an amount of R8.5 million (2023: R23.4 million) which relates to tax losses carried forward. Some companies have incurred losses over the past financial years but management has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for these companies.

The assessed losses brought forward for these companies are expected to be utilised on an annual basis going forward. This is due to the expectation they will be generating taxable profits in the foreseeable future. The losses can be carried forward indefinitely and have no expiry date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

2. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS CONTINUED

2(f) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events as disclosed in Note 28.

(i) Contingent liabilities recognised on business combinations

The contingent liability of R8.62 million that related to dossier registration milestone payment commitments was reversed during the year upon the settlement of the final purchase price due and payable to Forrester Pharma.

The Neil Harvey & Associates (**NHA**) contingent liability was reversed during the year upon the successful award of the arbitration in favour of Medscheme.

The fair value was determined by using the maximum loss and the potential impact of this liability materialising at the date of acquisition.

	Fair value R'000
2024	
Neil Harvey & Associates	–
Dossier registration milestone commitments	–
	–
2023	
Neil Harvey & Associates	8 350
Dossier registration milestone commitments	8 620
	16 970

	June 2024 R'000	June 2023 R'000
Carrying amount of litigation liability at the beginning of the year	**16 970**	16 970
Acquired through business combination	**–**	–
Derecognition	**(16 970)**	–
CARRYING AMOUNT OF LITIGATION LIABILITY AT THE END OF THE YEAR	**–**	16 970

The contingent liabilities recognised on business combinations are included in the Other liabilities amount disclosed in the Non-current liabilities section on the face of the statement of financial position on pages 18 to 19 and further details are disclosed in Note 28 and 37.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

2. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS CONTINUED

2(g) Estimation of ECL allowance

The Group has historically had high-quality debtors with a regular repayment history. As a result there isn't a general provision model applicable to the Group.

The ECL for trade receivables for segments with a history of provisions of credit losses has been calculated using a Provision Matrix approach and time value of money loss approach for segments with no history of credit losses.

Provision matrix

Provision matrix calculates the cash flows and then discounts those cash flows to calculate the real outstanding debtors (the outstanding debtors taking into account time value of money by subtracting the discounted cash flows from the initial outstanding debtors).

The roll rates, loss rates and ultimate loss rate are calculated which will be the percentage of trade debtors as at year-end that are written off.

2(h) Impairment of internally generated software

The carrying amount of internally generated software is tested bi-annually for impairment. The recoverable amount of the cash-generating units (**CGU**) has been determined based on the value-in-use calculation, being the net present value of the discounted cash flows of the CGU. The main assumptions applied in determining the net present value are:

- the estimated revenue to be earned from the use of the assets and the period over which the revenue is projected;
- the weighted average cost of capital; and
- risk adjustment factors used in deriving an appropriate discount rate applied to future estimated cash flows.

2(i) Useful lives of internally generated software

The useful lives of internally generated software have been assessed to be no more than 15 years. The estimate is based on the extended period over which benefits will be derived from the software.

2(j) Principal versus agent considerations

Activo Health Proprietary Limited, Pharmacy Direct Proprietary Limited and Curasana Wholesaler Proprietary Limited individually control their respective inventories before it is sold to a customer.

Dental Information Systems Proprietary Limited and Scriptpharm Risk Management Proprietary Limited perform capitation services. These entities do not act in the capacity of an agent, as they have a responsibility to satisfy the performance obligations due to the capitation arrangements in place.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

2. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS CONTINUED

2(k) IBNR and seasonality reserve

The main assumptions used in determining the reserve are:

- The run-off of claims is determined by using the same period in the prior year as a basis for calculating the run-off percentage;
- Utilising the same period in the prior year as a basis of calculation is deemed appropriate as the prior year would already be fully run-off;
- At year-end, management investigates the claims trend and re-performs the forecast. The amended forecast is used to compare to the actuals to determine a more accurate seasonality reserve.

2(l) IFRS 17

(i) Estimates of future cash flows to fulfil insurance contracts

To determine the change in estimates of the present value of future cash flows that adjusted the discounting on the Centriq cell captive for healthcare insurance, Centriq and Guardrisk applies the PA-risk-free yield curve projecting payments using the clients claim payment patterns.

(ii) Risk adjustment – liability for incurred claims (LIC)

The Risk Adjustment (**RA**) for non-financial risk represents the compensation that is required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts (Centriq cell captive) that arise from non-financial risk. The main sources of non-financial risk are insurance expenses lapse risk.

IFRS 17 requires the Group to apply a risk adjustment to the liability for incurred claims (**LIC**). This risk adjustment should reflect the risk the Group is bearing for the uncertainty of timing, severity and number of reported claims as at 30 June and claims to be reported (**IBNR**) in the four months after year-end.

Risk adjustment for the insurance contracts related to Centriq (cell insurer) cell captive arrangement are calculated by the cell insurer by taking into account the following:

- For risk adjustment, Centriq calibrate the RA at the 75th percentile of the client's claim distribution by using the standard deviation calculated from the client's claim run-off triangles to a log normal distribution.

(iii) Liability for incurred claims

The LIC liability is measured as the best estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not, plus an RA. An LIC is held for the unpaid medical aid claims.

The best estimate provision for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported outstanding claims (**OCR**) or not IBNR.

(iv) Discount rates

The discount rates reflect the characteristics of the cash flows including timing, currency, and liquidity of cash flows. The determination of the discount rate requires significant judgement and estimation.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. FINANCIAL RISK MANAGEMENT

General

Risk management is a priority issue because it affects every part of the business. It is a pre-emptive process that allows the Group and Company to assess and analyse risk in an integrated fashion, identifying potential areas in advance and then to proactively create processes and measures for compliance.

Fundamentally, the Board's responsibility in managing risk is to protect the Group's employees, stakeholders and the Group in every facet. It fully accepts overall responsibility for risk management and internal control and in so doing the Board has deployed effective control mechanisms to prevent and mitigate the impact of risk.

Primary responsibility for risk management at an operational level rest with the Executive Committee. Management and various specialist committees are tasked with integrating the management of risk into the day-to-day activities of the Group and Company.

The Retail, Healthcare and Administration business activities are exposed to a variety of financial risks:

- Market risk;
- Credit risk; and
- Liquidity risk.

The Group's and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Refer to Note 8 for categories of financial instruments.

(i) Currency risk

Currency risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The functional currencies of the Group companies are the South African Rand, Mauritian Rupee, USD Dollar and the Botswana Pula.

The Group and Company's transactions are predominantly entered into in the respective functional currency of the individual operations.

The Group has limited transactional currency exposures. These exposures arise from sales or purchases by a division, subsidiary, associate or joint arrangements (operating unit) in currencies other than the unit's functional currency.

Foreign currency risks are managed through financing policies and the selective use of various derivatives. In terms of the Group's risk management strategy, foreign currency risks are assessed on a case-by-case basis to determine whether specific hedging requirements exist. When these hedges are entered, they are designated as the hedge of a highly probable forecast transaction and accounted for as a cash flow hedge.

The table below presents the average and spot rates of the foreign currencies to which the Group has significant exposure:

	Group			
	2024		2023	
	Spot rate	Average rate	Spot rate	Average rate
Euro	**19.467**	**19.838**	20.567	20.338
US Dollar	**18.068**	**18.632**	18.924	17.769

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk from external borrowings.

The Group's and Company's interest income arises from interest-bearing instruments and fixed deposits. The Group's Treasury manages excess funds on a daily basis into call deposit accounts to ensure that the best yield is obtained for the Group.

The Group's interest expense arises from the Nedbank borrowings facilities.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. FINANCIAL RISK MANAGEMENT CONTINUED

General *continued*

(ii) Cash flow and fair value interest rate risk *continued*

The financial condition to the Nedbank facility is for the Group to ensure that net debt to EBITDA in respect of any relevant period shall not exceed 2.5:1 times and Interest cover in respect of any relevant period shall not be less than 4:1. This helps management to manage the interest rate risk.

The Group further manages the risk through negotiating low interest rates, meeting debt obligations as they fall due, maintaining a good credit record, opting for fixed interest rate instruments where available and also through opting for sourcing funds within the Group rather than incurring external loans.

The Financial Stability Board initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (**IBORs**) with alternative risk-free rates (**ARRs**) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (**SARB**) has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa.

The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (**ZARONIA**) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. The new ZARONIA rate was published for observation during 2022 and was endorsed as a successor rate in 2023. The formal announcement of the cessation of JIBAR as a reference rate is expected in 2025, allowing ZARONIA market to develop in derivative and cash products during 2023 and 2024. The cessation date of JIBAR as a reference rate is expected to be after 2025.

The Group and Company have used a sensitivity analysis technique that measures the estimated change to the statement of profit or loss and other comprehensive income of an instantaneous increase of 3% (2023: 2%) in the market interest rates for each class of financial instrument with all other variables remaining constant. The sensitivity analysis excludes the impact of market risks on net post-employment benefit obligations.

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value; and
- The Group has no exposure to the fixed interest rate.

INSTRUMENTS EXPOSED	Increase in 3% on statement of comprehensive income 2024 R'000	Increase in 2% on statement of comprehensive income 2023 R'000	Increase in 3% on statement of comprehensive income 2024 R'000	Increase in 2% on statement of comprehensive income 2023 R'000
Bank balances and short-term investments	**7 442**	3 138	**139**	78
Borrowings	**(14 239)**	(14 437)	**–**	–
TOTAL	**(6 797)**	(11 299)	**139**	78

	Decrease in 3% on statement of comprehensive income 2024 R'000	Decrease in 2% on statement of comprehensive income 2023 R'000	Decrease in 3% on statement of comprehensive income 2024 R'000	Decrease in 2% on statement of comprehensive income 2023 R'000
Bank balances and short-term investments	**(7 442)**	(3 138)	**(139)**	(78)
Borrowings	**14 239**	14 437	**–**	–
TOTAL	**6 797**	11 299	**(139)**	(78)

Under these assumptions, a 3% increase in market interest rates at 30 June 2024 would decrease Group profit before tax by approximately R6 797 000 and company profit before tax would increase by approximately R139 000. The assumptions are different to the prior year as the Group debt structure was restructured during the current year.

Under these assumptions, a 2% increase in market interest rates at 30 June 2023 would decrease Group profit before tax by approximately R11 299 000 and company profit before tax would increase by approximately R78 000.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. FINANCIAL RISK MANAGEMENT CONTINUED

General *continued*

(ii) Cash flow and fair value interest rate risk *continued*

A decrease of 3% in market interest rates at 30 June 2024 would increase Group profit before tax by approximately R6 797 000 (June 2023: R11 299 000) and Company profit before tax would decrease by approximately R139 000 (June 2023: R78 000).

(iii) Credit risk

Credit risk arises from borrowings, cash and cash equivalents and other investments, that is, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. For banks and financial institutions only independently rated parties are accepted (refer to Note 8.3). If clients do not have an independent rating, risk control assesses the credit quality of the client, taking into account its financial position, past experience and other factors. Credit risk is managed at both the Group and Company level.

No credit limits were exceeded during the reporting period. Individual limits are set for each client based on the factors above as assessed by management. These limits are monitored by management and ensured that they are not exceeded.

Expected credit losses (ECL) assessment for individual customers as at 30 June 2024 and 30 June 2023

The Group uses a simplified approach to measure and recognise ECL on a lifetime basis for trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The loss rate incorporates the impact of forward-looking information. The following macro-economic factors were considered:

- Gross Domestic Product annual growth rate;
- Prime lending interest rate;
- Inflation rate; and
- Unemployment rate.

A regression analysis was performed to identify reasonable and supportable forward-looking information using the above macro-economic factors. The conditions for such an adjustment are of statistical and economic significance, and the adjustment will only be made when both conditions are met.

Results from the regression analysis indicated that the relationship between the macro-economic factors considered and historical loss rates was not statistically significant, hence no forward-looking information adjustment was applied to the determination of the ECL making the ECL before a forward-looking adjustment equal to the final ECL.

A debtor is considered to be credit impaired if the following events are present:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It's becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
  - adverse changes in the payment status of issuers or debtors in the Group; or
  - national or local economic conditions that correlate with defaults on the assets in the Group.

Default is defined as any amounts which have been outstanding for a period of at least 90 days past its due date.

Trade receivables are written off after all collection steps have been exhausted, including the issue of letters of demand, and there is no reasonable expectation of recovery.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. FINANCIAL RISK MANAGEMENT CONTINUED

General *continued*

(iii) Credit risk *continued*

The following table provides information about the exposure to credit risk and ECL for trade receivables from individual customers as at 30 June 2024. Trade receivables' expected credit loss is calculated by using a combination of the weighted average loss rate and the time value money loss.

	Weighted average loss rate %	Gross carrying amount R'000	Loss allowance R'000	Credit impaired
30 JUNE 2024				
Current (not past due)	**0.64**	**328 984**	**2 108**	**No**
30 days past due	**0.61**	**153 270**	**939**	**No**
60 days past due	**4.02**	**39 754**	**1 598**	**No**
90+ days past due	**34.36**	**114 952**	**39 494**	**No**
TOTAL		**636 960**	**44 139**	
30 JUNE 2023				
Current (not past due)	0.38	334 690	1 268	No
30 days past due	1.22	144 479	1 763	No
60 days past due	1.29	93 181	1 203	No
90+ days past due	67.23	53 728	36 123	No
TOTAL		626 078	40 357	

The Group used a sensitivity analysis technique that measures the estimated change to the statement of profit or loss and other comprehensive income of an instantaneous change of 1% in the loss rates with all other variables remaining constant. Under these assumptions a 1% increase in loss rate will result in a decrease in Group profit before tax of R6 370 000 and a 1% decrease will result in Group profit before tax of R9 244 000.

Expected credit losses assessment for other financial assets measured at amortised costs

Other financial assets measured at amortised cost are assessed annually for expected credit losses based on an evaluation of the probability of default.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. FINANCIAL RISK MANAGEMENT CONTINUED

General *continued*

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities to meet debt repayment and operating requirements. Management monitors the cash position on a daily basis from a Group and Company level. Due to the dynamic nature of the underlying businesses, management ensures flexibility in funding by keeping committed credit facilities available.

Management monitors rolling forecasts of the liquidity reserve on the basis of expected cash flow.

The table below analyses all cash flows from the financial liabilities into the time buckets in which they are contractually due to be paid:

	Less than 3 months or on demand R'000	More than 3 months but not exceeding 6 months R'000	More than 6 months but not exceeding 9 months R'000	More than 9 months but not exceeding 1 year R'000	More than 1 year but not exceeding 2 years R'000	More than 2 years but not exceeding 5 years R'000	Total R'000
YEAR ENDED 30 JUNE 2024 – GROUP							
Trade and other payables (excluding provisions and payroll creditors) (Note 8.4)	**(582 928)**	**(37 154)**	**(2 523)**	**(17 513)**	**(19 790)**	**–**	**(659 908)**
Lease liabilities capital payments (Note 8.6)	**(16 585)**	**(15 847)**	**(16 492)**	**(16 263)**	**(63 894)**	**(48 005)**	**(177 086)**
– Payments	**(20 312)**	**(19 228)**	**(19 518)**	**(18 930)**	**(70 965)**	**(51 253)**	
– Interest	**3 727**	**3 381**	**3 026**	**2 667**	**7 071**	**3 248**	
Borrowings capital payments (Note 8.5)	**16 091**	**16 102**	**5 333**	**14 178**	**68 085**	**(768 195)**	**(628 406)**
– Payments	**–**	**–**	**(9 245)**	**–**	**(19 978)**	**(825 764)**	
– Interest	**16 091**	**16 102**	**14 578**	**14 178**	**88 063**	**57 569**	
YEAR ENDED 30 JUNE 2023 – GROUP							
Trade and other payables (excluding provisions and payroll creditors) (Note 8.4)	(346 704)	(142 152)	(12 869)	(46 450)	(172)	–	(548 347)
Lease liabilities capital payments (Note 8.6)	(15 086)	(15 267)	(16 377)	(20 914)	(176 683)	–	(244 327)
– Payments	(19 221)	(19 147)	(19 994)	(24 307)	(215 886)	–	
– Interest	4 135	3 880	3 617	3 393	39 203	–	
Borrowings capital payments (Note 8.5)	(30 000)	(30 000)	(30 000)	(30 000)	(528 005)	–	(648 005)
– Payments	(49 189)	(43 719)	(45 835)	(43 572)	(570 136)	–	
– Interest	19 189	13 719	15 835	13 572	42 131	–	
Contingent consideration (Note 33)	–	(80 123)	–	–	–	–	(80 123)
– Capital payments	–	(85 000)	–	–	–	–	
– Interest	–	4 877	–	–	–	–	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. FINANCIAL RISK MANAGEMENT CONTINUED

General *continued*

(iv) Liquidity risk *continued*

	Less than 3 months or on demand R'000	More than 3 months but not exceeding 6 months R'000	More than 6 months but not exceeding 9 months R'000	More than 9 months but not exceeding 1 year R'000	More than 1 year but not exceeding 2 years R'000	More than 2 years but not exceeding 5 years R'000	Exceeding 5 years R'000	Total R'000
YEAR ENDED 30 JUNE 2024 – COMPANY								
Trade and other payables (excluding provisions and payroll creditors) (Note 8.4)	**(6 709)**	**–**	**–**	**–**	**–**	**–**	**–**	**(6 709)**
Loan from Group Company (Note 8.7)	**–**	**–**	**–**	**–**	**–**	**–**	**(78 700)**	**(78 700)**
YEAR ENDED 30 JUNE 2023 – COMPANY								
Trade and other payables (excluding provisions and payroll creditors) (Note 8.4)	(10 880)	–	–	–	–	–	–	(10 880)
Loan from Group Company (Note 8.7)	–	–	–	–	–	–	(38 474)	(38 474)

(v) Capital risk management

The objective of the Group and Company when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group and Company monitor cash flow on the basis of the gearing ratio. This ratio is calculated as long-term debt divided by total capital employed. Total capital employed is calculated as equity as shown in the statement of financial position plus long-term debt.

