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RE-IMAGINING
THE HEALTHCARE
SYSTEM

AfroCentric
GROUP

Healthier Together

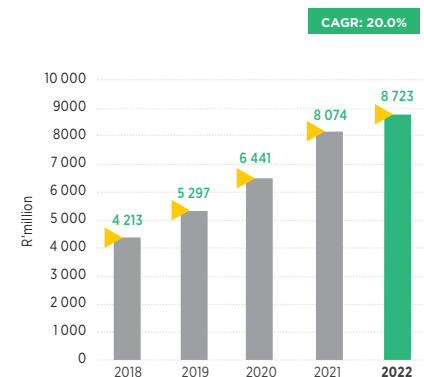
ANNUAL
RESULTS
for the year ended
30 June

2022

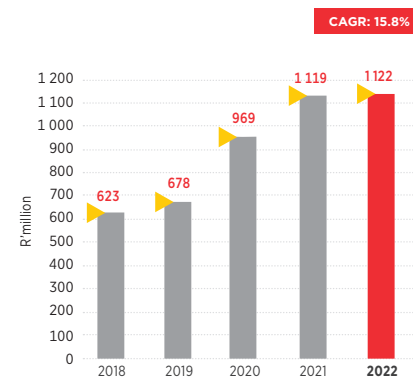
FINANCIAL HIGHLIGHTS



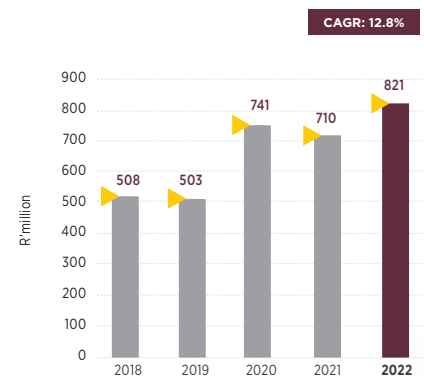
Total revenue



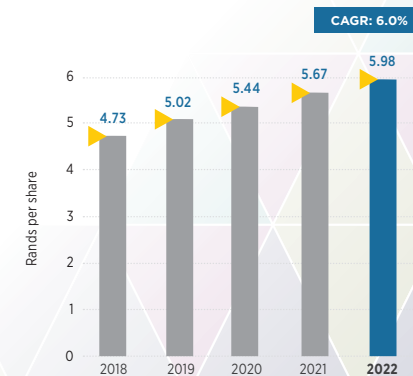
Operating profit (non-IFRS measure)



Refer to page 20

Cash generated from operations
(excluding dividends paid)

NAV per share



COMMENTARY

Introduction and review

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

The Group's Pharma Cluster experienced significant growth in the prior year during the COVID-19 pandemic, which resulted in high-levels of adherence to chronic medicines by the patients, as well as the increase in the uptake of preventative products like multivitamins. In the current year, we have however observed a significant decline in the adherence to the chronic medicines, and the demand for the preventative products like multivitamins has reverted back to the pre- COVID-19 levels.

In line with the Group's overarching ambition to impact society, AfroCentric worked closely with the government, and utilised its infrastructure to rapidly distribute the procured vaccines – 210 thousand vaccines were administered in some of the major cities in South Africa. The overall performance of Group was partly impacted by the vaccination programme it undertook, as approximately R25 million was invested in this project. Despite some of these changes that have had an impact on the Group's results, the Group has continued to make strides in delivering on our purpose of enhancing the quality of life.

Cluster review Services Cluster

The Services Cluster substantially comprising the medical scheme administration business has in line with our commitment to continuous improvement, refreshed its approach by leveraging its diversified business model and enhanced client-centricity to drive superior long-term partner sustainability.

It remained focused on cost reduction through increased efficiency and an enhanced operating model. The cluster delivered solid performance, primarily driven by continued optimisation efforts in our operations, utilising our technology, data and business engineering capabilities.

Digitalisation has allowed us to focus on high-quality customer experience initiatives, making significant gains in improving customer experience metrics over the year. The intelligent automation of processes, coupled with automated decisioning remained a priority and will enable efficiency in delivering value-added services that foster a unified experience along the entire servicing continuum.

