

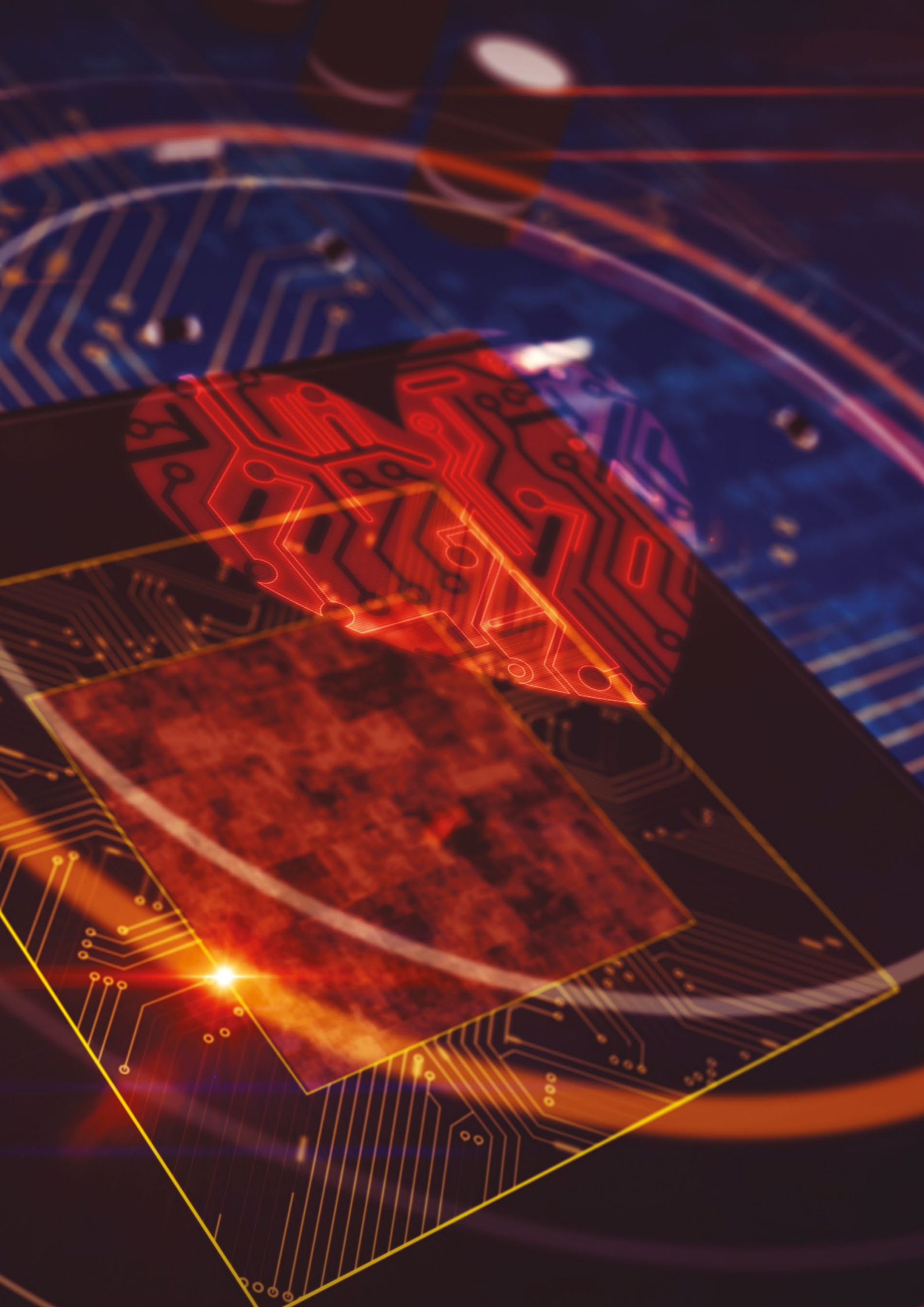


AfroCentric
GROUP

Healthier Together

**ANNUAL FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER**

2024



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Preparation of the Annual Financial Statements