During 2024, the Group's and Company's strategy, which was unchanged from 2023, was to ensure that the Group can absorb a 30% debt to equity ratio, which is currently management's maximum borrowing level.

The financial condition to the Nedbank facility is for the Group to ensure that net debt to EBITDA in respect of any relevant period shall not exceed 2.5:1 times and interest cover in respect of any relevant period shall not be less than 4:1.

	2024 R'000	Restated* 2023 R'000
Net debt	**298 147**	562 249
Non-current borrowings	**569 853**	528 005
Current borrowings	**58 553**	120 000
Bank overdraft	**–**	104 007
Less cash and cash equivalents	**(330 259)**	(189 763)
Total equity	**3 401 185**	3 499 252
EBITDA	**816 311**	820 944
Interest expense	**96 235**	94 193
NET DEBT TO EQUITY RATIO	**8.77%**	16.06%
NET DEBT TO EBITDA	**0.37:1**	0.68:1
INTEREST COVER	**8.48:1**	8.75:1

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3. FINANCIAL RISK MANAGEMENT CONTINUED

General *continued*

(vi) Insurance risk management

Insurance risk	Description	How Company manages the risk
Modelling and data risk	Contracts that are short term have simplified models reducing modelling risk.	Data and modelling is handled by Guardrisk and Centriq. These are reputable insurance companies that have modern administration systems and the systems managed by highly qualified staff such as actuaries, IT experts, qualified finance staff etc.
Capital adequacy requirements and protection against adverse experiences	The Group has a contractual obligation to maintain the solvency of the cell captives and ensure that sufficient capital exists to meet their obligations.	The licensed cell captive insurers both have robust corporate governance and regulatory frameworks in place to manage insurance risk. The licensed cell captive insurers perform various functions, including (but not limited to) premium rating, capital and reserving requirements and risk mitigating strategies. Senior management of the Group actively monitor and review the work performed by the licensed cell captive insurers. Items such as monthly results, premium turnover, claims experience, solvency, and provision calculations are discussed and debated in detail to ensure that they are reasonable and align with the Group's risk appetite.
Policy wording/ legal	There is a risk that the Group could be financially exposed to obligations that differ from expectations and are not adequately provided for. The risk could also arise from legal proceedings.	Guardrisk and Centriq are reputable insurance companies with highly qualified legal, administration and management staff.
Regulatory change/ risk	The risk of new regulations or regulatory changes that have a negative impact on the Group's ability to provide a sustainable benefit offering to members, including the implementation of a National Health Insurance (**NHI**) system that is not sustainable.	Ongoing interaction with the regulator and collaborative engagement with the legislator. Participation in the industry representative body, the Board of Health Funders Association.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

4. SEGMENT INFORMATION

The operating segments identified are examined from a service perspective (total healthcare versus IT) and geographical perspective (South Africa versus Africa). The geographical segments identified include all businesses outside of South Africa which include Botswana, Mauritius and Namibia. Individually, each business outside of South Africa is not material hence management has taken the decision to disclose all businesses outside of South Africa as a separate operating segment. All segments have been disclosed according to what the Chief Operating Decision-Maker reviews.

Nature of business segments

- Healthcare SA – consists of medical scheme administration and Health risk management services, of which Medscheme is the biggest contributor. These services are rendered in South Africa. Associate earnings are included as the entity that receives the earnings is Medscheme which operates in South Africa.
- Healthcare Retail – consists of pharmaceutical sales/services by Pharmacy Direct, Scriptpharm Risk Management, Curasana Wholesaler, Activo Health, and Activo Healthcare Assets Group. These services are rendered in South Africa.
- Healthcare Africa – consists of all Healthcare services outside of South Africa (Namibia and Mauritius).
- IT – this relates to all IT-related services for the Group predominantly within South Africa.

4.1 Segment revenues

	Healthcare SA R'000	Healthcare Africa R'000	Healthcare Retail R'000	Total Healthcare R'000	Information Technology R'000	Intergroup eliminations R'000	Group R'000
YEAR ENDED 30 JUNE 2024							
Gross revenue	4 715 671	249 355	4 251 575	9 216 601	635 652	(961 547)	8 890 706
Cost of distribution of pharmaceutical products	–	–	(71 624)	(71 624)	–	–	(71 624)
Cost of pharmaceutical products and finished goods	(50 044)	–	(2 048 289)	(2 098 333)	(14 456)	82 513	(2 030 276)
Capitation Funds	(376 404)	–	(1 268 596)	(1 645 000)	–	–	(1 645 000)
Employee benefit costs	(2 126 485)	(112 935)	(315 380)	(2 554 800)	(196 031)	51 774	(2 699 057)
Other expenses	(1 868 594)	(52 223)	(352 407)	(2 273 224)	(206 646)	847 461	(1 632 409)
Amortisation of intangibles	(3 889)	(977)	(3 887)	(8 753)	(126 375)	(57 562)	(192 690)
Depreciation	(28 063)	(4 076)	(18 671)	(50 810)	(41 447)	(1 885)	(94 142)
Other income	5 187	–	–	5 187	–	–	5 187
Net finance (cost)/income	(17 577)	2 647	(21 022)	(35 952)	(3 085)	–	(39 037)
Finance income	6 780	2 648	–	9 428	38 156	(9 576)	38 008
Finance cost	(24 357)	(1)	(21 022)	(45 380)	(41 241)	9 576	(77 045)
Share-based payment expense	(3 102)	(608)	765	(2 945)	(188)	–	(3 133)
Net fair value (loss)/gain of assets	(13 096)	–	7 464	(5 632)	(26 611)	(240 253)	(272 496)
Fair value gain	1 769	–	–	1 769	–	–	1 769
Impairment of assets	(14 865)	–	7 464	(7 401)	(26 611)	(240 253)	(274 265)
Share of losses from associates and joint ventures	(9 045)	–	–	(9 045)	–	–	(9 045)
PROFIT BEFORE TAXATION	224 559	81 183	159 928	465 670	20 813	(279 499)	206 984
Income tax expense	(84 643)	(24 924)	(42 233)	(151 800)	3 529	15 542	(132 729)
PROFIT FOR THE YEAR	139 916	56 259	117 695	313 870	24 342	(263 957)	74 255
Net segments assets	2 155 868	192 638	1 768 058	4 116 564	1 389 280	(96 289)	5 409 555
Segments assets	2 141 696	192 638	1 768 058	4 102 392	1 389 280	(90 849)	5 400 823
Investments in associates and joint ventures	14 172	–	–	14 172	–	(5 440)	8 732
Segment liabilities	1 824 011	47 129	1 060 508	2 931 648	849 334	(1 772 612)	2 008 370
Additions to intangible assets	2 724	–	8 788	11 512	174 085	–	185 597
Additions to property and equipment	43 081	3 156	6 344	52 581	21 328	–	73 909

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

4. SEGMENT INFORMATION CONTINUED

4.1 Segment revenues *continued*

	Healthcare SA R'000	Healthcare Africa R'000	Healthcare Retail R'000	Total Healthcare R'000	Information Technology R'000	Intergroup eliminations R'000	Group R'000
YEAR ENDED 30 JUNE 2023 RESTATED*							
Gross revenue	4 445 898	234 835	4 464 637	9 145 370	651 877	(954 606)	8 842 641
Cost of distribution of pharmaceutical products	–	–	(78 376)	(78 376)	–	–	(78 376)
Cost of pharmaceutical products and finished goods	(49 620)	–	(2 152 392)	(2 202 012)	(14 984)	91 922	(2 125 074)
Capitation Funds	(385 582)	–	(1 387 400)	(1 772 982)	–	–	(1 772 982)
Employee benefit costs	(1 937 880)	(95 072)	(305 564)	(2 338 516)	(148 954)	42 383	(2 445 087)
Other expenses	(1 738 748)	(46 936)	(344 013)	(2 129 697)	(312 570)	818 954	(1 623 313)
Amortisation of intangibles	(4 366)	(911)	(5 584)	(10 861)	(142 481)	(55 481)	(208 823)
Depreciation	(24 785)	(4 312)	(15 198)	(44 295)	(37 079)	(1 602)	(82 976)
Net finance (cost)/income	(16 108)	2 731	(33 491)	(46 868)	(4 524)	–	(51 392)
Finance income	5 714	2 752	–	8 466	30 789	(13 418)	25 837
Finance cost	(21 822)	(21)	(33 491)	(55 334)	(35 313)	13 418	(77 229)
Share-based payment expense	(14 935)	(228)	(2 264)	(17 427)	(678)	268	(17 837)
Net fair value impairment of assets	(59 159)	–	(4 961)	(64 120)	(25 000)	65 674	(23 446)
Fair value (losses)/gains	(57 855)	–	5 176	(52 679)	–	56 348	3 669
Impairment of assets	(1 304)	–	(10 137)	(11 441)	(25 000)	9 326	(27 115)
Share of profit of associates and joint ventures	14 051	–	–	14 051	–	–	14 051
PROFIT/(LOSS) BEFORE TAXATION	228 766	90 107	135 394	454 267	(34 393)	7 512	427 386
Income tax (expense)/income	(77 140)	(25 282)	(43 894)	(146 316)	215	14 447	(131 654)
PROFIT/(LOSS) FOR THE YEAR	151 626	64 825	91 500	307 951	(34 178)	21 959	295 732
Net segments assets	1 739 388	191 515	1 759 636	3 690 539	1 605 207	264 484	5 560 230
Segments assets	1 735 309	146 446	1 759 636	3 641 391	1 605 207	264 484	5 511 082
Investments in associates and joint ventures	4 079	45 069	–	49 148	–	–	49 148
Segment liabilities	1 356 072	39 740	1 194 217	2 590 029	1 032 774	(1 561 825)	2 060 978
Additions to intangible assets	5 380	1 125	18 624	25 129	158 562	–	183 691
Additions to property and equipment	27 130	31 933	15 549	74 612	117	–	74 729

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

5. PROPERTY AND EQUIPMENT

5.1 Property and equipment

	Group						
	Land and buildings R'000	Leasehold improvements R'000	Equipment R'000	Motor vehicles R'000	Furniture and fittings R'000	Computer equipment R'000	Total R'000
RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2024 – GROUP BALANCE AT 1 JULY 2023							
At cost	333 597	14 960	130 565	33 207	173 744	432 722	1 118 795
Accumulated impairment	–	–	–	–	–	(25 000)	(25 000)
Accumulated depreciation	(26 545)	(1 788)	(69 135)	(21 508)	(100 531)	(226 417)	(445 924)
CARRYING AMOUNT	307 052	13 172	61 430	11 699	73 213	181 305	647 871
MOVEMENTS FOR THE YEAR ENDED 30 JUNE 2024							
Additions	23	–	14 695	3 251	13 512	42 428	73 909
Depreciation	(5 653)	(1 667)	(10 984)	(3 752)	(15 377)	(56 709)	(94 142)
Impairment of property and equipment (Note 5.2)	–	–	–	–	–	(26 611)	(26 611)
Disposals	–	–	(6 701)	(239)	(1 861)	(574)	(9 375)
PROPERTY AND EQUIPMENT AT THE END OF THE YEAR	301 422	11 505	58 440	10 959	69 487	139 839	591 652
CLOSING BALANCE AT 30 JUNE 2024							
At cost	333 620	14 960	134 914	34 771	174 238	450 042	1 142 545
Accumulated depreciation	(32 198)	(3 455)	(76 474)	(23 812)	(104 751)	(258 592)	(499 282)
Accumulated impairment	–	–	–	–	–	(51 611)	(51 611)
CARRYING AMOUNT AT 30 JUNE 2024	301 422	11 505	58 440	10 959	69 487	139 839	591 652
RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2023 – GROUP BALANCE AT 1 JULY 2022							
At cost	338 200	14 852	126 881	29 382	160 040	429 890	1 099 245
Accumulated depreciation	(21 639)	(212)	(63 522)	(18 830)	(86 677)	(210 747)	(401 627)
CARRYING AMOUNT	316 561	14 640	63 359	10 552	73 363	219 143	697 618
MOVEMENTS FOR THE YEAR ENDED 30 JUNE 2023							
Additions	182	644	17 590	5 891	15 042	35 380	74 729
Depreciation	(4 841)	(1 657)	(9 723)	(3 556)	(14 981)	(48 218)	(82 976)
Impairment of property and equipment (Note 5.2)	–	–	–	–	–	(25 000)	(25 000)
Reclassification to Investment property	(4 850)	–	–	–	–	–	(4 850)
Disposals	–	(455)	(9 796)	(1 188)	(211)	–	(11 650)
PROPERTY AND EQUIPMENT AT THE END OF THE YEAR	307 052	13 172	61 430	11 699	73 213	181 305	647 871
CLOSING BALANCE AT 30 JUNE 2023							
At cost	333 597	14 960	130 565	33 207	173 744	432 722	1 118 795
Accumulated depreciation	(26 545)	(1 788)	(69 135)	(21 508)	(100 531)	(226 417)	(445 924)
Accumulated impairment	–	–	–	–	–	(25 000)	(25 000)
CARRYING AMOUNT AT 30 JUNE 2023	307 052	13 172	61 430	11 699	73 213	181 305	647 871

Pledged as security

The Group has not pledged property and equipment as security for interest-bearing borrowings.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

5. PROPERTY AND EQUIPMENT CONTINUED

5.2 Impairment

The Group performed an annual impairment test as at 30 June 2024. The test involved assessment of internal and external qualitative factors such as instances of underutilisation, obsolescence, physical damage, or material decline in the economic performance of the assets.

(i) Assets in the scope of IAS 36

Property and equipment

During the 2021 financial period, the Group embarked on an IT infrastructure refresh process during which it acquired a Linux One server. During the implementation of the asset in the 2022 financial period it became evident that this server was not compatible with the majority of the software used by the Group.

In the prior year, the Linux One server asset became idle, and management estimated the recoverable amount. In the absence of market values, the recoverable amount was determined as the carrying amount as at 30 June 2023 as if the asset was depreciated at the date of acquisition. The recoverable amount was less than the carrying amount and an impairment loss of R25 million was recognised.

During the current year the remaining carrying balance amount of Linux One was impaired to nil, an impairment loss of R26.6 million was recognised.

Total impairment losses for the year

The total impairment losses are summarised as follows:

	2024 R'000	2023 R'000
Computer equipment	**26 611**	25 000
	26 611	25 000

5.3 Right of use assets

The Company has not entered into any leases. The right of use assets arose from leases entered into by the subsidiaries within the Group.