The following innovations were realised during the year:

- The conclusion of the development of a new Hospital Benefit Management system that enables digital engagement with providers and members seeking hospital authorisations. This system leverages the latest technology in decisioning and, when integrated with the claims decision engine, will make the hospital admission and claims process almost immediate at first submission.
- The launch of AMP, a new digital wellness platform designed to integrate into medical schemes' existing member apps. It places the well-being of scheme members in their own hands, to create a South Africa that is healthier together.
- Medscheme has also leveraged its digital capability to scale its integrated mental health solution, through partnering with a mental health app that improves access to self-care solutions, group sessions and virtual care.
- The roll-out of VirtualCare continued during the year – this innovative platform gives patients access to safe, affordable virtual consultations with registered healthcare professionals. The team continues to improve this service, offering more people safe healthcare, and investing in various business solutions to deliver service excellence in real time and on demand.

The cluster's operating profit declined slightly by 2% due to the once-off investment in the vaccination project.

COMMENTARY *continued*

Pharmaceutical Cluster (Healthcare Retail)

The Pharma Cluster has a presence across manufacturing, wholesale and retail, which provides risk mitigation due to revenue diversification and enables the Group to deliver on its ambition to reduce the cost of healthcare. The Pharma cluster has shown resilient performance against the backdrop of the uncertainty of the global COVID-19 pandemic, which continued to redefine the operating context of our business. Operating profit and profit after tax grew by 10% and 6% respectively.

The sales of preventative medication retracted to pre-COVID-19 levels, which resulted in sluggish profit growth in the pharma cluster. Other factors included reduced script performance due to non-adherence to the renewal of chronic medication scripts, the slower than anticipated progress on the oncology product line, and price pressure to reduce the single-exit price. Encouragingly, the reduction in the private portfolio script performance has been offset by an increase in the National Department of Health (NDoH) script performance.

Management's agile response enabled the cluster to adjust to changes in the market demand by implementing operational efficiencies, driving down costs, growing the customer base and continuing to diversify revenue streams, despite the challenging operating environment.

As part of the effort to enhance efficiencies within the Pharma Cluster, the Robotic Automation of the dispensary reached its final implementation stage in November 2021. The solution is performing well and will allow Pharmacy Direct to scale the business at short notice. In addition, initiatives such as redesigning and digitising the back-office support and clinical processes are underway. These strategic initiatives are yielding positive results with a significant reduction in the cost per script, as well as enhanced patient care and service experience. The implementation of these initiatives resulted in Pharmacy Direct incurring once-off costs, which will be fully realised through improved operational efficiencies in the short to medium term.

In addition to these strategies, the acquisition of Activo Healthcare Assets Group will strengthen Activo's product offering to the pharmaceutical market.

Corporate Solutions Cluster

The Corporate Solutions Cluster comprises various entities that support the overall aim of offering uniquely integrated, employee-focused health and wellness solutions to corporate and institutional clients. The cluster's interfacing components seek to contribute to a reduction in primary costs while increasing productivity and delivering tangible savings to employer groups.

The cluster continues to show significant growth, producing notably improved results with integration efforts being realised.

It is pleasing to note that the AfroCentric Primary Health Insurance product for corporates that was launched in 2021 grew by 20% year-on-year.

Industry highlights

- Medscheme was awarded the full managed healthcare tender for SAMWUMED, effective 1 January 2022.
- AfroCentric Health (RF) (Proprietary) Limited, the Group's main operating subsidiary retained its Level 1 B-BBEE rating.

Financial performance

The Group's revenue for the year increased by 8% from the prior year – this is mainly attributed to the 35% increase in the revenue from the DENIS Group, as it has now been incorporated into the Group results for a full year. The additional services from the GEMS managed care contract, coupled with the growth in the GEMS membership have contributed to a 14% growth in the Services Cluster revenue. The Service Cluster operating profit declined slightly by 2% due to the once-off investment in the vaccination project.

Despite the challenges experienced by the Pharma Cluster in respect of the non-adherence to chronic medicines, the decline in the demand for preventative care medicines, as well as the price reduction in some of the products, the cluster has achieved a 13% increase in revenue.

COMMENTARY *continued*

The investment in the digitisation of the Group, as well as the investment in various new product initiatives, has resulted in a 3.5% decline in Profit before tax to R675.2 million (2021: R699.5 million).

The Group's deliberate diversification strategy and customer centric services during the COVID-19 pandemic has ensured that earnings continued to grow in excess of the 2020 HEPS of 53.42 cents.