The Group Annual Financial Statements of AfroCentric Investment Corporation Limited (**AfroCentric/the Group**) for the six months ended 31 December 2024 were prepared by Bongwiwe Ncube CA(SA), General Manager: Group Finance, AfroCentric Investment Corporation Limited and were reviewed by Thato Moloele 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 six months ended 31 December 2024

The directors are responsible for the preparation, integrity and fair presentation of the Financial Statements of the Group as presented on pages 21 to 116. These 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 six months ended 31 December 2024 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 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 14 to 20.

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 March 2025.



Dr Anna Mokgokong
Chairman



Thato Moloele
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 March 2025

Chief Executive Officer and Chief Financial Officer Responsibility Statement

for the six months ended 31 December 2024

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

- (a) the Financial Statements set out on pages 21 to 116 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



Thato Moloele
Group Chief Financial Officer

Audit and Risk Committee Report

for the six months ended 31 December 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.

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 7 November 2024.

The members during the six months ended 31 December 2024 were José Bruno Fernandes (**Chairperson**), Alice Marie le Roux, Mmaboshadi Chauke (who resigned effective 31 October 2024) and Karabo Morule (who was appointed effective 31 December 2024).

The Audit and Risk Committee members were independent of executive management during the period under review. The Group Chief Executive Officer (**CEO**), Group Chief Financial Officer (**CFO**) and Medscheme Chief Executive Officer attend 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	BCom, BAcc (CTA), BCom Hons (InvM), CA (SA)
Alice Marie le Roux	25 May 2020	BAcc, BCompt (Hons), CA (SA) & RA
Mmaboshadi Chauke*	1 June 2020	BCom, BAcc (CTA), CA (SA)
Karabo Morule	31 December 2024	BBusSc. Actuarial Science, PGradDip Actuarial Science

* Resigned effective 31 October 2024.

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 of the members of the Audit and Risk Committee at the AGM scheduled for 7 May 2025.

ATTENDANCE OF MEETINGS

The attendance of Audit and Risk Committee members at its meetings during the six months ended 31 December 2024 was as follows:

Member	Attendance
José Bruno Fernandes	6/6
Alice Marie le Roux	6/6
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 six months period, six committee meetings were held and, where relevant, unrestricted access was granted to the external auditors.

Audit and Risk Committee Report continued

for the six months ended 31 December 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, King IV and the JSE Listings Requirements. A separate internal Finance and Risk Committee has been established for the Group's Pharma-Cluster which meets on a quarterly basis and reports back into 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, amongst other things, 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 current period, 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 six months ended 31 December 2024;
- Considered and recommended the audit plan and budgeted audit fee to the Board for approval;
- The Audit and Risk Committee chairperson held separate meetings with the external auditors prior to Audit and Risk Committee meetings.

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;
- Considered and satisfied with the appropriateness and experience of the CFO as required by the JSE Listings Requirements;
- Reviewed the audited Consolidated and Separate 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 and Separate Financial Statements for the six months ended 31 December 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.

Audit and Risk Committee Report continued

for the six months ended 31 December 2024

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.

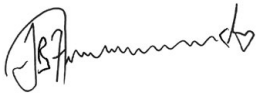
AfroCentric Group has established and maintains internal controls and procedures, which are reviewed on a regular basis by internal audit, which then reports to the Audit and Risk Committee in order to manage the risk of business failures and to provide reasonable assurance against such failures. However, 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 March 2025

Directors' Report

for the six months ended 31 December 2024

The directors have pleasure in presenting their report on the Consolidated and Separate Financial Statements of AfroCentric for the six months ended 31 December 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 and Separate Annual Financial Statements for the six months ended 31 December 2024, comprise AfroCentric and its subsidiaries (**i.e. the Group**), and the Group's, investments in associate companies and joint venture.