	Group R'000
YEAR ENDED 30 JUNE 2024	
Opening carrying amount	**191 065**
Additions	**4 254**
Depreciation charge	**(52 747)**
CLOSING CARRYING AMOUNT	**142 572**
AT 30 JUNE 2024	
At cost	**419 642**
Accumulated depreciation	**(277 070)**
CLOSING CARRYING AMOUNT	**142 572**
YEAR ENDED 30 JUNE 2023	
Opening carrying amount	147 964
Additions	30 399
Modifications	84 825
Derecognition	(6 743)
Depreciation charge	(65 380)
CLOSING CARRYING AMOUNT	191 065
AT 30 JUNE 2023	
At cost	443 604
Accumulated depreciation	(252 539)
CLOSING CARRYING AMOUNT	191 065

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

6. INVESTMENT PROPERTY

6.1 Balances at year end and movements for the year

	Group		Company	
RECONCILIATION FOR THE YEAR	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Balance at the beginning of the year at fair value	**10 731**	7 631	**–**	–
Reclassification of investment property from property and equipment*	**–**	4 850	**–**	–
Fair value adjustment	**1 769**	(1 750)	**–**	–
BALANCE AT THE END OF THE YEAR AT FAIR VALUE	**12 500**	10 731	**–**	–

* *This relates to reclassification of investment property from property and equipment due to the fact that the property is leased to an unrelated third party.*

Changes in fair values are recognised as gains in profit or loss and included in 'fair value gains'. All gains are unrealised.

Amounts recognised in profit or loss

	2024 R'000	2023 R'000
Rental income	**550**	669
Operating expenses	**(161)**	(90)

Fair value measurements

Investment property consists of land situated at portion 108 (a portion of portion 27) of the farm Weltevreden 202 Roodepoort, South Africa and Portion 1 Erf 4172 Garsfontein, Registered Division JR City of Tshwane, Gauteng. Both properties are held for capital appreciation and are not occupied by the Group.

The valuation for portion 108 (a portion of portion 27) of the farm Weltevreden 202 Roodepoort was prepared by an independent valuer, J van der Hoven in July 2024, a property practitioner from De Hoven Proprietary Limited. J van der Hoven obtained his Post-Graduate Master's Degree in Architecture (recognised by Royal Institute of British Architects (**RIBA**) and Architects Registration Board (**ARB**) and has more than 10 years' experience as a property practitioner.

The valuation of Portion 1 Erf 4172 Garsfontein, Registered Division JR City of Tshwane, Gauteng is prepared every three years.

The last valuation was prepared in June 2023 by Ashton Eckler and Tebogo Digoamaje who are both independent valuers from DPP Valuation & Advisory Services Proprietary Limited.

The fair value of portion 108 (a portion of portion 27) of the farm Weltevreden was determined based on comparable sales method.

The fair value of Portion 1 Erf 4172 Garsfontein, was determined using the Income Approach method of valuation. This method of valuation involves the capitalisation of the net normalised income to determine a market value of the subject property. The total revenue and expenses of the subject property must therefore be calculated before a capitalisation rate can be applied.

Based on the 2024 property valuation report for portion 108 (a portion of portion 27) of the farm Weltevreden, the fair value has increased from the valuation performed in July 2023.

As the valuation for Portion 1 Erf 4172 Garsfontein was previously undertaken in June 2023, and the next valuation will be undertaken in three years' time, the value of the property as at 30 June 2024 has remained an unchanged.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

6. INVESTMENT PROPERTY CONTINUED

6.2 Recognised fair value measurements

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); and

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.

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

- the fair value of the investment property is determined by using either the comparable sales method or the Income approach method of valuation.

The investment property has been classified as a level 3 non-financial instrument, i.e. the inputs are not based on observable market data. The carrying amount of the investment property approximates the fair value.

Group fair value measurements using significant unobservable inputs (level 3):

	Investment property R'000
OPENING BALANCE	10 731
Fair value adjustment	1 769
CLOSING BALANCE	12 500

Valuation inputs and relationships to fair value

The fair value of portion 108 (a portion of portion 27) of the farm Weltevreden 202 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. This investment property is valued on an annual basis.

The fair value of the Portion 1 Erf 4172 Garsfontein is derived by an external property valuer using the Income approach method. In applying this approach the valuer used market value determined by capitalising the first year's normalised net operating income. This investment property is valued every three years.

Management reviewed the valuation performed by the external valuer and is satisfied that the inputs used by the external property valuer are reasonable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

6. INVESTMENT PROPERTY CONTINUED

6.2 Recognised fair value measurements *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 2024	Unobservable inputs	Input value used	Sensitivity of unobservable inputs on profit and loss
Investment property	9 400	Price per block building rights per square metre	R500	If the fair value per square metre increased by 10% then the value of the property would increase by R940 000 in profit or loss. If the fair value per square metre decreased by 10% then the value of the property would decrease by R940 000 in profit or loss.
Investment property – Garsfontein	3 100	Net rentable area	R454	If the fair value per square metre increased by 10% then the value of the property would increase by R310 000 in profit or loss. If the fair value per square metre decreased by 10% then the value of the property would decrease by R310 000 in profit or loss.

7. INTANGIBLE ASSETS

7.1 Intangible assets

	Group						
	Brands and intellectual property R'000	Pharma-ceutical dossiers* R'000	Internally developed computer software R'000	Computer software R'000	Goodwill R'000	Customer relation-ships R'000	Total R'000
RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2024 – GROUP							
AT 30 JUNE 2023							
At cost	37 416	525 739	1 478 330	238 369	1 607 941	386 851	4 274 646
Accumulated amortisation	(37 416)	(115 678)	(532 586)	(162 189)	–	(295 303)	(1 143 172)
Accumulated impairment	–	–	(13 926)	(22 562)	(49 445)	–	(85 933)
CLOSING CARRYING AMOUNT 30 JUNE 2023	–	410 061	931 818	53 618	1 558 496	91 548	3 045 541
MOVEMENTS FOR THE YEAR ENDED 30 JUNE 2024							
Additions	–	10 694	151 409	26 140	–	–	188 243
Amortisation	–	(35 316)	(114 562)	(16 835)	–	(25 977)	(192 690)
Impairment loss recognised (Note 7.2)	–	–	–	–	(230 835)	–	(230 835)
Write-off	–	(6 060)	–	–	–	–	(6 060)
CARRYING AMOUNT AT 30 JUNE 2024	–	379 379	968 665	62 923	1 327 661	65 571	2 804 199
AT 30 JUNE 2024							
At cost	37 416	530 371	1 629 738	264 509	1 607 941	386 851	4 456 826
Accumulated amortisation	(37 416)	(150 992)	(647 147)	(179 024)	–	(321 280)	(1 335 859)
Accumulated impairment	–	–	(13 926)	(22 562)	(280 280)	–	(316 768)
CLOSING CARRYING AMOUNT	–	379 379	968 665	62 923	1 327 661	65 571	2 804 199

* *Pharmaceutical dossiers relate to a set of documents that contains all the technical data (administrative, quality, non-clinical and clinical) of a pharmaceutical product in order to promote, market, sell, import and distribute the product in a specific territory.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

7. INTANGIBLE ASSETS CONTINUED

7.1 Intangible assets *continued*

	Brands and intellectual property R'000	Pharma-ceutical dossiers* R'000	Internally developed computer software R'000	Computer software R'000	Goodwill R'000	Customer relation-ships R'000	Total R'000
RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2023 – GROUP							
AT 30 JUNE 2022							
Cost	37 416	512 862	1 334 228	475 944	1 607 941	386 851	4 355 242
Accumulated amortisation	(37 416)	(84 957)	(413 372)	(355 102)	–	(267 343)	(1 158 190)
Accumulated impairment	–	–	(13 926)	(57 345)	(49 445)	–	(120 716)
CLOSING CARRYING AMOUNT 30 JUNE 2022	–	427 905	906 930	63 497	1 558 496	119 508	3 076 336
MOVEMENTS FOR THE YEAR ENDED 30 JUNE 2023							
Additions	–	12 877	149 516	21 298	–	–	183 691
Amortisation	–	(30 721)	(119 213)	(30 929)	–	(27 960)	(208 823)
Disposals	–	–	–	(248)	–	–	(248)
Write-off	–	–	(5 415)	–	–	–	(5 415)
CARRYING AMOUNT AT 30 JUNE 2023	–	410 061	931 818	53 618	1 558 496	91 548	3 045 541
AT 30 JUNE 2023							
At cost	37 416	525 739	1 478 330	238 369	1 607 941	386 851	4 274 646
Accumulated amortisation	(37 416)	(115 678)	(532 586)	(162 189)	–	(295 303)	(1 143 172)
Accumulated impairment	–	–	(13 926)	(22 562)	(49 445)	–	(85 933)
CLOSING CARRYING AMOUNT 30 JUNE 2023	–	410 061	931 818	53 618	1 558 496	91 548	3 045 541

* *Pharmaceutical dossiers relate to a set of documents that contains all the technical data (administrative, quality, non-clinical and clinical) of a pharmaceutical product in order to promote, market, sell, import and distribute the product in a specific territory.*

7.2 Impairments

The Group performed an annual impairment test as at 30 June 2024. The test involved assessment of internal and external qualitative factors such as instances of underutilisation, obsolescence, physical damage, or material decline in the economic performance of the assets.

(i) Assets in the scope of IAS 36

Goodwill

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).

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 are expected to continue into the medium term. The synergies and expected growth in new pharmaceutical product lines that are 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.

Following the termination of the contract of marketing services that AfroCentric Distribution Services (**ADS**) renders to the Bonitas Medical Scheme, goodwill that was initially recognised on acquisition of ADS to the value of R835 000 was impaired.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

7. INTANGIBLE ASSETS CONTINUED

7.2 Impairments *continued*

(i) Assets in the scope of IAS 36 *continued*

Total impairment losses for the year

The total impairment losses are summarised as follows:

	2024 R'000	2023 R'000
IMPAIRMENT OF GOODWILL		
Afrocentric Distribution Services	835	–
Pharmacy Direct and Curasana	100 000	–
Activo Health	95 900	–
Activo Healthcare Assets	34 100	–
TOTAL GOODWILL	230 835	–

7.3 CGU of the goodwill

A summary per CGU of the goodwill allocation is presented below:

	Group	
	2024 R'000	2023 R'000
HEALTHCARE ADMINISTRATION SA CGU	725 874	493 363
Medscheme – Healthcare administration including Glen Eden*	508 318	274 972
Medscheme – Health risk management	104 155	104 155
Aid for AIDS Management Proprietary Limited – Healthcare administration	23 490	23 490
Allegra Proprietary Limited – Healthcare IT support	1 268	1 268
AfroCentric Distribution Services Proprietary Limited – Healthcare marketing support	–	835
Klinikka Proprietary Limited – medical equipment supplier	2 435	2 435
TendaHealth – Healthcare insurance broker	1 162	1 162
Scriptpharm – chronic scripts claim	2 699	2 699
Essential Group – Healthcare insurance	9 333	9 333
AfroCentric Integrated Corporate Solutions Group – Healthcare administration	38 096	38 096
Denis Group	34 918	34 918
HEALTHCARE AFRICA CGU	15 535	15 535
Medscheme Mauritius Limited – local administration	4 969	4 969
Medscheme Mauritius Limited – international administration	10 566	10 566
HEALTHCARE RETAIL SA CGU	586 252	1 049 598
Pharmacy Direct and Curasana*	140 608	473 954
Activo and Activo Healthcare Assets Group	445 644	575 644
TOTAL	1 327 661	1 558 496

* *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.*

Management determines the recoverable amount of Cash Generating Units (**CGUs**) as being the higher of fair value less costs to sell or value in use. In the absence of an active market, value in use is used to determine the recoverable amount. A traditional method of discounting management's best estimate of future cash flows attributable to the CGU has been applied to determine the value in use. A growth rate has been applied to cash flow streams to take into account the effect of inflation as well as business-specific expectations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

7. INTANGIBLE ASSETS CONTINUED

7.3 CGU of the goodwill *continued*

Assumptions used in the determination of the recoverable amount are as follows:

- The estimated revenues to be earned from the use of the assets;
- The forecast period over which those revenues are projected;
- An average growth rate;
- The pre-tax discount rate that takes into account the yield on government bonds, Beta and a market risk premium;
- Risk adjustment factors used in deriving an appropriate discount rate applied to future estimated cash flows;
- The rate on government bonds (risk-free rate) of 11.40% as at 30 June 2024 (30 June 2023: 9.17%);
- A market risk premium of 6% (2023: 11.87%) is justified as the overall risk is to the downside; and
- The Beta (ß) is 0.318 as at 30 June 2024 (30 June 2023: 0.392).

The inputs above were adjusted for geographical and entity specific risk.

The following table sets out the key assumptions for those CGUs that management considers the most significant to the Group:

	Recoverable amount R'000	Excess/ (deficit) of recoverable amount over carrying value R'000	Discount rate %	Forecast period	Average growth rate %	Perpetuity growth rate %
2024						
Medscheme – admin and managed care* including Glen Eden	**1 628 469**	**473 182**	**14.86**	**5 years**	**14%**	**2%**
Activo Group	**1 510 352**	**99 528**	**13.36**	**5 years**	**16%**	**6%**
Pharmacy Direct and Curasana	**536 832**	**(20 543)**	**13.36**	**5 years**	**16%**	**6%**
2023						
Medscheme – admin and managed care	2 681 122	1 863 936	12.55	5 years	8%	5%
Activo	1 797 311	332 105	12.92	5 years	21%	5%
Pharmacy Direct, Curasana and Glen Eden	1 057 664	277 970	12.92	5 years	15%	5%

* *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.*

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used in determining values
Average growth rate (%)	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development is expected to have on future earnings noted below: Medscheme – admin and managed care including Glen Eden: • Business is expected to continue steadily, with membership growth expected to be linked to muted economic growth; • Management has embarked on effective cost savings initiatives through early investment in systems development. This increased IT capacity has now been applied to greater scale and through improved procedural efficiencies; • The Group will continue with system renewals to explore better and more cost-efficient ways in servicing and engaging its customers/members; • These programmes are expected to enable the Group to achieve 7% growth. Activo Group, Pharmacy Direct and Curasana: • Adverse price adjustments in some of the main product lines of the pharmaceutical cluster have had a negative impact on profitability in the current year and this is expected to continue into the medium term. • The synergies and expected growth in new pharmaceutical product lines are also lagging in terms of the original acquisition assessments of these assets. • The profitability of Pharmacy Direct Proprietary Limited is anticipated to reduce due to lower margins in the private sector delivery market, as well as its new chronic medication delivery contract with the public sector. • Both companies are experiencing growing revenue which, has been diluted by higher operating expenses thus resulting in the reduced profitability.
Discount rate (%)	Discount rate the company is expected to pay on average to all its security holders to finance its assets which reflects specific risks to the relevant CGU.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

7. INTANGIBLE ASSETS CONTINUED

7.3 CGU of the goodwill *continued*

Sensitivity analysis: impact of possible changes in key assumptions (growth rate and discount rate) on the recoverable value.

			Growth rate		
	Discount rate		Worst case R'000 13%	Base case R'000 14%	Best case R'000 15%
MEDSCHEME – ADMIN AND MANAGED CARE INCLUDING GLEN EDEN 30 JUNE 2024	Worst case	16.30%	1 245 724	1 434 606	1 605 289
	Base case	14.86%	1 447 713	1 628 469	1 839 345
	Best case	14.00%	1 560 981	1 765 860	1 769 625

			Growth rate		
	Discount rate		Worst case R'000 15%	Base case R'000 13%	Best case R'000 12%
PHARMACY DIRECT AND CURASANA 30 JUNE 2024	Worst case	15.50%	321 224[1]	411 312[2]	530 319
	Base case	14.50%	355 854[3]	462 018	605 505
	Best case	13.50%	398 655[4]	526 331	704 001
ACTIVO GROUP 30 JUNE 2024	Worst case	15.50%	927 746[5]	1 166 739[6]	1 482 202
	Base case	14.50%	1 023 521[7]	1 305 568	1 686 446
	Best case	13.50%	1 141 867[8]	1 481 611	1 953 961

[1] *Based on the carrying amount of R457.3 million, the worst case scenario indicates a possible impairment of R136.2 million.*
[2] *Based on the carrying amount of R457.3 million, the base case scenario indicates a possible impairment of R46.1 million.*
[3] *Based on the carrying amount of R457.3 million, the worst case scenario indicates a possible impairment of R101.5 million.*
[4] *Based on the carrying amount of R457.3 million, the worst case scenario indicates a possible impairment of R75.0 million.*
[5] *Based on the carrying amount of R1 280.8 million, the worst case scenario indicates a possible impairment of R353.1 million.*
[6] *Based on the carrying amount of R1 280.8 million, the base case scenario indicates a possible impairment of R114.1 million.*
[7] *Based on the carrying amount of R1 280.8 million, the worst case scenario indicates a possible impairment of R257.3 million.*
[8] *Based on the carrying amount of R1 280.8 million, the worst case scenario indicates a possible impairment of R138.9 million.*

If the discount rate of Medscheme admin and managed care including Glen Eden CGU is increased by 4.273% to 19.13%, the recoverable amount will be equal to the carrying amount.