Growth initiatives

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

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

- Activo Health concluded its acquisition of Forrester Pharma, effective 1 August 2021, to expand its product offering to the pharmaceutical market. The acquisition is consistent with AfroCentric's growth objectives in the healthcare sector and will strengthen Activo's product offering to the pharmaceutical market.
- AfroCentric Health (RF) Proprietary Limited's acquisition of the Sanlam Gap cover business effective 1 September 2021 is expected to provide supplementary services to the Group's medical scheme offerings.
- AfroCentric Distribution Services acquired the remaining 49% shareholding in Tendahealth. Tendahealth offers investment, health and insurance solutions to protect and enhance health and financial wellness – it plays a critical role in rendering brokerage services on behalf of our medical scheme clients.
- AfroCentric Health acquired the remaining 49% shareholding in AfroCentric Distribution Services (ADS) on 1 July 2022. ADS performs a critical role through its marketing and support services for medical schemes. In preparation for our future growth strategy of marketing integrated products, it has become imperative to own the full distribution capability to market the Group's new generation products and those of our other partners.

Outlook

AfroCentric has delivered satisfactory operating results for the period ending 30 June 2022, particularly given national economic challenges and the economic uncertainty. While medical scheme memberships are affected by members downgrading their medical aid options, we are seeing members doing everything in their power to retain their existing health cover. However, from a chronic medicine adherence, we have seen a decline in compliance, as the demand for the preventative medicines has reverted to pre-covid levels.

The Group's acquisition activities are largely now completed, and the focus now turns towards yielding synergies and integration with the acquired businesses and products. This organic growth focus is largely linked to our combined effort with Sanlam to offer new healthcare solutions in the South African market.

Our future focus will remain on enhancing the elements of the Group's businesses to leverage the full benefits of being the most diversified healthcare group in Southern Africa. Through these efforts we will make significant progress towards achieving our vision of transforming healthcare.

Directors

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

- Dr SA Zinn did not avail herself for re-election as an Independent Non-executive Director effective 18 November 2021.
- Mr SE Mmakau resigned as an Executive Director effective 31 January 2022.
- Mr WH Britz stepped down as an Executive Director effective 10 March 2022. He however remained on the Board as a Non-executive Director.
- Ms K Mkhize was appointed as a Non-executive Director effective 20 June 2022.
- Mr JJ Strydom resigned as a Non-executive Director effective 20 June 2022.

COMMENTARY *continued*

Dividends

The Board has pleasure in announcing that a final gross dividend of 17.00000 cents per ordinary share has been declared for the year ended 30 June 2022. Dividends are subject to Dividends Tax. The payment date for the dividend is Monday, 14 November 2022.

- Dividends have been declared out of profits available for distribution.
- Local Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 17.00000 cents per ordinary share.
- Net cash dividend amount is therefore 13.60000 cents per ordinary share.
- The Company has 576 711 257 ordinary shares in issue as at the declaration date.
- The Company's income tax reference number is 9600/148/71/3.

The salient dates relating to the dividend are as follows:

Last day to trade cum dividend	Tuesday, 8 November 2022
Shares commence trading ex-dividend	Wednesday, 9 November 2022
Dividend record date	Friday, 11 November 2022
Dividend payment date	Monday, 14 November 2022

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 9 November 2022 and Friday, 11 November 2022, both days inclusive.

Basis of preparation

Although these financial results were themselves not audited, they are extracted from the consolidated and company annual financial statements which were audited by PricewaterhouseCoopers Inc. who issued an unmodified audit opinion on the financial statements. Their audit opinion can be viewed on the Company's website (<http://www.afrocentric.za.com/inv-reporting.php>), which also provides more details on the key audit matters on pages 13 – 18 of the annual financial statements.

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

The accounting policies applied in the Condensed Financial Statements are the same as those applied in the Group's Audited Consolidated and Separate Annual Financial Statements for the year ended 30 June 2021.

The annual financial statements are available on our website (<http://www.afrocentric.za.com/inv-reporting.php>), or at our offices upon request. The Board of directors (the Board) takes full responsibility for the preparation of this report. These Consolidated Financial Statements have been prepared under the supervision of Hannes Boonzaaier CA (SA), Group Chief Financial Officer.