AFROCENTRIC SHARED VALUE

The Group's operating subsidiaries continue to provide value-add 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 Sanlam Life Insurance Limited owning 59% of AfroCentric, the broad goals include sharing 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.

FINANCIAL RESULTS

Group consolidated total income for the six months ended 31 December 2024 is R4 332 million (June 2024: R8 833 million).

Group headline earnings for the six months ended 31 December 2024 is R32 million (June 2024: R335 million).

Loss before tax for the six months ended 31 December 2024 is R56 million (June 2024: profit before tax was R207 million).

Loss for the six months ended 31 December 2024 is R119 million (June 2024: profit was R74 million).

GOING CONCERN

The Group 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 and other factors as detailed on Note 33, considers the preparation of the Financial Statements on this basis to be appropriate.

DIVIDENDS

The Group declared a dividend of 6 cents per share for the six months ended 31 December 2024. The dividend is payable on 12 May 2025.

Directors' Report continued

for the six months ended 31 December 2024

SHARE CAPITAL

The Company's issued share capital remained the same at 841 088 241 ordinary shares for the six months ended 31 December 2024. 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 six months ended 31 December 2024, AfroCentric Investment Corporation Limited repurchased 403 649 shares at an average price of R2.67 in accordance with the 1 November 2024 Board resolution. The Board approved that AfroCentric Investment Corporation Limited could acquire up to 1% of its shares per the JSE Listing Requirements repurchase programme. The shares are still in the process of being delisted or cancelled.

AUDIT AND RISK COMMITTEE

The information relating to the Audit and Risk Committee is set out on pages 4 to 6.

CHANGE OF YEAR-END

On 1 November 2024, the Company announced on SENS that it has changed its financial year-end from 30 June to 31 December with effect from 31 December 2024.

DIRECTORS

The table below sets out the directors of AfroCentric for the six months ended 31 December 2024.

<i>Directors' name</i>	<i>Date of appointment</i>	<i>Designation</i>
Dr ATM Mkgokong (Chairman)	10 June 2010	Non-executive
MJ Madungandaba (Deputy Chairman)	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
K Morule	31 December 2024	Independent Non-executive
JW Boonzaaier **	8 January 2015	Executive Director
GN Van Wyk	1 August 2023	Executive Director
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 effective 31 October 2024.

** Resigned effective 31 January 2025. *KT Moloele* was appointed as CFO designate and Executive Director effective from 1 January 2025 and took office as the CFO effective from 1 February 2025, replacing *JW Boonzaaier*.

During the six months ended 31 December 2024, 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 30 of the Financial Statements.

Directors' Report continued

for the six months ended 31 December 2024

Directors' ordinary shareholdings as at 31 December 2024

Director	Direct beneficial	Indirect beneficial	Total	%
ATM Mokgokong (Chairman)	-	33 344 402	33 344 402	3.96
MJ Madungandaba (Deputy Chairman)	-	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 reporting period and date of approval of 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 (Deputy Chairman)	-	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

DIRECTORS' REMUNERATION

Remuneration of Executive and Non-executive Directors

Details of the remuneration are set out in Note 21 of the Financial Statements.

Remuneration of Non-executive Directors and Board Committee members

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

Director	Fees R'000
Dr ATM Mokgokong (Chairman)	950
MJ Madungandaba (Deputy Chairman)	911
M Chauke	200
MK Dippenaar	225
JB Fernandes	675
PB Hanratty*	-
AM le Roux	428
K Mkhize*	-
Dr ND Munisi	230

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

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

Directors' Report continued

for the six months ended 31 December 2024

Remuneration of the five highest paid subsidiary executives for the period ended 31 December 2024 who are not directors of AfroCentric

Employee	Annual cost to company and incentives R'000
AD Schwulst	4 093
AA Mahmood	3 346
H Nhlapo	2 882
D Carolus	2 879
P Leroy	2 868

Remuneration of the five highest paid subsidiary executives for the year ended 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