If the company specific risk for the Pharmacy Direct and Curasana CGU is reduced by 2.06% with a resultant reduction in the discount rate to 13.10%, the recoverable amount will be equal to the carrying amount.

If the discount rate for the Activo Group CGU is increased by 0.51% to 13.87%, the recoverable amount will be equal to the carrying amount.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

7. INTANGIBLE ASSETS CONTINUED

7.3 CGU of the goodwill *continued*

	Discount rate		Growth rate Worst case R'000 10%	Base case R'000 15%	Best case R'000 20%
MEDSCHEME – ADMIN AND MANAGED CARE 30 JUNE 2023	Worst case	13.80%	2 808 580	2 309 130	2 687 589
	Base case	12.55%	3 070 444	2 681 122	3 182 737
	Best case	11.43%	3 430 023	3 131 649	3 808 226
PHARMACY DIRECT, CURASANA AND GLEN EDEN 30 JUNE 2023	Worst case	14.17%	732 258	913 707	1 158 092
	Base case	12.92%	833 449	1 057 664	1 366 877
	Best case	11.55%	981 008	1 275 050	1 696 343
ACTIVO GROUP 30 JUNE 2023	Worst case	14.17%	1 212 236	1 545 792	1 980 869
	Base case	12.92%	1 386 677	1 797 311	2 348 824
	Best case	11.55%	1 641 466	2 177 606	2 930 145

If the growth rate for Medscheme admin and managed care CGU reduced 3.5%, the recoverable amount will equal the carrying value.

If the growth rate for the Pharmacy Direct, Curasana and Glen Eden CGU reduces by 4.1%, the recoverable amount will equal the carrying value.

If the growth rate for the Activo Group CGU reduces by 0.01%, the recoverable amount will equal the carrying amount.

8. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS BY CATEGORY	Group At fair value through profit or loss R'000	At amortised cost R'000
YEAR ENDED 30 JUNE 2024 – GROUP		
Other financial assets (Note 13)	8 488	19 231
Trade and other receivables excluding prepayments (Note 8.2)	–	732 055
Cash and cash equivalents (Note 8.3)	–	330 259
	8 488	1 081 545

	At fair value through profit or loss Restated* R'000	At amortised cost R'000	At fair value through other comprehensive income R'000
YEAR ENDED 30 JUNE 2023			
Other financial assets (Note 13)	8 637	29 758	1 530
Trade and other receivables excluding prepayments (Note 8.2)	–	683 347	–
Cash and cash equivalents (Note 8.3)	–	189 763	–
	8 637	902 868	1 530

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

8. FINANCIAL INSTRUMENTS CONTINUED

FINANCIAL ASSETS BY CATEGORY	Company At amortised cost R'000
YEAR ENDED 30 JUNE 2024	
Trade and other receivables excluding prepayments (Note 8.2)	**4 555**
Cash and cash equivalents (Note 8.3)	**4 274**
	8 829
YEAR ENDED 30 JUNE 2023	
Trade and other receivables excluding prepayments (Note 8.2)	17 263
Cash and cash equivalents (Note 8.3)	3 755
	21 018

FINANCIAL LIABILITIES BY CATEGORY	Group At amortised cost R'000
YEAR ENDED 30 JUNE 2024	
Lease liabilities (Note 8.6)	**177 086**
Borrowings (Note 8.5)	**628 406**
Trade and other payables excluding non-financial liabilities (Note 8.4)	**659 908**
	1 465 400
YEAR ENDED 30 JUNE 2023	
Lease liabilities (Note 8.6)	244 327
Borrowings (Note 8.5)	648 005
Trade and other payables excluding non-financial liabilities (Note 8.4)	548 347
Bank overdraft (Note 8)	104 007
	1 544 686

FINANCIAL LIABILITIES BY CATEGORY	Company At amortised cost R'000
YEAR ENDED 30 JUNE 2024	
Loan from group company (Note 8.7)	**78 700**
Trade and other payables excluding non-financial liabilities (Note 8.4)	**7 149**
	85 849
YEAR ENDED 30 JUNE 2023	
Loan from group company (Note 8.7)	38 474
Trade and other payables excluding non-financial liabilities (Note 8.4)	10 880
	49 354

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

8. FINANCIAL INSTRUMENTS CONTINUED

8.1 Trade receivables

	Group				
AGEING OF TRADE AND OTHER RECEIVABLES	Current R'000	30 days R'000	60 days R'000	90+ days R'000	Total R'000
JUNE 2024					
NET TRADE DEBTORS	326 876	152 331	38 156	75 458	592 821
Gross trade debtors	328 984	153 270	39 754	114 952	636 960
Expected credit losses	(2 108)	(939)	(1 598)	(39 494)	(44 139)
Other receivables	2 718	94	68	3 895	6 775
NET SUNDRY DEBTORS	110 581	590	4 018	7 568	122 757
Gross sundry debtors	129 919	590	4 018	7 568	142 095
Expected credit losses	(19 338)	–	–	–	(19 338)
Deposits	9 702	–	–	–	9 702
30 JUNE 2023					
NET TRADE DEBTORS	333 422	142 716	91 978	17 605	585 721
Gross trade debtors	334 690	144 479	93 181	53 728	626 078
Expected credit losses	(1 268)	(1 763)	(1 203)	(36 123)	(40 357)
Other receivables	6 952	–	–	604	7 556
NET SUNDRY DEBTORS	52 757	309	–	27 401	80 467
Gross sundry debtors	52 757	309	–	56 882	109 948
Expected credit losses	–	–	–	(29 481)	(29 481)
Deposits	9 478	–	–	125	9 603

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
DISCLOSURE OF TRADE DEBTORS				
Gross trade debtors	636 960	626 078	4 887	17 263
Loss allowance for trade receivables as below	(44 139)	(40 357)	–	–
NET TRADE DEBTORS	592 821	585 721	4 887	17 263

Movement in the loss allowance for trade receivables are as follows:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
At the beginning of the year	40 357	8 897	–	–
Increase in loss allowance recognised in profit or loss during the year	3 782	31 460	–	–
AT THE END OF THE YEAR	44 139	40 357	–	–

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all the trade receivables.

To measure the ECL, trade receivables have been grouped based on the shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2024 and the corresponding historical credit losses experienced within this period. The historical loss rate has been adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the annual gross domestic product (**GDP**) rate, average prime lending rate, inflation rate and unemployment rate to be the most relevant factors and accordingly, adjusts the historical loss rates based on expected changes in these factors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

8. FINANCIAL INSTRUMENTS CONTINUED

8.2 Trade and other receivables

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Trade debtors	**592 821**	585 721	**4 555**	17 263
Sundry debtors	**122 757**	80 467	**–**	–
Prepayments*	**54 221**	57 348	**332**	317
Deposits	**9 702**	9 603	**–**	–
Other receivables	**6 775**	7 556	**–**	–
TOTAL TRADE AND OTHER RECEIVABLES	**786 276**	740 695	**4 887**	17 580

* *Prepayments are not financial instruments but are included in trade and other receivables. Included in prepayments is R28 million (2023: R36 million) relating to prepaid software licenses and other IT support costs, as well as (2023: R12 million) relating to retention bonuses paid.*

All receivables are expected to be realised within 12 months. The carrying amounts of all trade and other receivables approximate fair value due to the short- term nature of the receivables, hence the impact of discounting is immaterial.

8.3 Cash and cash equivalents

	Group		Company	
CASH AT BANK AND SHORT-TERM DEPOSITS	2024 R'000	2023 R'000	2024 R'000	2023 R'000
AA – Bank Windhoek Limited*	**13 288**	18 166	**–**	–
Ba2 – Nedbank Limited**	**312 036**	156 150	**4 274**	3 755
Ba2 – Standard Bank Limited**	**–**	4 432	**–**	–
Ba2 – Absa Bank Limited**	**1 018**	1 472	**–**	–
A3 – CitiBank Limited**	**2 607**	9 169	**–**	–
AA – Mercantile Bank Limited**	**1 310**	374	**–**	–
TOTAL CASH AT BANK AND SHORT-TERM BANK DEPOSITS INCLUDED IN CURRENT ASSETS	**330 259**	189 763	**4 274**	3 755
Bank overdrafts – Nedbank Limited**	**–**	104 007	**–**	–
TOTAL OVERDRAWN CASH AND CASH EQUIVALENTS INCLUDED IN CURRENT LIABILITIES	**–**	104 007	**–**	–

* *The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.*
** *Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 3 indicates a ranking in the lower end of that generic rating category.*

The ratings for Nedbank Limited, Standard Bank Limited, Absa Bank Limited and CitiBank Limited were obtained from Moody's.

The ratings for Bank Windhoek Limited were obtained from Global Credit Rating Company.

The ratings for Mercantile bank Limited were obtained from Fitch ratings.

The rating scores are based on the following broad investment grade definitions:

AA Very high credit quality relative to other issuers or obligations in the same country. Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk although not significantly.

A Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Ba2 Obligations rated Ba2 are judged to have speculative elements and are subject to substantial credit risk.

BBB A lower-medium grade credit rating which suggests a company has an adequate but not overly strong ability to meet all its financial commitments. Obligations under BBB score are more vulnerable to adverse economic conditions.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

8. FINANCIAL INSTRUMENTS CONTINUED

8.3 Cash and cash equivalents *continued*

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Cash	279 721	159 414	4 274	3 755
Bank overdrafts	–	(104 007)	–	–
Short term deposits*	50 538	30 349	–	–
	330 259	85 756	4 274	3 755

* *Short-term bank deposits relate to cash at the year-end deposited into specific bank accounts.*

8.4 Trade and other payables

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Trade payables*	376 534	301 977	270	768
Payroll creditors	64 706	54 036	440	1 362
Accruals	161 537	165 039	568	1 095
Shareholders for dividends	12 104	6 766	3 452	3 214
Other payables*	109 733	74 565	2 419	4 441
Provisions	16 792	16 695	2 722	1 915
IBNR Provision	8 443	8 205	–	–
TOTAL TRADE AND OTHER PAYABLES	749 849	627 283	9 871	12 795

* *All trade and other payables are current and are expected to be settled within the next 12 months. The carrying values at the year-end approximate their fair values due to the short-term nature of the payables, hence the impact of discounting is immaterial.*

8.5 Borrowings

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Nedbank facility (1 year +)	569 853	528 005	–	–
Nedbank facility (0 – 1 year)	58 553	120 000	–	–
	628 406	648 005	–	–

Movement in borrowings are as follows:

	June 2024 R'000	June 2023 R'000
At the beginning of the period	648 005	651 082
Facility restructure	(19 599)	–
Borrowings acquired during the period	–	13 016
Interest accrued	69 076	50 027
Interest repaid	(69 076)	(50 027)
Capital repaid	–	(16 093)
BALANCE AT THE END OF THE YEAR	628 406	648 005

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

8. FINANCIAL INSTRUMENTS CONTINUED

8.5 Borrowings *continued*

During the current year, the credit facility was restructured effective 30 June 2024. The Nedbank facility equals a total of R1.2 billion consisting of Revolving Credit Facility of R350 million, 5-year Term Loan of R250 million, General Banking Facility of R300 million and a headroom on the Revolving credit facility of R300 million. The credit facility was initially entered with Nedbank in March 2019 for a 5-year term to March 2024. During the 2023 financial year, the credit facility period was extended to March 2025.

Compliance with loan covenants

R628 million, inclusive of accrued interest, has been utilised by the Group of which amounts have been applied to funding the working capital and general corporate requirements of the Group. The rate of interest on the loan for each interest period is the percentage rate per annum which is the aggregate of the applicable Margin and JIBAR.

The financial condition to the Nedbank facility is for the Group to ensure that net debt to EBITDA in respect of any relevant period shall not exceed 2.5:1 times and interest cover in respect of any relevant period shall not be less than 4:1 (refer to Note 3 (v)).

8.6 Lease liabilities

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Non-current liabilities	111 750	176 683	–	–
Current liabilities	65 336	67 644	–	–
	177 086	244 327	–	–

Movement in lease liabilities are as follows:

	June 2024 R'000	June 2023 R'000
At the beginning of the period	244 327	196 400
Lease liabilities (derecognised)/recognised per IFRS 16	(1 746)	33 631
Modifications	–	84 825
Interest accrued	19 190	16 964
Lease written off	(5 247)	(6 637)
Rental payments made	(79 438)	(80 856)
BALANCE AT THE END OF THE YEAR	177 086	244 327

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
AMOUNTS RECOGNISED IN STATEMENT OF PROFIT OR LOSS				
Interest expense	19 190	16 964	–	–
Expense relating to short-term leases	2 582	1 648	–	–

The total cash outflow for leases in 2024 was R79.4 million (2023: R80.1 million).

The lease payments are discounted using the incremental borrowing rate, being the Group's credit facility interest rate.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

8. FINANCIAL INSTRUMENTS CONTINUED

8.7 Loans from group company

Loans from group company comprise the following balances:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
AfroCentric Health (RF) Proprietary Limited	–	–	(78 700)	(38 474)
NON-CURRENT LIABILITIES	–	–	(78 700)	(38 474)

The loan is unsecured, bears interest and is repayable after 5 years.
Subsequent to initial recognition, the loan is measured at amortised cost.

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

In the current financial year, the Group has two investments in associates being The Associated Fund Administrators Botswana Proprietary Limited and Private Health Administrators Proprietary Limited. The Group also has a joint venture called Warona Health Emergency Medical Services.

The Associated Fund Administrators Botswana Proprietary Limited is incorporated in Botswana where its principal place of business is. The Company performs administration services for medical schemes in Botswana, which enhances the Group's footprint outside of South Africa.

Due to the Group's non-controlling interest in Associated Fund Administrators Botswana Proprietary Limited, it has no influence in aligning their reporting dates with the Group's. Management accounts were used to equity account this investment.

Private Health Administrators is incorporated in South Africa where its principal business is. The company is an independent medical scheme administrator.