On behalf of the Board



Dr ATM Mokgokong
Chairperson

Johannesburg
13 September 2022



Mr A Banderker
Group Chief Executive Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
ASSETS		
Non-current assets	4 115 697	3 808 789
Property and equipment	381 057	369 065
Land and buildings	316 561	321 504
Right of use assets	147 964	176 924
Investment property	7 631	7 765
Goodwill (NOTE 1)	1 558 496	1 407 497
Intangible assets (NOTE 1)	1 517 840	1 375 369
Investments in associates and joint ventures	33 340	31 541
Deferred tax assets	77 072	89 463
Other financial assets	75 736	29 661
Current assets	1 321 909	1 305 577
Inventory	431 764	421 563
Trade and other receivables	724 321	503 270
Current tax assets	27 235	32 560
Other financial assets	—	149 244
Cash and cash equivalents	138 589	198 940
Total assets	5 437 606	5 114 366
EQUITY AND LIABILITIES		
Capital and reserves	2 448 394	2 326 972
Issued share capital	18 909	18 892
Share premium	1 094 876	1 084 696
Retained income	1 255 650	1 149 171
Share-based payment reserve	30 465	26 802
Treasury shares	(2 324)	(2 324)
Capital contribution by non-controlling interest	55 874	55 874
Foreign currency translation reserve	(5 056)	(6 139)
Non-controlling interest	997 491	928 752
Total equity	3 445 885	3 255 724
Non-current liabilities	995 923	1 072 665
Deferred tax liabilities	242 367	250 040
Non-current provisions	16 970	8 350
Post-employment medical obligations	1 916	2 137
Lease liabilities	127 790	156 353
Borrowings (NOTE 2)	531 082	655 785
Contingent consideration	75 798	—
Current liabilities	995 798	785 977
Employment benefit provisions	143 122	130 616
Trade and other payables	613 200	436 520
Provisions	15 216	11 269
Current tax liabilities	19 161	23 808
Lease liabilities	68 610	63 764
Borrowings (NOTE 2)	120 000	120 000
Deferred payment liability	14 139	—
Bank overdraft	2 350	—
Total liabilities	1 991 721	1 858 642
Total equity and liabilities	5 437 606	5 114 366

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
Revenue from contracts with customers	8,0	8 722 570	8 074 418
Dividends received		—	1 000
Fair value gains/(losses)		6 369	(6 307)
Finance income		15 086	19 595
Other income		563	3 061
Total income	8,1	8 744 588	8 091 767
Cost of distribution of pharmaceutical products		(98 694)	(95 991)
Cost of pharmaceutical products and finished goods		(2 022 726)	(1 809 606)
Employee benefit costs		(2 364 724)	(2 278 354)
Other expenses		(2 879 641)	(2 628 627)
Amortisation		(231 269)	(195 027)
Rent and property costs		(96 089)	(90 914)
Right of use assets depreciation		(63 287)	(66 564)
Depreciation		(87 299)	(78 202)
IT costs		(152 416)	(62 994)
Write off of intangibles		(635)	(26 793)
Impairment of intangibles		—	(42 349)
Reversal of impairment of intangibles		—	39 167
Impairment of loans		(3 203)	(7 196)
Share of profits from associates and joint ventures		6 991	8 294
Interest on lease liabilities		(19 354)	(21 420)
Finance costs		(57 049)	(35 673)
Profit before tax	(3,5)	675 193	699 518
Income tax expense – continuing operations	(6,0)	(193 453)	(205 741)
Profit from continuing operations	(2,4)	481 740	493 777
Loss from discontinued operations (NOTE 3)		—	(14 008)
Loss on disposal of subsidiaries (NOTE 3)		—	(10 014)
Profit for the year	2,6	481 740	469 755
Profit for the year attributable to:			
Owners of Parent		314 276	302 033
Non-controlling interest		167 464	167 722
		481 740	469 755
Profit for the year attributable to equity shareholders arises from:			
Continuing operations		314 276	316 041
Discontinued operations		—	(14 008)
		314 276	302 033

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
	% change	
Profit for the year	481 740	469 755
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	(24)	179
Income tax relating to these items	6	(50)
Total other comprehensive income that will not be reclassified to profit or loss	(18)	129
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Foreign exchange benefit/(loss) of continuing operations	1 519	(5 636)
Foreign exchange benefit of discontinued operations	—	11 658
Total other comprehensive income that will be reclassified to profit or loss	1 519	6 022
Total other comprehensive income net of tax	1 501	6 151
Total comprehensive income	483 241	475 906
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	315 341	310 655
Comprehensive income, attributable to non-controlling interests	167 900	165 251
	483 241	475 906

* The above Consolidated Statement of Comprehensive Income is reflected in a similar format to the Annual Financial Statements. For a comparative view to operating performance in line with previous years, refer to the supplementary information on page 20.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
Balance at beginning of the period	3 255 724	3 119 095
Issue of share capital*	17	7
Share premium*	10 180	4 395
Vested share-based awards*	(10 197)	(4 402)
Share-based awards reserve	13 860	10 787
Distributions to shareholders	(195 137)	(194 788)
Net profit for the period	315 341	310 655
Profit attributable to minorities	167 900	165 251
Changes in ownership	(13 023)	(20 000)
Disposal of subsidiary	—	(2 353)
Distributions to non-controlling interests	(98 780)	(132 923)
Balance at end of the period	3 445 885	3 255 724

* During the current financial year, 1 760 006 shares vested as follows:

- 90 000 shares were exercised at the weighted average price of R3.55 and the grant date price was R6.20;
- 440 002 shares were exercised at the weighted average price of R5.26 and the grant date price was R6.20;
- 526 667 shares were exercised at the weighted average price of R5.26 and the grant date price was R5.50;
- 210 001 shares were exercised at the weighted average price of R5.40 and the grant date price was R6.20; and
- 493 336 shares were exercised at the weighted average price of R5.40 and the grant date price was R5.50.