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 six months, a material effect on the Group's financial position, apart from the matters per Note 29 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

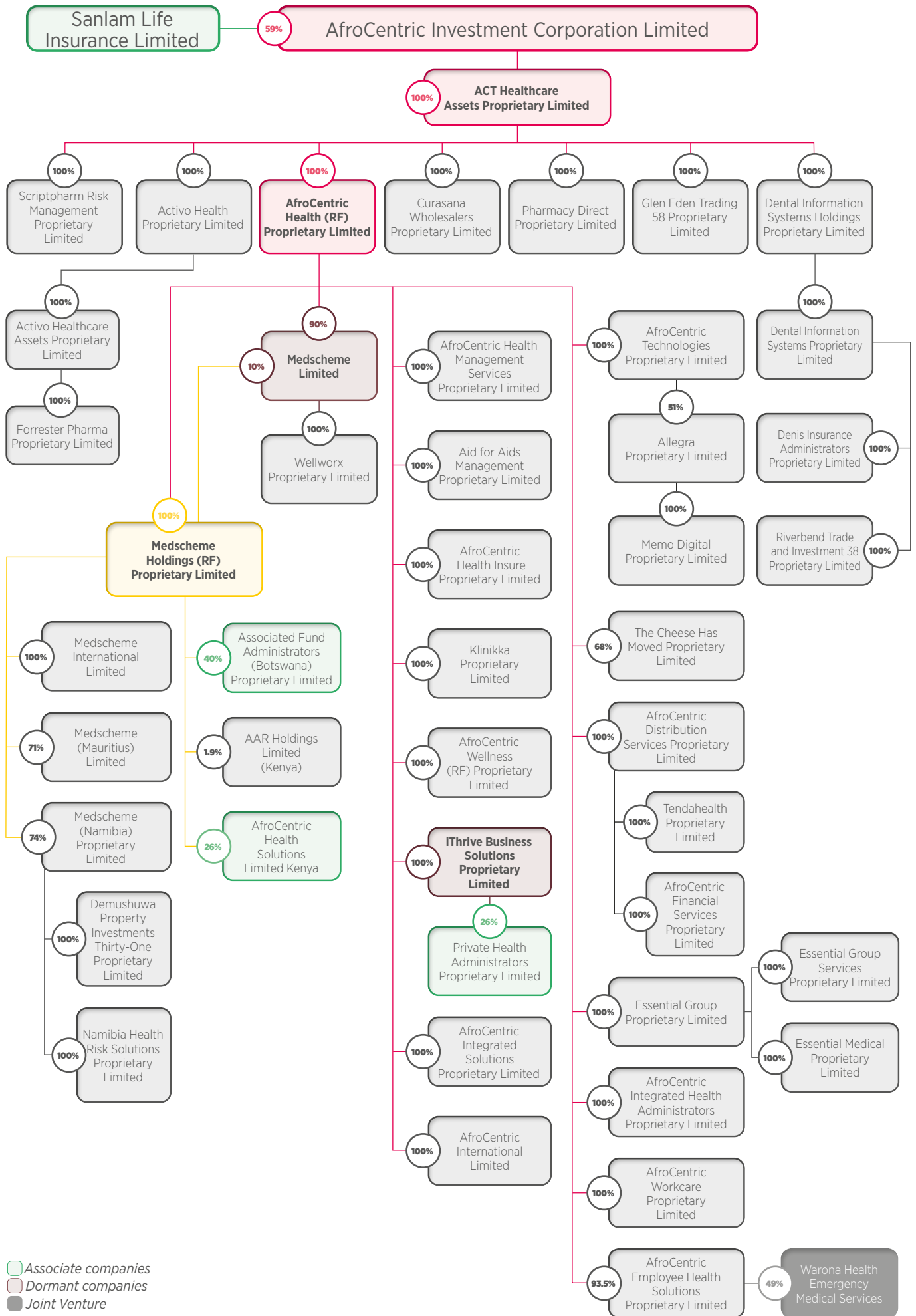
The Group protects itself and the directors against criminal and civil liability by maintaining a comprehensive insurance policy and ensuring that professional indemnity is in place.