Warona Health Emergency Medical Services is engaged in the provision of occupational health and emergency medical service offerings. The company is incorporated in South Africa where its principal business is.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Carrying value of investment in associate	6 450	48 007	–	–
Carrying value of investment in joint venture	2 282	1 141	–	–
	8 732	49 148	–	–

Details of the group's material associates at the end of the reporting period are as follows:

NAME OF ASSOCIATE	Nature of the relationship	Measurement base	Place of incorporation and business

	Reporting date	Number of shares held	Nature of relationship	Percentage holdings	Opening carrying amount R'000	Share after tax profit/ (losses) R'000	Dividends received R'000	Impairments R'000	30 June 2024 Closing carrying amount R'000
Associated Fund Administrators Botswana Proprietary Limited	30 September	3 408 218	Associate	40%	45 069	(10 926)	(16 320)	(14 661)	3 162
Private Health Administrators Proprietary Limited	28 February	26	Associate	26%	2 938	740	(390)	–	3 288
Warona Health Emergency Medical Services	30 June	49	Joint Venture	49%	1 141	1 141	–	–	2 282
TOTAL					49 148	(9 045)	(16 710)	(14 661)	8 732

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

	Reporting date	Number of shares held	Nature of relationship	Percentage holdings	Opening carrying amount R'000	Share after tax profit/ (losses) R'000	Dividends received R'000	Disposal R'000	30 June 2023 Closing carrying amount R'000
Associated Fund Administrators Botswana Proprietary Limited	30 September	3 408 218	Associate	40%	32 983	12 086	–	–	45 069
Private Health Administrators Proprietary Limited	30 June	26	Associate	26%	–	1 181	–	1 757	2 938
Warona Health Emergency Medical Services	30 June	49	Joint Venture	49%	357	784	–	–	1 141
TOTAL					33 340	14 051	–	1 757	49 148

Summarised financial information of Associated Fund Administrators Botswana Proprietary Limited

	Group	
	June 2024 R'000	June 2023 R'000
AT 30 JUNE 2024		
Non-current assets (excluding intangible assets)	**7 507**	9 703
Intangible assets	**–**	38
Current assets	**35 605**	92 560
TOTAL ASSETS	**43 112**	102 301
Non-current liabilities	**–**	6 077
Current liabilities	**35 242**	33 879
TOTAL LIABILITIES	**35 242**	39 956
NET ASSETS	**7 870**	62 345
Revenue	**51 676**	122 868
(Loss)/profit	**(16 883)**	30 215
Total comprehensive (loss)/income attributable to ordinary shareholders	**(16 883)**	30 215
Net (loss)/profit for the year	**(16 883)**	30 215

Summarised financial information of Private Health Administrators Proprietary Limited

	Group	
	June 2024 R'000	June 2023 R'000
AT 30 JUNE 2024		
Non-current assets (excluding intangible assets)	**3 563**	6 926
Current assets	**50 584**	63 334
TOTAL ASSETS	**54 147**	70 260
Non-current liabilities	**–**	4 051
Current liabilities	**38 832**	55 764
TOTAL LIABILITIES	**38 832**	59 815
NET ASSETS	**15 315**	10 445
Revenue	**49 170**	287 063
Profit	**2 844**	4 544
Total comprehensive income attributable to ordinary shareholders	**2 844**	4 544
Net profit for the year	**2 844**	4 544

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

Summarised financial information of Warona Health Emergency Medical Services*

	Group	
	June 2024 R'000	June 2023 R'000
AT 30 JUNE 2024		
Non-current assets	174	182
Current assets	12 095	15 931
TOTAL ASSETS	12 269	16 113
Non-current liabilities	–	–
Current liabilities	7 556	13 729
TOTAL LIABILITIES	7 556	13 729
NET ASSETS	4 713	2 384
Revenue	52 995	51 338
Net profit for the year	2 329	1 599

* *The company was previously named Warona Health Services Proprietary Limited and the name was changed effectively 18 August 2023.*

10. INVESTMENTS IN SUBSIDIARIES

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Unlisted investments at cost	–	–	1 847 163	1 847 163

NAME OF SUBSIDIARY	Main business	Country of incorporation	Interest held (voting rights) %	Non-controlling interest (voting rights) %
2024				
DIRECTLY HELD				
ACT Healthcare Assets Proprietary Limited	Investment holding	South Africa	100	–
ACT Funding Proprietary Limited	Dormant	South Africa	100	–
2023				
DIRECTLY HELD				
ACT Healthcare Assets Proprietary Limited	Investment holding	South Africa	100	–
ACT Funding Proprietary Limited	Dormant	South Africa	100	–

The Company has assessed its investments in subsidiaries for impairment by comparing the carrying amount of the investments to the net asset value of the underlying entities. No indication of impairment was noted for the financial year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

11. DEFERRED TAX

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Deferred tax assets	132 015	82 881	–	–
Deferred tax liabilities	(259 628)	(223 131)	–	–
NET GROUP DEFERRED TAX LIABILITIES	(127 613)	(140 250)	–	–

Categorised gross deferred tax assets and liabilities, before consolidation of balances are as follows:

GROUP	Capital allowances R'000	Provisions R'000	Prepay-ments R'000	Assessed loss* R'000	Business combina-tions R'000	Other** R'000	Total R'000
DEFERRED TAX ASSETS OPENING BALANCE AT 1 JULY 2023	–	60 084	–	23 403	–	71 158	154 645
Charged to profit or loss	–	10 591	–	(14 874)	–	(18 347)	(22 630)
CLOSING BALANCE AT 30 JUNE 2024	–	70 675	–	8 529	–	52 811	132 015
DEFERRED TAX LIABILITIES OPENING BALANCE AT 1 JULY 2023	(129 297)	–	(2 908)	–	(108 929)	(53 761)	(294 895)
Charged to profit or loss	9 950	–	(1 585)	–	14 977	11 925	35 267
CLOSING BALANCE AT 30 JUNE 2024	(119 347)	–	(4 493)	–	(93 952)	(41 836)	(259 628)
NET DEFERRED TAX (LIABILITIES)/ASSETS	(119 347)	70 675	(4 493)	8 529	(93 952)	10 975	(127 613)
DEFERRED TAX ASSETS OPENING BALANCE AT 1 JULY 2022	–	63 688	–	14 313	–	31 924	109 925
Charged to profit or loss	–	(3 196)	–	9 090	–	41 281	47 175
Disposal of subsidiary	–	(408)	–	–	–	(2 047)	(2 455)
CLOSING BALANCE AT 30 JUNE 2023	–	60 084	–	23 403	–	71 158	154 645
DEFERRED TAX LIABILITIES OPENING BALANCE AT 1 JULY 2022	(135 141)	–	(3 033)	–	(122 323)	(14 723)	(275 220)
Charged to profit and loss	5 844	–	119	–	13 394	(40 740)	(21 383)
Disposal of subsidiary	–	–	6	–	–	1 702	1 708
CLOSING BALANCE AT 30 JUNE 2023	(129 297)	–	(2 908)	–	(108 929)	(53 761)	(294 895)
NET DEFERRED TAX (LIABILITIES)/ASSETS	(129 297)	60 084	(2 908)	23 403	(108 929)	17 397	(140 250)

* *As a result of the increase in operations, the companies will generate sufficient income which will be utilised against the assessed loss going forward.*
** *Other deferred tax assets and liabilities consists of deferred tax relating to the lease liability, right of use asset, capital losses and income received in advance.*

In the prior year the Group had an assessed losses of R1.38 million that were not recognised as a deferred tax asset. In the current year the group had sufficient taxable income to utilise the assessed losses.

12. INVENTORIES

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Finished goods*	**293 135**	303 998	**–**	–
Merchandise – pharmaceutical**	**156 494**	146 420	**–**	–
Merchandise provision	**(550)**	(5 856)	**–**	–
INVENTORIES ON HAND AT YEAR-END	**449 079**	444 562	**–**	–

* *The finished goods balance consists of the inventories on hand net of the unearned fees relating to Single Exit Price (**SEP**) applied.*

** *Merchandise refers to pharmaceutical products that are on hand at year-end.*

13. OTHER FINANCIAL ASSETS

Other financial assets comprise the following balances:

	Group	
	June 2024 R'000	*Restated June 2023 R'000
MEASURED AT FAIR VALUE		
Investments in Venture Capital Funds	**8 394**	8 394
Foreign currency Forward Contract	**–**	1 530
Other equity investments	**94**	243
	8 488	10 167
MEASURED AT AMORTISED COST		
Mauritius Government Bonds	**19 231**	29 758
	19 231	29 758
TOTAL	**27 719**	39 927

* *With the adoption of IFRS 17, the investment in Cell Captive is now disclosed as an insurance contract asset. Refer to Note 34 for details on the restatement and Note 35 for the transition to IFRS 17.*

The investment vehicle for the venture capital funds has the mandate of re-investing capital funds. The objective is to generate returns for the holder of shares in the form of dividends.

The total shareholding percentage is less than 20% and as such, no significant influence is exercised over the venture capital fund. These equity investments are measured at fair value through profit or loss.

The Mauritius government bonds are held in a business model with the objective of collecting contractual cash flows, which consists of bi-annual interest receipts. Management's intention is to hold the bonds to maturity, at which point capital will be repaid. As such the bonds are measured at amortised cost. One of the government bonds matured on 14 July 2023 where value of the bond was MUR 20865 810 using an exchange rate of 0.386 resulting in a Rand value of R7 929 008.

The Expected Credit Loss allowance is deemed immaterial as government bonds are low risk.

Fair value hierarchy

The following hierarchy is used to classify 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); and

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

13. OTHER FINANCIAL ASSETS CONTINUED

Fair value hierarchy *continued*

Specific valuation techniques used to value financial instruments include:

- the fair value of the debt instruments measured at fair value through profit and loss are determined based on a valuation of the net asset value attributable to the investment;
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis and price earnings (**PE**) ratios; and
- the fair value of the Foreign currency forward contract asset is determined with reference to the change in exchange rate between the rate agreed in the contract and the spot rate at the end of the reporting period.

The assets disclosed below have been classified as level 3 financial instruments, i.e. the inputs are not based on observable market data. The carrying amount of all assets in the table below approximates the fair value of the assets.

Group fair value measurements using quoted prices (level 2):

	Level 2 R'000
YEAR ENDED 30 JUNE 2024 – GROUP	
Foreign currency Forward Contract	**–**
YEAR ENDED 30 JUNE 2023 – GROUP	
Foreign currency Forward Contract	1 530

Group fair value measurements using significant unobservable inputs (level 3):

	Level 3 R'000
YEAR ENDED 30 JUNE 2024 – GROUP	
Unlisted investment	**8 488**
YEAR ENDED 30 JUNE 2023 – GROUP	
Unlisted investment	8 637

The table below presents the movements for the year:

	Financial assets at amortised cost – Group	Financial assets at fair value through profit and loss – Group				Financial assets at fair value through other comprehensive income – Group
	Mauritius government bonds R'000	Investments in Venture Capital Funds R'000	Investments in Cell Captive Restated* R'000	Other equity investments R'000	Fair value through profit and loss Total R'000	Foreign currency Forward Contract R'000
BALANCE AT 1 JULY 2022	10 723	8 394	–	–	8 394	–
Additions	18 346	–	–	–	–	1 530
Finance income	689	–	–	–	–	–
Fair value gains	–	–	–	243	243	–
BALANCE AT 30 JUNE 2023	29 758	8 394	–	243	8 637	1 530
Disposals	**(10 527)**	**–**	**–**	**(149)**	**(149)**	**(1 530)**
BALANCE AT 30 JUNE 2024	**19 231**	**8 394**	**–**	**94**	**8 488**	**–**

* *With the adoption of IFRS 17, the investment in Cell Captive is now disclosed as an insurance contract asset. Refer to Note 34 for details on the restatement and Note 35 for the transition to IFRS 17.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

13. OTHER FINANCIAL ASSETS CONTINUED

Valuation inputs and relationships to fair value

Investments in Venture Capital Funds

The intention of the parties is to refund the value invested at the end of the investment term. The recoverable amount of the instruments is therefore equal to the initial cost incurred.

Foreign currency Forward Contract

The foreign currency forward contract asset is measured at fair value, being the difference between the firm commitment measured at the exchange rate agreed in the forward contract and the firm commitment measured at the spot rate as at year-end.

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 2024 R'000	Fair value at 30 June 2023 R'000	Unobservable Inputs	Input value used 2024 R'000	Input value used 2023 R'000	Sensitivity of unobservable inputs on profit or loss
Investment in Venture Capital Funds	**8 394**	8 394	Cost of Investment	**8 394**	8 394	As the input is based on the cost of the investment, no sensitivity analysis is deemed necessary.

Valuation process

The finance department of the Group performs the valuations of the investments for financial reporting purposes, including level 3 fair values. The team reports directly to the CFO. Discussions of the valuation processes and results are held between the CFO and Group Finance at year-end to determine the fair value of investments unless there is an indication of impairment which will result in a write off of the investment at that point in time.

14. ISSUED CAPITAL

14.1 Issued share capital

	Group		Company	
	30 June 2024 R'000	30 June 2023 R'000	30 June 2024 R'000	30 June 2023 R'000
AUTHORISED:				
1 billion ordinary shares at no par value	**10 000**	10 000	**10 000**	10 000
60 million redeemable preference shares of 1 cent each	**600**	600	**600**	600
ISSUED:				
841 088 241 ordinary shares of 1 cent each*	**21 324**	21 294	**21 324**	21 294
– Opening balance	**21 294**	18 909	**21 294**	18 909
– Issue of share capital**	**30**	2 385	**30**	2 385
Share premium (Note 14.2)	**2 537 411**	2 525 687	**2 537 411**	2 525 687
	2 558 735	2 546 981	**2 558 735**	2 546 981

* *The number of shares issued includes 12 995 532 treasury shares issued in terms of the FSP share scheme.*

** *During the current financial year, the last portion of the second tranche, as well as the second portion of the third tranche of the share-based awards vested. Refer Note 27 for further details.*

All ordinary shares rank equally regarding the Company's residual assets.

The directors are authorised, by resolution of the shareholders and until the forthcoming AGM, to issue the unissued shares in accordance with the limitation set by members. All issued shares have been fully paid.

MAJOR SHAREHOLDERS HOLDING MORE THAN 5% OF THE ISSUED SHARE CAPITAL	Number of shares	% of total shares
2024		
Sanlam Life Insurance Limited	**494 431 629**	58.78
Community Healthcare Holdings Proprietary Limited	**74 098 672**	8.81
ARC Financial Services Investments Proprietary Limited	**62 912 483**	7.48
TOTAL	**631 442 784**	75.07

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

14. ISSUED CAPITAL CONTINUED

14.2 Share premium

	Group		Company	
	30 June 2024 R'000	30 June 2023 R'000	30 June 2024 R'000	30 June 2023 R'000
Opening balance	**2 525 687**	1 094 876	**2 525 687**	1 094 876
Issue of equity – share-based payment awards exercised	**11 724**	14 157	**11 724**	14 157
Increase through additional issue of shares	**–**	1 416 654	**–**	1 416 654
CLOSING BALANCE	**2 537 411**	2 525 687	**2 537 411**	2 525 687

15. OTHER RESERVES

	Group				
	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Treasury shares R'000	Cash flow hedge reserve* R'000	Total reserves R'000
BALANCE AS AT 30 JUNE 2022	30 465	(5 056)	(2 324)	–	23 085
Share-based payment expense	17 837	–	–	–	17 837
Increase through treasury share transactions	–	–	1 162	–	1 162
Share-based payment awards exercised	(14 187)	–	–	–	(14 187)
Other comprehensive income	–	7 257	–	1 530	8 787
BALANCE AS AT 30 JUNE 2023	34 115	2 201	(1 162)	1 530	36 684
Share-based payment expense	**3 133**	**–**	**–**	**–**	**3 133**
Share-based payment expense prior year	**(1 026)**	**–**	**–**	**–**	**(1 026)**
Share-based payment awards exercised	**(11 754)**	**–**	**–**	**–**	**(11 754)**
Other comprehensive income	**–**	**(7 851)**	**–**	**(1 530)**	**(9 381)**
BALANCE AS AT 30 JUNE 2024	**24 468**	**(5 650)**	**(1 162)**	**–**	**17 656**

* *The cash flow hedge reserve represents the impact of the foreign currency gain on the forward exchange contract entered into by the Group in anticipation of settling a foreign supplier mitigate the risk of the Rand weakening against the US Dollar. In the current year the foreign exchange loss was realised.*

	Company
	Share-based payment reserve R'000
BALANCE AS AT 30 JUNE 2022	30 465
Share-based payment expense	17 837
Share-based payment awards exercised	(14 187)
BALANCE AS AT 30 JUNE 2023	34 115
Share-based payment expense	**3 133**
Share-based payment expense prior year	**(1 026)**
Share-based payment awards exercised	**(11 754)**
BALANCE AS AT 30 JUNE 2024	**24 468**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

16. NON-CONTROLLING INTEREST

	Group	
	June 2024 R'000	June 2023 R'000
Balance at the beginning of the year	**55 950**	987 772
Dividend distributions (Note 26)	**(26 581)**	(65 593)
Non-controlling interest on change in ownership without change in control	**(17 054)**	(978 240)
Share of net profit of subsidiaries	**18 874**	112 011
	31 189	55 950

Transactions with non-controlling interests

Effective 22 February 2024, the existing 49% shareholders in Essential Group Proprietary Limited exercised a put option, thereby offering their entire shareholding to AfroCentric Health Proprietary Limited for a value of R46 120 971. On transaction date the Group derecognised the 49% shareholding of R17.0 million.

	Essential Group R'000	Total R'000
30 June 2024		
Retained earnings	**(28 844)**	**(28 844)**
Non-controlling interest	**(17 277)**	**(17 277)**
Total equity	**(46 121)**	**(46 121)**

	Memo Digital R'000	Sanlam Group R'000	Afrocentric Distribution Services R'000	Mmed Distribution R'000	Total R'000
30 June 2023					
Retained earnings	(1 111)	(436 903)	(71 043)	(16 703)	(525 760)
Non-controlling interest	(956)	(982 116)	(11 871)	16 703	(978 240)
Total equity	(2 067)	(1 419 019)	(82 914)	–	(1 504 000)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

17. EMPLOYMENT BENEFIT LIABILITIES

	Group		
	Leave pay R'000	Bonuses R'000	Total R'000
BALANCE AS AT 30 JUNE 2022	48 661	94 461	143 122
Charged to the statement of comprehensive income:			
– additional provisions	9 911	52 022	61 933
– amounts reversed	(787)	(998)	(1 785)
Utilised during the year	(6 742)	(90 252)	(96 994)
BALANCE AS AT 30 JUNE 2023	51 043	55 233	106 276
Charged/(credited) to the statement of comprehensive income:			
– additional provisions	**13 067**	**(2 343)**	**10 724**
– amounts reversed	**46**	**(1 002)**	**(956)**
Provisions (utilised)/raised	**(4 364)**	**70 667**	**66 303**
BALANCE AS AT 30 JUNE 2024	**59 792**	**122 555**	**182 347**

The leave pay and bonus provisions are primarily in respect of leave pay and bonuses to be settled in the next financial year.