At the end of the financial year, 19 850 000 shares were outstanding for the incentive share scheme.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
Net cash generated from operating activities	527 018	385 264
Cash generated from operations	1 101 850	1 013 012
Net finance income	(61 317)	(37 498)
Distribution to shareholders	(293 917)	(327 711)
Dividends received	5 191	4 292
Tax and other payments	(224 789)	(266 831)
Net cash utilised in investing activities	(382 972)	(658 214)
Net additions to property and equipment	(98 856)	(216 577)
Net additions to intangible assets	(195 106)	(205 543)
Net acquisitions of financial assets, investments and subsidiaries	(89 010)	(236 094)
Net cash (utilised in)/generated from financing activities	(208 266)	298 589
Net (settlement)/proceeds of borrowings	(124 703)	389 474
Changes in ownership interests in subsidiaries that do not result in loss of control	(13 023)	(20 000)
Net lease liability repayment	(70 540)	(70 885)
Effect of foreign exchange benefit	1 519	(4 379)
Net (decrease)/increase in cash and cash equivalents	(62 701)	21 260
Cash and cash equivalents at beginning of the period	198 940	177 680
Cash and cash equivalents at end of the period	136 239	198 940

EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	% change	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
Number of ordinary shares in issue		576 711 257	574 964 584
Weighted average number of ordinary shares		575 878 754	574 655 416
Weighted average number of shares for diluted EPS		595 728 754	591 245 416
Basic earnings			
- From continuing operations		314 276	316 041
- From discontinued operations		—	(14 008)
Total basic earnings	4.1	314 276	302 033
Adjusted by:		2 863	27 035
- Reversal of loss on disposal of subsidiary		—	10 014
- Reversal of impairment of intangible assets		—	2 411
- Reversal of fair value gains/losses		134	7 653
- Reversal of loss on disposal of assets		4 550	3 947
- Reversal of scrapping of intangible assets		635	26 793
- Reversal of goodwill impairment		—	771
- Reversal of profit on disposal of investments		—	(1 314)
- Reversal of foreign currency translation reserve reclassification		—	10 401
- Tax effect of adjustments		(1 304)	(22 759)
- Non-controlling interest effect of adjustments		(1 152)	(10 882)
Headline earnings	(3.6)	317 139	329 068
Earnings per share (cents)			
- Attributable to ordinary shares (cents)	3.8	54.57	52.56
- Continuing operations		54.57	55.00
- Discontinued operations		—	(2.44)
- Fully diluted EPS (cents)	3.3	52.75	51.08
- Continuing operations		52.75	53.45
- Discontinued operations		—	(2.37)
Headline earnings per share (cents)			
- Attributable to ordinary shares (cents)	(3.8)	55.07	57.26
- Fully diluted HEPS (cents)	(4.4)	53.24	55.66

NORMALISED EARNINGS (NON IFRS MEASURE)

	% change	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
Headline earnings	(3.6)	317 139	329 068
Adjusted by:		2 646	24 718
– Less rental reversal		(77 486)	(86 628)
– Right of use asset depreciation		63 287	66 564
– Interest on lease liability		19 354	21 420
– Discontinued operations reversal		—	24 022
– Tax effect of adjustments		(1 443)	(380)
– Non-controlling interest effect of adjustments		(1 065)	(280)
Normalised Headline earnings	(9.6)	319 785	353 786
Normalised Headline earnings per share (cents)			
– Attributable to ordinary shares (cents)	(9.8)	55.53	61.56
– Fully diluted HEPS (cents)	(10.3)	53.68	59.84