COMPLIANCE

Other than late filing of annual returns to the Companies and Intellectual Property Commission (**CIPC**) for certain subsidiaries, the late finalisation of the audits and the annual financial statements for the year ended 30 June 2024, and the late filing with FSCA of the Essential Medical Proprietary Limited annual financial statements, no events or actions during the financial period 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 six months ended 31 December 2024.



Shareholders' Analysis

for the six months ended 31 December 2024

ORDINARY SHAREHOLDERS

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
1 – 1 000 shares	6 565	75.43	509 473	0.06
1 001 – 10 000 shares	1 446	16.61	6 546 361	0.78
10 001 – 100 000 shares	611	7.02	16 111 802	1.92
100 001 – 1 000 000 shares	57	0.65	17 183 440	2.04
1 000 001 – shares and over	25	0.29	800 737 165	95.20
Total	8 704	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	30 651 908	3.64
Close Corporations	6	0.07	289 453	0.03
Empowerment Trust	1	0.01	4 779 466	0.57
Endowment Funds	3	0.03	181 822	0.02
Individuals	8 448	97.07	43 758 509	5.20
Insurance Companies	3	0.03	180 018	0.02
Investment Company	1	0.01	62 912 483	7.48
Mutual Funds	11	0.13	7 475 377	0.89
Other Corporations	9	0.10	115 699	0.01
Private Companies	69	0.79	157 438 762	18.72
Public Companies	2	0.02	1 002	0.00
Retirement Funds	3	0.03	311 818	0.04
Sovereign Wealth Fund	1	0.01	6 372 130	0.76
Strategic Investor	1	0.01	494 431 629	58.78
Treasury Shares	6	0.07	24 650 636	2.93
Trusts	120	1.39	7 537 529	0.91
Total	8 704	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
31 December 2024				
Non-public shareholders	15	0.17	631 086 109	75.03
Directors and associates of the Company	8	0.09	112 003 844	13.32
Treasury shares*	6	0.07	24 650 636	2.93
Strategic holder (more than 10%)	1	0.01	494 431 629	58.78
Public shareholders	8 689	99.83	210 002 132	24.97
Total	8 704	100.00	841 088 241	100.00

* The treasury shares include 403 649 shares that were repurchased at an average price of R2.67 in the current period in terms of the Board resolution passed on 1 November 2024. The shares are still in the process of being delisted or cancelled.

Shareholders' Analysis continued

for the six months ended 31 December 2024

Public/non-public shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
30 June 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 period in terms of the forfeitable share plan for employees relating to the 2023 allocations.

Major shareholders holding more than 5% of the issued share capital	Number of shares	% of total shares in issue
31 December 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
30 June 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

Top 10 institutional shareholders	Number of shares	% of total shares in issue
31 December 2024		
Sanlam Life Insurance Limited	494 431 629	58.78
Visio Capital Management Proprietary Limited	41 285 839	4.91
Definitive Capital Management Proprietary Limited	3 672 908	0.44
Pershing Securities Limited	1 608 114	0.19
Peresec Prime Brokers Proprietary Limited	984 932	0.12
Nedbank Private Wealth Limited	349 912	0.04
Mergence Investment Managers Proprietary Limited	275 579	0.03
Barnard Jacobs Mellet Proprietary Limited	244 641	0.03
PSG Securities Limited	229 958	0.03
Ninety One Limited	127 512	0.01
Total	543 211 024	64.58

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 AfroCentric Investment Corporation Limited (the Group and Company) set out on pages 21 to 116, which comprise the consolidated and separate statements of financial position as at 31 December 2024, and 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 six month period then ended, the accounting policies to the consolidated and separate financial statements and notes to the consolidated and separate financial statements.