18. REVENUE

	Group	
	2024 R'000	Restated* 2023 R'000
18.1 Revenue from sale of goods	**2 667 532**	2 773 070
REVENUE FROM SERVICES	**6 127 139**	5 987 156
Administration fees	**1 870 117**	1 778 608
Health risk management fees – Medical aid schemes	**1 766 269**	1 604 445
Health risk management fees – Capitation funds	**1 706 804**	1 856 374
Management fees	**18 375**	14 664
IT revenue and other**	**564 666**	540 487
Marketing fees	**147 507**	144 255
Healthcare insurance	**53 401**	48 323
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**8 794 671**	8 760 226

* *The prior year have been restated due to prior period errors. Refer Note 35.3 for further details.*
** *Included in this value is license fees, expenses recoveries, IT hosting fees, commission received and service fees.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

18. REVENUE CONTINUED

18.2 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 (see Note 4).

	Group								
	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	Pharmaceutical R'000	Health risk management fees – Capitation funds R'000	Marketing fees R'000	Group total R'000
REVENUE FOR THE YEAR ENDED 30 JUNE 2024 DISAGGREGATED BY TYPE OF GOODS OR SERVICES – GROUP									
PRIMARY GEOGRAPHICAL MARKETS									
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
Outside of South Africa	209 423	20 244	1 859	–	17 825	–	–	–	249 351
	1 870 117	1 766 269	18 375	53 401	564 666	2 667 532	1 706 804	147 507	8 794 671
MAJOR PRODUCT/ SERVICE LINE									
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
	1 870 117	1 766 269	18 375	53 401	564 666	2 667 532	1 706 804	147 507	8 794 671
TIMING OF REVENUE RECOGNITION									
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
	1 870 117	1 766 269	18 375	53 401	564 666	2 667 532	1 706 804	147 507	8 794 671

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

18. REVENUE CONTINUED

18.2 Disaggregation of revenue from contracts with customers *continued*

	Group								
	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	Pharmaceutical R'000	Health risk management fees – Capitation funds R'000	Marketing fees R'000	Group total R'000
REVENUE FOR THE YEAR ENDED 30 JUNE 2023 DISAGGREGATED BY TYPE OF GOODS OR SERVICES – GROUP									
PRIMARY GEOGRAPHICAL MARKETS									
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
Outside of South Africa	197 868	17 611	1 780	–	17 577	–	–	–	234 836
	1 778 608	1 604 445	14 664	48 323	540 487	2 773 070	1 856 374	144 255	8 760 226
MAJOR PRODUCT/ SERVICE LINE									
Admin health	1 778 608	–	–	–	540 487	–	–	144 255	2 463 350
Retail (Pharma)	–	–	–	–	–	2 773 070	–	–	2 773 070
Managed healthcare	–	1 604 445	14 664	48 323	–	–	1 856 374	–	3 523 806
	1 778 608	1 604 445	14 664	48 323	540 487	2 773 070	1 856 374	144 255	8 760 226
TIMING OF REVENUE RECOGNITION									
Products transferred at a point in time	–	–	–	–	–	2 773 070	–	–	2 773 070
Products and services transferred over time	1 778 608	1 604 445	14 664	48 323	540 487	–	1 856 374	144 255	5 987 156
	1 778 608	1 604 445	14 664	48 323	540 487	2 773 070	1 856 374	144 255	8 760 226

18.3 Contract balances

The following table provides information about receivables from contracts with customers.

	Group		Company	
CURRENT CONTRACT RECEIVABLES	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Trade receivables	**636 960**	626 078	**4 887**	17 263
Trade receivables impairment	**(44 139)**	(40 357)	**–**	–
	592 821	585 721	**4 887**	17 263

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

19. COST OF PHARMACEUTICAL PRODUCTS AND FINISHED GOODS

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Opening inventories	444 562	431 764	–	–
Purchases	2 034 793	2 117 585	–	–
Inventories adjustment	–	20 287	–	–
Closing inventories	(449 079)	(444 562)	–	–
Cost of pharmaceutical products and finished goods	2 030 276	2 125 074	–	–
Cost of distribution of pharmaceutical products	71 624	78 376	–	–
TOTAL COST RELATING TO PHARMACEUTICAL PRODUCTS	2 101 900	2 203 450	–	–

20. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following items:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
AUDITORS' REMUNERATION (INCLUDED IN "OTHER EXPENSES")	20 112	18 467	4 452	2 613
Audit fees	18 619	17 637	3 525	2 359
Prior period under provision	1 493	830	927	254
DEPRECIATION OF PROPERTY AND EQUIPMENT	94 142	82 976	–	–
Motor vehicles	3 752	3 556	–	–
Computer equipment	56 709	48 218	–	–
Buildings	5 653	4 841	–	–
Furniture and fittings	15 377	14 981	–	–
Property and Equipment	10 984	9 723	–	–
Leasehold improvements	1 667	1 657	–	–
Amortisation of development costs and other intangible assets	192 690	208 823	–	–
Right of use asset depreciation	52 747	65 380	–	–
Share-based payment expense	3 133	17 837	124	695
Bad debt write-off	12 398	16 332	–	–
Expected credit loss allowance	36 482	41 102	–	–
Rent and property costs	107 234	87 479	–	–
Buildings*	104 652	85 831	–	–
Office equipment and furniture*	2 582	1 648	–	–
Repairs and maintenance (included in rent and property costs)	15 816	21 623	–	–
Rent and property costs total	123 050	109 102	–	–
Capitation costs	1 645 000	1 772 982	–	–

* *Included in the rent and property cost is short-term leases of 2024: R2 552 000 (2023: R1 648 000) relating to office equipment and furniture 2024: R2 581 000 (2023: R1 648 000).*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

20. PROFIT BEFORE TAXATION CONTINUED

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
DIRECTORS' EMOLUMENTS AND FEES				
(included in employee benefit costs)				
EXECUTIVE				
A Banderker*	10 404	19 288	–	–
– Cash package paid during the year	1 810	5 427	–	–
– Performance related payments/bonuses	–	5 622	–	–
– Retention bonus**	8 477	6 154	–	–
– Profit on vesting of share-based payments	–	1 733	–	–
- Company contributions paid during the year[1]	117	352	–	–
JW Boonzaaier	7 905	7 023	–	–
– Cash package paid during the year	3 883	3 689	–	–
– Performance related payments/bonuses	–	–	–	–
– Retention bonus**	2 540	1 482	–	–
– Other allowance	66	66	–	–
– Profit on vesting of share-based payments	1 177	1 560	–	–
– Company contributions paid during the year[1]	239	226	–	–
GN Van Wyk***	4 309	–	–	–
– Cash package paid during the year	4 096	–	–	–
– Company contributions paid during the year	213	–	–	–
NON-EXECUTIVE FOR SERVICES AS DIRECTORS**	7 901	8 076	7 901	8 076
Dr ATM Mokgokong	1 847	1 803	1 847	1 803
MJ Mandungandaba	2 091	2 045	2 091	2 045
M Chauke	675	681	675	681
MK Dippenaar	409	–	409	–
JB Fernandes	1 247	1 166	1 247	1 166
PB Hanratty*****	–	30	–	30
AM Le Roux	735	768	735	768
K Mkhize*****	–	422	–	422
Dr ND Munisi	599	569	599	569
WH Britz	298	–	298	–
FG Allen	–	592	–	592

* *Mr A Banderker resigned on 31 October 2023.*

** *Retention bonus payments were made in the first half of the 2023 financial year for a retention period to November 2024, aimed at retention of key skills and continuity after the Sanlam transaction. The amount recognised in the current year, relates to the portion of the retention bonus that is in respect of the 2024 financial year.*

*** *Mr GN van Wyk was appointed as CEO on 1 November 2023.*

**** *The directors' remuneration highlighted above reflects their total directors' fees received across various subsidiaries within the Group.*

***** *Sanlam Group executive directors do not get remunerated for their services as directors on the AfroCentric board of directors.*

1 *The company contributions relate to contributions made by the employer towards pension funds.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

20. PROFIT BEFORE TAXATION CONTINUED

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
EMPLOYEE BENEFIT COSTS	**2 699 057**	2 445 087	**4 634**	2 648
Salaries and wages	**2 269 722**	2 116 301	**4 634**	2 648
Termination benefits	**3 609**	3 736	**–**	–
Incentive, production and performance bonus	**167 984**	96 655	**–**	–
Staff welfare	**62 362**	52 533	**–**	–
Movement in post-employment medical obligation	**71**	141	**–**	–
Other employee benefit cost	**195 309**	175 721	**–**	–
Dividends received	**–**	(105)	**(92 500)**	(107 078)
Loss on disposal of property and equipment	**3 491**	3 338	**–**	–
Write-off of intangible assets	**6 060**	5 415	**–**	–
Fair value gains/(losses)	**1 769**	(3 669)	**–**	–
Fair value gains on investment property	**1 769**	1 750	**–**	–
Other fair value losses	**–**	(5 419)	**–**	–
Impairments	**274 265**	27 115	**–**	–
Impairment of property and equipment	**26 611**	25 000	**–**	–
Impairment of intangible assets	**230 835**	–	**–**	–
Impairments of investment in associates	**14 661**	–	**–**	–
Impairment of loans	**2 158**	2 115	**–**	–
IT Costs*	**212 819**	255 701	**–**	–
OTHER EXPENSES**				
Included in other expenses are the following:				
Donations	**1 274**	641	**–**	–
Consulting fees	**621 599**	578 006	**15 538**	18 931
Legal fees	**14 498**	31 143	**–**	–
Operating expenditure***	**336 050**	311 310	**17 312**	12 485
Marketing and recruitment	**90 064**	88 904	**8 197**	2 927
VAT expenses	**1 973**	21 207	**4**	–

* *IT costs relates mainly to software licenses, managed service contracts and internet connectivity.*

** *The disclosure for Other expenses relates to the expenses deemed significant and does not include all items of Other expenses.*

*** *This relates mainly to motor vehicle, telephone, travel, postage and subscription costs.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

21. NET FINANCE COSTS

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
FINANCE INCOME	**(31 277)**	(21 745)	**(324)**	(275)
Cash and cash equivalents	**(21 580)**	(10 941)	**(324)**	(275)
Other*	**(9 697)**	(10 804)	**–**	–
Insurance finance income	**(6 731)**	(4 092)	**–**	–
Total finance income	**(38 008)**	(25 837)	**(324)**	(275)
FINANCE COSTS	**77 045**	77 229	**6 064**	2 113
Other**	**7 969**	13 102	**–**	–
Inter-company loans	**–**	–	**6 064**	2 113
Borrowings	**69 076**	64 127	**–**	–
Net finance costs	**39 037**	51 392	**5 740**	1 838

* *Finance income – Other relates to interest charged in relation to loans granted.*
** *Finance costs – Other relates to Cash Management Solution (**CMS**) interest and SARS interest.*

22. INCOME TAX EXPENSE

22.1 Current taxation

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
CURRENT TAXATION	**146 295**	157 071	**22**	54
Current year	**143 253**	158 317	**60**	61
Prior year	**1 443**	(2 884)	**(38)**	(7)
Foreign withholding tax – current	**1 484**	1 638	**–**	–
Securities transfer tax	**115**	–	**–**	–
DEFERRED TAXATION	**(13 566)**	(25 417)	**–**	–
Current year	**(766)**	(22 833)	**–**	–
Prior year	**(12 819)**	(2 622)	**–**	–
Income tax on remeasurement of post-employment benefit obligations	**19**	38	**–**	–
	132 729	131 654	**22**	54

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

22. INCOME TAX EXPENSE/(CREDIT) CONTINUED

22.2 Reconciliation of the tax rate

	Group		Company	
	2024	2023	2024	2023
South African normal tax rate	27.00%	27.00%	27.00%	27.00%
ADJUSTED FOR:				
DISALLOWABLE EXPENSES	40.04%	7.14%	34.17%	15.31%
Donations not subject to Section 18A	0.10%	0.01%	0.00%	0.00%
Share transaction cost	0.12%	0.06%	0.62%	0.34%
Dual nature expenses	3.87%	1.32%	19.32%	7.41%
Non-allowable legal fees	(0.93%)	0.11%	0.00%	0.00%
Non-allowable consulting fees	2.45%	1.36%	10.15%	7.29%
Loss on sale of assets	0.00%	0.09%	0.00%	0.00%
Impairment of investments	1.91%	0.00%	0.00%	0.00%
Impairment of property and equipment	0.00%	1.58%	0.00%	0.00%
Impairment of loans	1.85%	1.61%	0.00%	0.00%
Write off of intangible assets	30.11%	0.34%	0.00%	0.00%
Actuarial gain	0.01%	(0.48%)	0.00%	0.00%
Depreciation on buildings	(0.45%)	0.05%	0.00%	0.00%
Share based payments	0.03%	0.06%	0.08%	0.27%
Penalties and interest	1.76%	0.02%	4.00%	0.00%
Non trading expenses	(0.79%)	0.82%	0.00%	0.00%
Recoupment of allowance – de-grouping	0.00%	0.19%	0.00%	0.00%
NON-TAXABLE INCOME	1.57%	(1.60%)	0.00%	(0.99%)
Share of profits from associates and joint ventures	1.18%	(0.89%)	0.00%	0.00%
Fair value gain on investments	(0.23%)	(0.47%)	0.00%	0.00%
Financial guarantee	(0.06%)	(0.07%)	0.00%	0.00%
Employment Tax Incentive	(0.03%)	(0.01%)	0.00%	0.00%
Other Non-taxable income	0.71%	(0.16%)	0.00%	(0.99%)
EXEMPT INCOME	0.21%	(0.01%)	(61.03%)	(41.23%)
Dividends received	0.21%	(0.01%)	(61.03%)	(41.23%)
OTHER DEDUCTIBLE EXPENSES	(1.69%)	(1.01%)	0.00%	0.00%
Learnership allowance	(1.69%)	(1.01%)	0.00%	0.00%
Rate differences	0.51%	(0.50%)	0.00%	0.00%
Prior year adjustment	0.00%	0.00%	0.00%	0.00%
– current tax	0.70%	(0.68%)	(0.09%)	(0.01%)
– deferred tax	(6.19%)	(0.61%)	0.00%	0.00%
Capital gain/loss	(0.02%)	0.19%	0.00%	0.00%
Withholding tax	0.72%	0.38%	0.00%	0.00%
Unutilised capital (losses)/gains	(0.18%)	0.00%	0.00%	0.00%
Securities transfer tax	0.06%	0.00%	0.00%	0.00%
Unrecognised assessed loss	1.43%	0.56%	0.00%	0.00%
EFFECTIVE TAX RATE	64.16%	30.86%	0.05%	0.08%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

23. EARNINGS PER SHARE

The calculation of basic earnings per share for the Group is based on profit and loss attributable to the parent for the year of R55.4 million (June 2023: net profit of R183.5 million), and a weighted average number of shares of 830.3 million (June 2023: 597.8 million) shares in issue. The calculation of headline earnings per share for the Group is calculated on adjusted headline earnings of R334.8 million (June 2023: R217.3 million), and a weighted average number of shares of 830.3 million (June 2023: 597.8 million) shares in issue.