NOTES

NOTE 1: INTANGIBLE ASSETS

	Carrying value 2022 R'000	Carrying value 2021 R'000	Amortisation for the year 2022 R'000	Amortisation for the year 2021 R'000
Goodwill	1 558 496	1 407 497	—	—
AfroCentric Health	473 980	473 980	—	—
Pharmacy Direct and Curasana	473 954	473 954	—	—
Activo	424 645	424 645	—	—
DENIS	34 918	34 918	—	—
Activo Healthcare Assets	150 999	—	—	—
Intangible assets	1 517 840	1 375 369	(231 269)	(195 027)
Customer relationships – Pharmacy Direct and Curasana	20 601	29 550	(8 949)	(8 948)
Activo Dossiers	254 301	266 313	(17 259)	(15 767)
Customer relationships – DENIS	42 262	55 265	(13 003)	(9 753)
Activo Healthcare Assets Dossiers	161 124	—	(19 942)	—
AfroCentric Health intangible assets	207 960	232 543	(59 528)	(34 451)
AfroCentric Health PPA	14 695	26 665	(11 970)	(13 068)
AfroCentric Health Software	193 265	205 878	(47 558)	(21 383)
Administration Systems – Self Generated	831 592	762 254	(83 144)	(110 342)
Nexus & Other Healthcare Administration Systems	831 592	762 254	(83 144)	(110 342)
Insurance Fraud Manager (Fraud Management Software)	—	29 444	(29 444)	(15 766)
	3 076 336	2 782 866	(231 269)	(195 027)

NOTE 2: BORROWINGS

	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
Borrowings (non-current)	531 082	655 785
Borrowings (current)	120 000	120 000
Total borrowings	651 082	775 785

NOTE 3 – DISCONTINUED OPERATIONS

The note is included for comparative purposes, as the Group disposed of the following subsidiaries during the prior financial year:

Subsidiary	Effective date of sale
Medscheme Administrators Eswatini Proprietary Limited	31-May-21
Medscheme Health Insurance Eswatini Limited	31-May-21
Medscheme Zimbabwe Private Limited	30-Apr-21
Afrocentric Integrated Health Risk Managers Proprietary Limited	02-Jul-20

NOTES continued

Financial information relating to the discontinued operations for the prior period to the date of disposal are set out below:

Note 3.1

Loss from discontinued operations excluding gains and losses from measurement or disposal are as follows:

	2021 R'000
Revenue	20 627
Cost of sales	—
Gross profit	20 627
Other income	99
Depreciation	(135)
Right of use assets depreciation	(19)
Amortisation	(27)
Interest on lease liability	(2)
Other expenses	(24 013)
Reclassification of foreign currency translation reserve	(10 401)
Loss before tax	(13 871)
Income tax	(137)
Loss for the year	(14 008)
Exchange differences on translation of discontinued operations	11 658
Other comprehensive income from discontinued operations	11 658

Note 3.2

Cash flows from discontinued operations

	2021 R'000
Net cash flows from operating activities	2 553
Net cash flows utilised in investing activities	(3 862)
Net cash flows utilised in financing activities	(768)
	(2 077)
Proceeds on sale of subsidiaries	—
Less cash balances disposed	(2 835)
Net cash outflow on disposal of subsidiaries	(2 835)

NOTES continued

Note 3.3

Details of the sale of the subsidiaries

	2021 R'000
Consideration received or receivable:	—
Cash	—
Fair value of contingent consideration	—
Total disposal consideration	—
Carrying amount of net assets sold	10 014
Loss on sale	(10 014)
Reclassification of foreign currency translation reserve	—
Income tax expense on gain	—
Loss on sale after income tax	(10 014)

The carrying amounts of assets and liabilities as at the date of sale were:

	Afrocentric Integrated Health Risk Managers R'000	Medscheme Zimbabwe R'000	Medscheme Administrators Eswatini R'000	Medscheme Health Insurance Eswatini R'000
Property, plant and equipment	—	—	235	—
Intangible assets	—	—	3	—
Deferred tax asset	77	149	10 854	722
Trade and other receivables	601	1 641	49	—
Current tax asset	130	—	330	—
Cash and cash equivalents	11	140	39	2 645
Loans to group companies	—	—	—	4 883
Total assets	819	1 930	11 510	8 250
Loans from group companies	—	—	4 883	—
Trade and other payables	188	904	—	3 109
Current tax liability	—	306	—	29
Provisions	274	—	—	—
Total liabilities	462	1 210	4 883	3 138
Net assets sold	357	720	6 627	5 112
Non-distributable reserves	—	—	(1 675)	—
Non-controlling interest	—	(3 775)	3 597	(949)
Carrying amount of net assets sold	357	(3 055)	8 549	4 163

SEGMENTAL ANALYSIS

	Growth 2022		30 June 2022			30 June 2021		
	Revenue %	Operating profit %	Revenue R'000	Operating profit R'000	Operating margin %	Revenue R'000	Operating profit R'000	Operating margin %
Healthcare SA	14	(10)	3 790 431	286 255	8	3 329 554	317 005	10
DENIS Group	35	83	556 647	67 595	12	411 882	36 885	9
Information Technology	(2)	(9)	673 735	269 869	40	685 491	297 322	43
Total SA administration business	13	(4)	5 020 813	623 719	12	4 426 927	651 212	15
Healthcare Africa	6	14	210 125	84 656	40	197 368	74 394	38
Total Group administration business	13	(2)	5 230 938	708 375	14	4 624 295	725 606	16
Healthcare Retail	4	10	4 403 131	336 267	8	4 240 162	306 564	7
Pharmacy Direct & Curasana Wholesaler	(2)	(2)	1 514 546	108 354	7	1 541 243	111 057	7
Activo Group	22	8	929 411	156 837	17	759 990	144 779	19
Scriptpharm	(2)	35	1 567 695	59 638	4	1 602 485	44 146	3
Mmed	16	74	391 479	11 438	3	336 444	6 582	2
Total Healthcare	9	1	9 634 069	1 044 642	11	8 864 457	1 032 170	12
Lease reversal adjustment	—	(10)	—	77 486	—	—	86 456	—
Other (including inter-segment elimination)			(911 499)	—	—	(790 039)	—	—
Total	8	—	8 722 570	1 122 128	13	8 074 418	1 118 626	14

	Growth 2022		30 June 2022				30 June 2021			
	Profit before tax %	Profit after tax %	Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000	Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000
Healthcare SA	(6)	9	229 942	158 349	4	1 239 978	245 670	145 660	4	1 528 610
DENIS Group	161	163	75 492	55 332	10	129 935	28 900	21 021	5	160 802
Information Technology	(2)	(24)	76 327	58 403	9	1 729 601	78 014	77 013	11	1 936 464
Total SA administration business	8	12	381 761	272 084	5	3 099 514	352 584	243 694	6	3 625 876
Healthcare Africa	13	16	79 498	55 876	27	158 833	70 104	48 207	24	150 486
Total Group administration business	9	12	461 259	327 960	6	3 258 347	422 688	291 901	6	3 776 362
Healthcare Retail	5	6	292 355	204 609	5	1 642 772	277 287	192 217	5	1 912 809
Pharmacy Direct & Curasana Wholesaler	(16)	(21)	82 938	55 962	4	734 905	99 180	70 517	5	789 334
Activo Group	5	9	134 471	95 098	10	614 954	127 690	87 234	11	882 450
Scriptpharm	36	34	70 630	50 346	3	129 015	52 050	37 501	2	126 708
Mmed	364	206	4 316	3 203	1	163 898	(1 633)	(3 035)	(1)	114 317
Total Healthcare	8	10	753 614	532 569	6	4 901 119	699 975	484 118	5	5 689 171
Other (including inter-segment elimination)			(78 421)	(50 829)	6	536 487	(457)	9 659	(1)	(574 805)
Total	(3)	(2)	675 193	481 740	6	5 437 606	699 518	493 777	6	5 114 366

Composition of operating profit – % contribution	Operating profit 2022 %	Operating profit 2021 %	Operating profit 2022 R'000	Operating profit 2021 R'000
Total SA Administration business	62	66	701 205	737 668
Healthcare Africa	8	7	84 656	74 394
Healthcare Retail	30	27	336 267	306 564
	100	100	1 122 128	1 118 626

DISAGGREGATED REVENUE

Revenue

Disaggregation of revenue from contracts with customers:

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

	Administration fees R'000	Health risk management fees – medical aid schemes R'000	Management fees R'000	Healthcare insurance R'000	IT revenue and other R'000	Retail R'000	Health risk management fees – Capitation funds R'000	Marketing fees R'000	Group total R'000
30 JUNE 2022									
Primary geographical markets									
South Africa	1 561 112	1 536 007	1 626	42 510	604 729	2 648 461	1 945 074	172 926	8 512 445
Outside of South Africa	172 364	16 997	1 653	—	19 111	—	—	—	210 125
	1 733 476	1 553 004	3 279	42 510	623 840	2 648 461	1 945 074	172 926	8 722 570
Major product/service line									
Admin health	1 733 476	—	—	—	623 840	—	—	172 926	2 530 242
Retail (Pharma)	—	—	—	—	—	2 648 461	—	—	2 648 461
Managed healthcare	—	1 553 004	3 279	42 510	—	—	1 945 074	—	3 543 867
	1 733 476	1 553 004	3 279	42 510	623 840	2 648 461	1 945 074	172 926	8 722 570
Timing of revenue recognition									
Products transferred at a point in time	—	—	—	—	—	2 648 461	—	—	2 648 461
Products and services transferred over time	1 733 476	1 553 004	3 279	42 510	623 840	—	1 945 074	172 926	6 074 109
	1 733 476	1 553 004	3 279	42 510	623 840	2 648 461	1 945 074	172 926	8 722 570
30 JUNE 2021									
Primary geographical markets									
South Africa	1 387 629	1 411 066	2 474	38 096	528 300	2 437 065	1 877 580	194 840	7 877 050
Outside of South Africa	165 827	16 288	1 579	—	13 674	—	—	—	197 368
	1 553 456	1 427 354	4 053	38 096	541 974	2 437 065	1 877 580	194 840	8 074 418
Major product/service line									
Admin health	1 553 456	—	—	—	541 974	—	—	194 840	2 290 270
Retail (Pharma)	—	—	—	—	—	2 437 065	—	—	2 437 065
Managed healthcare	—	1 427 354	4 053	38 096	—	—	1 877 580	—	3 347 083
	1 553 456	1 427 354	4 053	38 096	541 974	2 437 065	1 877 580	194 840	8 074 418
Timing of revenue recognition									
Products transferred at a point in time	—	—	—	—	—	2 437 065	—	—	2 437 065
Products and services transferred over time	1 553 456	1 427 354	4 053	38 096	541 974	—	1 877 580	194 840	5 637 353
	1 553 456	1 427 354	4 053	38 096	541 974	2 437 065	1 877 580	194 840	8 074 418

SUPPLEMENTARY INFORMATION OPERATING PERFORMANCE (NON-IFRS MEASURE)

	% change	Year ended 30 June 2022 R'000	Year ended 30 June 2021 R'000
Healthcare services revenue	12.7	4 319 439	3 834 256
Healthcare services operating costs	16.2	(3 611 064)	(3 108 650)
Healthcare services operating profit	(2.4)	708 375	725 606
Healthcare retail revenue	3.8	4 403 131	4 240 162
Healthcare retail cost of sales	4.4	(3 589 621)	(3 438 009)
Healthcare retail operating costs	(3.7)	(477 243)	(495 589)
Healthcare retail operating profit	9.7	336 267	306 564
Total healthcare operating profit (excluding lease reversals)	1.2	1 044 642	1 032 170
IFRS 16: Lease reversals	(10.4)	77 486	86 456
Total healthcare operating profit (including lease reversals)	0.3	1 122 128	1 118 626
Profit on sale of investment		—	1 314
Fair value gains/(losses)		6 369	(6 307)
Other income		563	1 747
Impairment of assets and loans		(3 203)	(10 378)
Scrapping of intangible assets		(635)	(26 793)
Net finance and investment income		(61 317)	(36 498)
– Finance and investment income		15 086	20 595
– Finance costs: Lease liabilities		(19 354)	(21 420)
– Finance costs		(57 049)	(35 673)
Share-based payment expense		(13 848)	(10 694)
Share of profits from associates and joint ventures		6 991	8 294
Profit before depreciation and amortisation	1.7	1 057 048	1 039 311
Depreciation	11.6	(87 299)	(78 202)
Right of use assets depreciation	(4.9)	(63 287)	(66 564)
Amortisation of intangible assets	18.6	(231 269)	(195 027)
Profit before taxation	(3.5)	675 193	699 518
Taxation expense	(6.0)	(193 453)	(205 741)
Profit for the year from continuing operations	(2.4)	481 740	493 777
Loss from discontinued operations		—	(14 008)
Loss on disposal of subsidiary		—	(10 014)
Profit for the year	2.6	481 740	469 755
Other comprehensive loss		1 501	6 151
Comprehensive net income for the year	1.5	483 241	475 906
Attributable to:			
Equity holders of the Parent		315 341	310 655
Non-controlling interest		167 900	165 251
		483 241	475 906

COMPANY INFORMATION

AfroCentric Investment Corporation Limited

Incorporated in the Republic of South Africa

Registration number 1988/000570/06

JSE Code: ACT

ISIN: ZAE 000078416

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

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MJM Madungandaba** (*Deputy Chairman*)

A Banderker*** (*CEO*)

JW Boonzaaier*** (*CFO*)

WH Britz**

FG Allen**

JB Fernandes* (*Lead*)

ND Munisi**

AM le Roux*

M Chauke*

K Mkhize**

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

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