	Group	
	June 2024 R'000	Restated* June 2023 R'000
RECONCILIATION OF HEADLINE EARNINGS PER SHARE		
Total profit and loss attributable to the parent	**55 381**	183 523
BASIC EARNINGS	**55 381**	183 523
ADJUSTED FOR:		
Impairment of property and equipment	**26 611**	25 000
Impairment of intangible assets	**230 835**	–
Loss on disposal of subsidiaries	**–**	198
Impairment of investment in associates	**14 661**	–
Loss on disposal of tangible assets	**3 495**	3 338
Write-off of intangible assets	**6 060**	5 415
Fair value (losses)/profits on investment property	**(1 769)**	1 750
Total non-controlling interest effect of adjustments	**–**	(592)
Total tax effects of adjustments	**(466)**	(1 374)
HEADLINE EARNINGS	**334 808**	217 258
EARNINGS PER SHARE (CENTS)		
Basic	**6.67**	30.70
Basic	**6.67**	30.70
Diluted	**6.51**	29.57
Diluted	**6.51**	29.57
HEADLINE EARNINGS PER SHARE (CENTS)		
Basic	**40.32**	36.34
Diluted	**39.37**	35.01
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**830 328 259**	597 825 403
– dilutionary impact of contingent shares**	**20 065 547**	22 808 329
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**850 393 806**	620 633 732

* *Refer to Note 34 for details on the restatements and Note 35 for transitioning to IFRS 17.*

** *The contingent shares relate to the share based payment awards. Refer to Note 27 for details.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

24. CASH FLOWS FROM OPERATING ACTIVITIES

	Group		Company	
	2024 R'000	Restated* 2023 R'000	2024 R'000	2023 R'000
Profit before tax	206 984	427 386	40 919	70 123
PROFIT BEFORE TAX	206 984	427 386	40 919	70 123
ADJUSTMENTS FOR:				
Dividends received	–	(105)	(92 500)	(107 078)
Bad debts recovered	(21)	–	–	–
Right of use assets depreciation	52 747	65 380	–	–
Interest on lease	19 190	16 964	–	–
Finance income	(31 277)	(21 745)	(324)	(275)
Finance income insurance	(6 731)	(4 092)	–	–
Finance costs	77 045	77 229	6 064	2 113
Bad debts written off	12 398	16 332	–	–
Increase in expected credit loss allowance	36 482	41 102	–	–
Depreciation	94 142	82 976	–	–
Fair value gains	(1 769)	(3 669)	–	–
Liabilities for shareholders for dividends written off	–	(3 321)	–	(3 321)
Amortisation of intangible assets	192 690	208 823	–	–
Intercompany non-cash transactions	–	–	13 075	–
Impairment of property and equipment	26 611	25 000	–	–
Impairment of intangible assets	230 835	–	–	–
Increase in inventories provision	–	20 287	–	–
Impairment provision on investments and loans	16 819	2 115	–	–
Temporary Employee Relief Scheme provision	2 811	–	–	–
Loss on disposal of tangible assets	3 491	3 338	–	–
VAT recovery	(5 166)	–	–	–
Write-off of intangible assets	6 060	5 415	–	–
Share-based payment expense	3 133	17 837	124	17 837
Insurance contract non-cash component	2 334	(13 426)	–	–
Share of losses/(profits) from associates	9 045	(14 051)	–	–
Finance cost – Contingent consideration	–	9 501	–	–
Finance cost – Deferred payment	754	861	–	–
Other adjustments for non-cash items	(446)	(730)	234	(108)
CASH FLOW BEFORE WORKING CAPITAL CHANGES	948 161	959 407	(32 408)	(20 709)
WORKING CAPITAL CHANGES				
Inventories	(4 517)	(33 085)	–	–
Trade and other receivables	(97 272)	(76 756)	17 323	(17 327)
Trade and other payables	122 568	(16 577)	(2 924)	1 819
Provisions	58 956	(36 846)	–	–
CASH GENERATED FROM OPERATIONS	1 027 896	796 143	(18 009)	(36 217)

* *Refer to Note 34 and 35 for details of the restatement.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

25. INCOME TAX PAID

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Balance at the beginning of the year asset	34 609	8 074	18	59
Balance at the end of the year (liability)/assets	(43 861)	(34 609)	22	(18)
Charge to the statement of profit or loss	(132 729)	(131 654)	(22)	(54)
Less deferred tax included in taxation expense	(13 566)	(25 417)	–	–
Disposal of subsidiary	–	1 236	–	–
Interest received	347	–	1	–
	(155 200)	(182 370)	19	(13)

26. DIVIDENDS

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Dividend declared by AfroCentric Investment Corporation Limited in September 2022	–	98 235	–	98 398
Dividend declared by AfroCentric Investment Corporation Limited in March 2024	92 520	–	92 520	–
	92 520	98 235	92 520	98 398
DIVIDENDS DECLARED AND PAID TO NON-CONTROLLING INTERESTS	26 581	65 593	–	–
Dividend declared and paid by Medscheme (Namibia) Proprietary Limited	12 350	11 700	–	–
Dividend declared and paid by ACT Healthcare Assets Proprietary Limited	–	43 101	–	–
Dividend declared and paid by Allegra Proprietary Limited	9 800	–	–	–
Dividend declared and paid by Essential Group Services Proprietary Limited	4 431	10 792	–	–
TOTAL DIVIDENDS DECLARED	119 101	163 828	92 520	98 398

A dividend of 11 cents per share (2023: 17 cents per share) was declared in 2024 in respect of the 2024 interim earnings. Based on the number of shares in issue on the last day to trade (after allowing for treasury shares), the total dividend amounted to R92 million. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

27. SHARE-BASED PAYMENTS

Long Term Incentive Plan

In the 2018 financial year a 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 individual companies within the Group, 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 current issued share capital of 554 377 328) and the maximum dilution limit is 27 718 866 (5% of the current issued share capital of 554 377 328).

AfroCentric expects that 65% 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 (R1.3 million) (2023: R14.3 million).

	Group					
	30 June 2024					
OFFER DATE	Issue share price R	Balance at 30 June 2023 '000	Offered '000	Forfeited/ Vested '000	Balance as at 30 June 2024 '000	Fair Value as at 30 June 2024 R'000
8 December 2017	6.20	–	–	–	–	–
1 November 2018	5.50	853	–	(853)	–	–
30 November 2019	3.30	2 720	–	(2 383)	337	1 111
7 December 2020	3.50	4 140	–	(2 007)	2 133	7 467
30 November 2021	5.50	5 360	–	(760)	4 600	25 300
TOTAL		13 073	–	(6 003)	7 070	33 878

Fair value based on closing share price at grant date.

Weighted average remaining years of 2.02 years.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

27. SHARE-BASED PAYMENTS CONTINUED

Long Term Incentive Plan *continued*

	Group		Company	
	June 2024 Number of shares	June 2023 Number of shares	June 2024 Number of shares	June 2023 Number of shares
MOVEMENTS IN NUMBER OF INSTRUMENTS:				
Outstanding at the beginning of the period	408 558	2 839	–	–
VESTED	634 775	405 719	–	–
OUTSTANDING AT THE END OF THE PERIOD	1 043 333	408 558	–	–

This represents the shares vested but not yet exercised.

Forfeitable Share Plan

In the prior financial year a new Forfeitable Share Plan was implemented. The purpose of the plan is to attract, retain, motivate and reward employees on a basis which aligns their interests with those of the Group and the shareholders of the Company.

The Remuneration Committee is responsible for selecting the employees who will from time to time participate in the plan as well as the extent of their participation. In making a decision, the Remuneration Committee will have regard to the employee's seniority, job function and role.

Forfeitable shares that are awarded will be transferred to the employees who will become the owner thereof but shall not be entitled to dispose of, or encumber, those forfeitable shares prior to vesting date. The shares will in all other respects enjoy the same rights as other issued shares.

Share awards will be subject to performance conditions linked to both a retention period as well as key performance indicators linked to the Group's performance.

The aggregate number of shares which may be utilised for the plan at any time shall not exceed 57 000 000 shares. The total aggregate of awards in the previous 10 years may not exceed 10% of the ordinary shares of the company in issue immediately prior to an award.

The aggregate number of shares that any one participant may acquire in terms of this plan may not exceed 11 400 000 shares.

AfroCentric expects that 65% of employees will be retained for the vesting period and that 50% of the shares awarded will vest based on the key performance indicators linked to the Group's performance.

The charge for the year is R3.3 million (2023: R3.5 million).

	Group					
	30 June 2024					
OFFER DATE	Issue share price R	Balance at 30 June 2023 '000	Offered '000	Forfeited/ Vested '000	Balance as at 30 June 2024 '000	Fair Value as at 30 June 2024 R'000
15 December 2022	5.05	9 735	–	(1 940)	7 795	39 365
08 February 2024	3.20	–	12 996	–	12 996	41 587
TOTAL		9 735	12 996	(1 940)	20 791	80 952

Fair value based on closing share price at grant date.

Weighted average remaining years of 2.11 years.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

28. CONTINGENCIES, COMMITMENTS AND GUARANTEES

Contingencies

Exposure to errors and omissions in ordinary course of business

As for any business with similar operations, the Group is exposed to various potential claims relating to alleged errors and omissions or non-compliance with laws and regulations in the conduct of its ordinary course of business. At the date of these Annual Financial Statements, the Group is unaware of any material claims, actual or contemplated, by any of the Group's stakeholders or customers, except for those listed below.

Neil Harvey & Associates Proprietary Limited

In 2018, Neil Harvey and Associates (**NHA**) initiated a claim against Medscheme for unauthorised use of the EMI Broker Software from 2005 to 2007, a tool that Medscheme helped to develop.

The total quantum of the claims was initially approximately R80 million but over the years the claims grew vastly in quantum and scope to around R356 million.

In 2020, following a 30-day hearing, the arbitrator determined that Medscheme did not have joint ownership of the software, constituting a copyright infringement. A nominal R2.7 million was awarded to NHA. Additionally, claims against three former Medscheme executives were dismissed.

In 2021, NHA appended an additional R500 million claim relating to Medscheme's revenue from using a version of Nexus allegedly replicating Medware. NHA's expert quantified the total loss to exceed R1.5 billion.

During the year, the arbitrator dismissed the claims against Medscheme brought against it by NHA. For further details relating to this matter, refer to the SENS announcement to shareholders on 27 March 2024. However, the matter remains ongoing as NHA is of the view that they have grounds for appeal. NHA has appealed the matter.

Guarantee

	Group		Company	
GUARANTEES	2024 R'000	**2023 R'000**	2024 R'000	**2023 R'000**
Guarantees issued in respect of office rental for premises occupied by the Group	**3 516**	3 516	**–**	–
South African Post Office	**3 800**	3 800	**–**	–
City Power Johannesburg	**390**	500	**–**	–
	7 706	7 816	**–**	–

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

29. RELATED PARTY TRANSACTIONS

29.1 Directors

Details relating to directors' emoluments are disclosed in Note 21. There are no loans to directors.

The directors' shareholdings are disclosed on pages 7 and 8 of the Annual Financial Statements. Transactions by the directors with Group entities are listed below.

Relationships with directors in the Group

WAD Holdings Proprietary Limited – Mr WH Britz (Non-executive Director until 1 February 2024) holds 50% of WAD Holdings Proprietary Limited.

WAD Holdings Proprietary Limited is the 100% shareholder of Northern Lights Trading 172 Proprietary Limited.

MJ Madungandaba (70%) and Dr ATM Mokgokong (30%) control Namane Financial Services Proprietary Limited.

MJ Madungandaba (42%) and Dr ATM Mokgokong (30%) control Mesure Facilities Management Proprietary Limited.

MJ Madungandaba (8.29%) and Dr ATM Mokgokong (3.55%) have an interest in Jasco Electronics Holdings Limited.

ND Munisi is a director of Jasco Electronics.

29.2 Transactions with related parties

During the period the Group entered into the following related party transactions:

DIRECTORS

			Group	
PAID BY	**COMPANY RECEIVED**	**NATURE OF TRANSACTION**	**June 2024 R'000**	**June 2023 R'000**
Directors	Schemes administered by Medscheme Holdings Proprietary Limited	Medical aid contributions	–	363
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – salaries	**17 757**	16 215
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – cleaning and security	**22 241**	20 047
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – refurbishments, projects and capex	**980**	17 734
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – utilities	**780**	28 895
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – other	**1 327**	1 945
AfroCentric Technologies Proprietary Limited	Jasco Electronics Holdings Limited	IT services	–	1 124
AfroCentric Health (RF) Proprietary Limited	Namane Financial Services Proprietary Limited	Event management fees	–	169
Activo Health Proprietary Limited	Northern Lights Trading 172 Proprietary Limited	Rental costs	**806**	1 159
AfroCentric Distribution Services Proprietary Limited	Northern Lights Trading 172 Proprietary Limited	Rental costs	**1 995**	3 474
Pharmacy Direct Proprietary Limited	Northern Lights Trading 172 Proprietary Limited	Rental costs	–	751
AfroCentric Employee Health Solutions Proprietary Limited	Northern Lights Trading 172 Proprietary Limited	Rental costs	–	106
AfroCentric Health (RF) Proprietary Limited	WAD Holdings Proprietary Limited	AfroCentric Distribution Services Proprietary Limited minority interest buy-out.	–	82 914
AfroCentric Health (RF) Proprietary Limited	ND Munisi	Consulting fees	**400**	–

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2024

29. RELATED PARTY TRANSACTIONS CONTINUED

29.2 Transactions with related parties *continued*

RELATED ENTITIES WITH THE HOLDING COMPANY SANLAM GROUP

			Group	
COMPANY PAID	COMPANY RECEIVED	NATURE OF TRANSACTION	June 2024 R'000	June 2023 R'000
AfroCentric Financial Services Proprietary Limited	Miway Insurance Limited	Other Income	217	–
AfroCentric Financial Services Proprietary Limited	Santam Limited	Other Income	73	–
AfroCentric Financial Services Proprietary Limited	Sanlam Life Insurance Limited (t/a Sanlam Indie)	Other Income	369	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Healthcare Consultants	Hotels & meals and locals	4	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Healthcare Consultants	Marketing Costs	6	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Healthcare Consultants	Conference	11	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Healthcare Distribution Services Proprietary Limited	Other income	36	–
AfroCentric Health (RF) Proprietary Limited	Centriq Insurance Company Limited	Revenue Sanlam GAP outsourced fees	3 265	–
AfroCentric Workcare Proprietary Limited	Miway Insurance Limited	Wellness revenue – Sanlam	10	–
AfroCentric Workcare Proprietary Limited	Miway Insurance Limited	Wellness revenue – Miway	525	–
AfroCentric Workcare Proprietary Limited	Sanlam Developing Markets	Wellness revenue – Sanlam	1 386	–
AfroCentric Workcare Proprietary Limited	Sanlam Investment Management A Division of Sanlam Life Insurance Limited	Wellness revenue – Sanlam	11	–
AfroCentric Workcare Proprietary Limited	Sanlam Life Insurance Limited	Wellness revenue – Sanlam	5 716	–
AfroCentric Workcare Proprietary Limited	Sanlam Life Insurance Limited	Revenue executive wellness	85	–
AfroCentric Workcare Proprietary Limited	Santam Limited	Wellness revenue – Sanlam	123	–
AfroCentric Workcare Proprietary Limited	Sanlam Indie, a division of Sanlam Life Insurance Limited	Wellness revenue – Sanlam	9	–
AfroCentric Employee Health Solutions Proprietary Limited	Sanlam Health Solutions	OCC health revenue	441	–
Tendahealth Proprietary Limited	Miway Insurance Limited	Commission received	50	–
Tendahealth Proprietary Limited	Sanlam Life Insurance Limited (Sanlam Indie)	Commission received	29	–
Tendahealth Proprietary Limited	Santam Limited	Commission received	83	–
Tendahealth Proprietary Limited	Santam Limited	Other income	9	–
Tendahealth Proprietary Limited	Sanlam Healthcare Consultants	Commission received	494	–

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

29. RELATED PARTY TRANSACTIONS CONTINUED

29.2 Transactions with related parties *continued*

RELATED ENTITIES WITH THE HOLDING COMPANY SANLAM GROUP *CONTINUED*

			Group	
COMPANY PAID	COMPANY RECEIVED	NATURE OF TRANSACTION	June 2024 R'000	June 2023 R'000
AfroCentric Wellness Proprietary Limited	Sanlam Primary Health Insurance	Medical scheme claims income	47	–
Wellworx Proprietary Limited	Sanlam Primary Health Insurance	Commission received	25	–
Medscheme Holdings Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	129 223	–
Dental Information Systems Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	1 960	–
AfroCentric Distribution Service Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	3 293	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	15 199	–
AfroCentric Technologies Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	13 896	–
Activo Health Proprietary Limited	RQ Investment Proprietary Limited	Building rental	604	–
Activo Health Proprietary Limited	RQ Investment Proprietary Limited	Electricity & water	138	–
AfroCentric Distribution Services Proprietary Limited	RQ Investment Proprietary Limited	Building rental	1 839	–
AfroCentric Distribution Services Proprietary Limited	RQ Investment Proprietary Limited	Electricity & water	125	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Life Insurance Limited	Marketing costs	21	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Life Insurance Limited	Subscriptions	16	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Life Insurance Limited	Conferences	50	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Life Insurance Limited	Event management	42	–
AfroCentric Health (RF) Proprietary Limited	Sanlam Life Insurance Limited	Software licenses	821	–
AfroCentric Investment Corporation Limited	Sanlam Life Insurance Limited	Directors fees	563	–
Medscheme Holdings Proprietary Limited	Sanlam Life Insurance Limited	Staff training	134	–
Medscheme Holdings Proprietary Limited	Sanlam Life Insurance Limited	Building rental	378	–

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

29. RELATED PARTY TRANSACTIONS CONTINUED

29.2 Transactions with related parties *continued*

RELATED ENTITIES WITH THE HOLDING COMPANY SANLAM GROUP *CONTINUED*

TRANSACTIONS WITH ENTITIES IN THE GROUP

	Company	
	June 2024 R'000	June 2023 R'000
BALANCES		
AfroCentric Health (RF) Proprietary Limited loan account	**(78 700)**	(41 893)
INTEREST CHARGED		
Interest paid to AfroCentric Health (RF) Proprietary Limited	**(6 064)**	(2 113)
DIVIDENDS RECEIVED		
Dividends received from ACT Healthcare Assets Proprietary Limited	**92 500**	107 078

29.3 Key management personnel compensation

	June 2024 R'000	June 2023 R'000
Short-term employee benefits	**20 264**	20 549
Share-based payments	**1 177**	2 132

Key management personnel comprise Executive Directors within the AfroCentric Health (RF) Proprietary Limited Group.

29.4 Intergroup guarantees

The following Group companies have provided cross guarantees to the AfroCentric Health (RF) Proprietary Limited bankers, for facilities offered to that Company:

- Medscheme Holdings Proprietary Limited
- AfroCentric Technologies Proprietary Limited
- Curasana Wholesaler Proprietary Limited
- Glen Eden Trading 58 Proprietary Limited
- Pharmacy Direct Proprietary Limited
- ACT Healthcare Assets Proprietary Limited
- Activo Health Proprietary Limited
- AfroCentric Health (RF) Proprietary Limited
- Dental Information Systems Proprietary Limited
- AfroCentric Health Management Services Proprietary Limited

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

30. PENSIONS AND OTHER RETIREMENT OBLIGATIONS

The Group has made provision for pension and provident schemes covering substantially all employees. All eligible employees are members of defined contribution schemes administered by third parties. The assets of the schemes are held in administered trust funds separated from the Group's assets. Scheme assets primarily consist of listed shares, bonds and cash. The South African funds are governed by the Pensions Fund Act of 1956.

Medscheme Provident Fund and Medscheme Employees Provident Fund

These funds are defined contribution plans. Contributions are fully expensed during the year in which they are funded. Contributions of 7.6% of retirement funding remuneration are paid by the employer and contributions paid by the employee range between 0% and 12% of retirement funding remuneration. In the interest of the employee members of these funds, the trustees are encouraged to obtain an independent actuarial assessment of the performance of the funds.

31. CONTINGENT CONSIDERATION

In instances where on acquisition of an entity by one of the entities within AfroCentric, the full purchase consideration is not paid at the time of acquisition, a contingent consideration is recognised for the amount that will be payable in the future.

The contingent consideration is calculated as the fair value at the reporting date of the amount to be paid in the future.

31.1 Contingent consideration comprises:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Contingent consideration on Activo Healthcare Assets Proprietary Limited	–	80 123	–	–

This represents the fair value of the contingent consideration relating to the acquisition of Activo Healthcare Assets Proprietary Limited during the prior financial period. The fair value has been assessed at year-end.

In January 2024, a settlement of the final portion of the purchase price consideration acquisition of Forrester Pharma was settled.

31.2 Reconciliation of the movement:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Opening Balance	80 123	75 798	–	–
Fair value adjustment	–	(5 176)	–	–
Finance cost	–	9 501	–	–
Derecognition	(80 123)	–	–	–
CURRENT LIABILITIES	–	80 123	–	–

The contingent consideration was settled in January 2024.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

32. SUBSEQUENT EVENTS

The directors are not aware of any significant matter or circumstance arising after the reporting date to the date of this report except as stated below:

Effective 30 July 2024 Mr Joe Madungandaba resigned as a member and Chairperson of the Remuneration Committee. He will continue to serve as Deputy Chairman of the board and member of Nomination and Investment Committee.

Effective 30 July 2024 Ms Alice Le Roux was appointed as a new member and Chairperson of the Remuneration Committee. She will continue to serve as a member of the Audit and Risk Committee.

Effective 30 July 2024 Ms Mmaboshadi Chauke was appointed as member of the Social and Ethics Committee. She will continue to serve as a member of the Audit and Risk Committee.

The Group was not successful in retaining the marketing contract in AfroCentric Distribution Services. The impact will be the loss of revenue in 2025 (2024: R109 million).

33. GOING CONCERN

The Group Annual Financial Statements have been prepared on the going concern basis. The Board performed a review of the Group's ability to continue as a going concern in the foreseeable future and therefore, based on this review, considers the preparation of the Annual Financial Statements on this basis to be appropriate.

34. 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

34. RESTATEMENTS OF JUNE 2023 AND JUNE 2022 RESULTS CONTINUED

34.1 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 reflected on Notes 34.1, 34.2 and 34.3 on the next page.

Consolidated statement of profit or loss and other comprehensive income

	Group 2023 As previously reported R'000	Restatements R'000	Restated 2023 R'000
Fair value gains	16 245	(12 576)	3 669
Insurance revenue	–	82 415	82 415
Insurance finance income	–	4 092	4 092
TOTAL INCOME	16 245	73 931	90 176
Insurance service expense	–	(73 081)	(73 081)
PROFIT FOR THE YEAR	294 684	850	295 534
Profit for the year	294 684	850	295 534
Owners of Parent	182 673	850	183 523
TOTAL COMPREHENSIVE INCOME	303 368	850	304 218
Total basic 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

34.2 Impact on statement of financial position on transition to IFRS 17

Consolidated statement of financial position

	Impact on retained earnings at the beginning of July 2023			Impact on retained earnings at the beginning of July 2022		
	Jun-23 as previously reported	IFRS 17 Restatements	Restated 1 July 2023	Jun-22 as previously reported	IFRS 17 Restatements	Restated 1 July 2022
ASSETS						
Non-current assets						
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
TOTAL NON-CURRENT ASSETS	109 521	385	109 906	75 736	(465)	75 721
EQUITY						
Retained Earnings	859 252	385	859 637	1 245 965	(465)	1 245 500
TOTAL EQUITY	3 498 867	385	3 499 250	3 426 481	(465)	3 426 016

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

34. RESTATEMENTS OF JUNE 2023 AND JUNE 2022 RESULTS CONTINUED

34.3 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 as well as a correction of the value of the Cash paid to suppliers and employees that was understated.

Consolidated statement of cash flows

	Group 2023 As previously reported R'000	IFRS 17 Restatements R'000	Error R'000	Restated 2023 R'000
Consolidated statement of cash flows				
Cash flows from operating activities				
Cash receipts from customers	8 789 440	82 415	–	8 871 855
Cash paid to suppliers and employees	(7 986 009)	(86 507)	(3 196)	(8 075 712)
Cash generated from operations	800 235	(4 092)	–	796 143

34.4 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.

Consolidated statement of profit or loss and other comprehensive income

	Group 2023 As previously reported R'000	Restatements R'000	Restated 2023 R'000
Revenue from contracts with customers	8 868 032	(107 806)	8 760 226
Other expenses	(1 225 988)	107 806	(1 118 182)
PROFIT BEFORE TAX	426 536	–	426 536
Profit for the year	294 684	–	294 684
Owners of Parent	182 673	–	182 673
TOTAL COMPREHENSIVE INCOME	303 368	–	303 368

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

35. IFRS 17 INSURANCE CONTRACTS

Net insurance result

	Centriq R'000	Guardrisk R'000	Total R'000
30 JUNE 2024			
INSURANCE REVENUE			
Gross Written Premiums	83 726	12 309	96 035
TOTAL INSURANCE REVENUE	83 726	12 309	96 035
INSURANCE SERVICE EXPENSE			
Incurred claims	(46 800)	(3 920)	(50 720)
Other insurance service expenses	(33 926)	(5 454)	(39 380)
TOTAL INSURANCE SERVICE EXPENSES	(80 726)	(9 374)	(90 100)
INSURANCE SERVICE RESULT	3 000	2 935	5 935
INSURANCE FINANCE INCOME			
NET CELL CAPTIVE INTEREST INCOME	3 788	2 943	6 731
TOTAL INSURANCE FINANCE INCOME	3 788	2 943	6 731
NET INSURANCE RESULT	6 788	5 878	12 666
30 JUNE 2023			
INSURANCE REVENUE			
Gross Written Premiums	70 734	11 681	82 415
TOTAL INSURANCE REVENUE	70 734	11 681	82 415
INSURANCE SERVICE EXPENSE			
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)
TOTAL INSURANCE SERVICE EXPENSES	(64 714)	(8 367)	(73 081)
INSURANCE SERVICE RESULT	6 020	3 314	9 334
INSURANCE FINANCE INCOME			
NET CELL CAPTIVE INTEREST INCOME	2 105	1 986	4 092
TOTAL INSURANCE FINANCE INCOME	2 105	1 986	4 092
NET INSURANCE RESULT	8 125	5 300	13 426

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

35. IFRS 17 INSURANCE CONTRACTS CONTINUED

Insurance contract assets

	Estimates of the present value of future cash flows R'000	Risk adjustment R'000	Total asset/ (liability) R'000
INSURANCE CONTRACT ASSETS AS AT 1 JULY 2023	70 879	(901)	69 978
CHANGES THAT RELATE TO PAST SERVICES			
Risk adjustment recognised for the risk expired	27	(27)	–
CHANGES THAT RELATE TO FUTURE SERVICES			
Contracts initially recognised in the period	(54)	54	–
Insurance revenue	96 035	–	96 035
Insurance services expenses	(90 100)	–	(90 100)
INSURANCE SERVICE RESULT	5 935	–	5 935
Insurance finance income	6 731	–	6 731
TOTAL CHANGES IN THE INCOME STATEMENT	12 666	–	12 666
CASH FLOWS			
Premiums received			
Dividends paid	(15 000)	–	(15 000)
Recapitalisation of the cell	–	–	–
Insurance finance income/(expense)	–	–	–
TOTAL CASH FLOWS	(15 000)	–	(15 000)
Risk adjustment recognised for the risk expired			
INSURANCE CONTRACT ASSETS AS AT 30 JUNE 2024	68 518	(874)	67 644
INSURANCE CONTRACT ASSETS AS AT 1 JULY 2022	56 619	(467)	56 152
CHANGES THAT RELATE TO PAST SERVICES			
Risk adjustment recognised for the risk expired	(48)	48	–
CHANGES THAT RELATE TO FUTURE SERVICES	482	(482)	–
Insurance revenue	82 415	–	82 415
Insurance services expenses	(73 081)	–	(73 081)
INSURANCE SERVICE RESULT	9 334	–	9 334
Insurance finance income	4 092	–	4 092
TOTAL CHANGES IN THE INCOME STATEMENT	13 426	–	13 426
CASH FLOWS			
Premiums received			
Dividends paid	400	–	400
Recapitalisation of the cell	–	–	–
Insurance finance income/(expense)	–	–	–
TOTAL CASH FLOWS	400	–	400
INSURANCE CONTRACT ASSETS AS AT 30 JUNE 2023	70 879	(901)	69 978

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

36. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening balance R'000	Net cash flow movement R'000	Non-cash movements R'000	Closing balance R'000
2024				
Interest bearing borrowings held at amortised cost	**648 005**	**(88 675)**	**69 076**	**628 406**
Lease liabilities	**244 327**	**(79 438)**	**12 197**	**177 086**
	892 332	**(168 113)**	**81 273**	**805 492**
2023				
Interest bearing borrowings held at amortised cost	651 082	(53 104)	50 027	648 005
Lease liabilities	196 400	(80 856)	128 783	244 327
	847 482	(133 960)	178 810	892 332

37. OTHER LIABILITIES

	Group	
	2024	2023
Opening balance	**18 795**	18 886
Contingents liabilities recognised on business combinations	**(16 970)**	–
Post-employment benefits	**(145)**	(91)
Closing balance	**1 680**	18 795

SUPPLEMENTARY INFORMATION

for the year ended 30 June 2024

The supplementary information relates to non-IFRS information and does not form part of the audited financial statements.

1. ADJUSTED PROFIT (EBITDA) EARNINGS FOR MANAGEMENT EARNINGS (NON-IFRS INFORMATION)

EBITDA excludes the effects from significant items of income and expenditure which may have an impact on the quality of earnings such as depreciation, amortisation, net finance income and impairments. It also excludes the effects of equity-settled share-based payments.

	Healthcare SA R'000	Healthcare Africa R'000	Healthcare Retail R'000	Total Healthcare R'000	Information Technology R'000	Inter-Group eliminations R'000	Group R'000
YEAR ENDED 30 JUNE 2024							
PROFIT BEFORE TAXATION	224 559	81 183	159 928	465 670	20 813	(279 499)	206 984
Depreciation and amortisation	31 952	5 053	22 558	59 563	167 822	59 447	286 832
Impairment of property and equipment and intangible assets	14 865	–	(7 464)	7 401	26 611	240 253	274 265
Write-off of intangible assets	–	–	–	–	6 060	–	6 060
Share-based payment expense	3 102	608	(765)	2 945	188	–	3 133
Net finance income/(cost)	17 577	(2 647)	21 022	35 952	3 085	–	39 037
ADJUSTED PROFIT FOR THE YEAR (EBITDA)	292 055	84 197	195 279	571 531	224 579	20 201	816 311
YEAR ENDED 30 JUNE 2023							
PROFIT BEFORE TAXATION	228 766	90 107	135 394	454 267	(34 393)	7 512	427 386
Depreciation and amortisation	29 151	5 223	20 782	55 156	179 560	57 083	291 799
Impairment of property and equipment and loans	1 304	–	10 137	11 441	25 000	(9 326)	27 115
Write-off of intangible assets	–	–	–	–	5 415	–	5 415
Share-based payment expense	14 935	228	2 264	17 427	678	(268)	17 837
Net finance income/(cost)	16 108	(2 731)	33 491	46 868	4 524	–	51 392
ADJUSTED PROFIT FOR THE YEAR (EBITDA)	290 264	92 827	202 068	585 159	180 784	55 001	820 944

SUPPLEMENTARY INFORMATION

for the year ended 30 June 2024

2. NORMALISED EARNINGS PER SHARE

	Group	
	2024 R'000	2023 R'000
NORMALISED EARNINGS (NON-IFRS INFORMATION)[1]		
HEADLINE EARNINGS	334 808	217 258
ADJUSTED BY:		
Less: Lease reversal	(78 872)	(75 241)
Add: Depreciation on right of use assets	52 747	65 380
Impairment of assets	–	–
Add: Interest on lease liability	19 190	16 964
Add : Mmed closure costs	28 469	–
Total tax effects of adjustments	(7 687)	(13 018)
Total NCI effects of adjustments	–	(17 849)
NORMALISED HEADLINE EARNINGS	348 655	193 494
NORMALISED HEADLINE EARNINGS PER SHARE (CENTS)		
Basic	41.99	45.77
Diluted	41.00	44.08

[1] *Given the material non-cash, non-trading and non-recurring deductions which have a significant adverse impact on the earnings, management has adopted a non-IFRS earnings measure model.*

COMPANY INFORMATION

Registration number

1988/000570/06

Registered address

37 Conrad Road
Florida North
Roodepoort
1709

Postal address

PO Box 1101
Florida Glen
Roodepoort
1708

External Auditor

KPMG Inc.
Johannesburg

Group investor relations

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

Sponsor

Questco Corporate Advisory Proprietary Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2169
Tel: +27 861 100933

Postal address

Private Bag X9000
Saxonwold
2132

Group Company Secretary

Lebohang Mpumlwana
Tel: +27 11 671 4725

18199

WWW.**AFROCENTRIC**.ZA.COM