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 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (**IFRS Accounting Standards**) and the requirements of the Companies Act 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (**EAR Rule**), we report:

Final Materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

Independent Auditor's Report continued

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Final Materiality</i>	<i>ZAR 8 600 000</i>	<i>ZAR 5 300 000</i>
<i>How we determined it</i>	<i>5% of Profit Before Tax after adjustments (PBT)</i>	<i>0.28% of Total Assets</i>
Rationale for materiality benchmark determined	<p>We chose PBT as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most likely to be measured by users when evaluating a profit-orientated entity.</p> <p>We adjusted PBT by reversing the impairment of goodwill, write-off of investments in Venture Capital Funds, and impairment of investments in Venture Capital Funds. We adjusted for these items in determining our final materiality as they are regarded as non-recurring events.</p> <p>We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this healthcare sector and is further based on our professional judgement after consideration of qualitative factors that impact the group.</p>	<p>We chose Total Assets as the benchmark because, in our view, it is the benchmark against which the performance of the company is most likely to be measured by users when evaluating an investment entity.</p> <p>We chose 0.28% which is consistent with quantitative materiality thresholds used for investment holding sector and is further based on our professional judgement after consideration of qualitative factors that impact the company.</p>

Group Audit Scope

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the consolidated financial statements and which further audit procedures to perform at these components to address those risks. Our judgement included assessing the size of the components, nature of assets, liabilities and transactions within the components as well as specific risks.

In total, we identified nine components at which further audit procedures were performed on the entire financial information of all the components, either because audit evidence needed to be obtained on all or a significant proportion of the component's financial information, or that component represents a pervasive risk of material misstatement to the consolidated financial statements. We involved component auditors in performing the audit work on six components.

We also performed analytical procedures at an aggregated group level on the remaining financial information to re-examine our assessment that there is a less than reasonable possibility of a material misstatement in the remaining financial information.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 respect of the separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

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

Key audit matter

The Group's goodwill amounts to R1.108 billion as at 31 December 2024. Management determined the recoverable amount of the various cash-generating units (**CGUs**) based on value-in-use calculation 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:

- The estimated revenues to be earned and costs incurred from the CGUs;
- The pre-tax discount rate that takes into account the yield on government bonds, Beta, risk adjustment factors and a market risk premium;
- Forecast period; and
- An average growth rate, based on past performance and management's expectations of future earnings.

We therefore 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 involved in the impairment assessment and the magnitude of the goodwill balance in the consolidated financial statements.

How the matter was addressed in our audit

Our audit approach included the following audit procedures:

- We performed inquiries of management regarding their assessment of possible indicators of impairment for the CGUs.
- We assessed the design, implementation and operating effectiveness of the review and approval control implemented over the cashflow forecast.
- We inspected management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions, the effects of climate-related risks and other information obtained during the audit.
- Assessed any changes from 30 June 2024 management's calculations (methods, assumptions and data inputs) for those CGUs subject to impairment testing, including the underlying data used.
- We involved KPMG specialists in assessing the changes to be considered in the revised valuation of the value in use of the CGUs, including the following:
 - o Agreed the inputs used in the model to the approved budgets.
 - o Compared the projected cash flows, including the assumptions relating to revenue growth rates, against historical actual growth rates and actual performance to assess the reasonability of management's budgeting process and projections.
 - o Evaluation and challenging the key assumptions used by management in conducting the impairment assessment of goodwill.
 - o Assessed the appropriateness of the discount rates used by management to our own internally developed range of acceptable discount rates.
 - o Compared the growth rate applied in the terminal period to the South African forecasted long-term consumer price inflation forecast.
 - o Obtained an understanding of the risk adjustment factors such as specific risk premium, small stock premium and compare these to independent data.
 - o Assessed the reasonability of the forecast period by assessing this to renewable contract revenue and managements estimation and timeframe.
 - o Assessed the valuation method applied by management to determine if the value per CGU aligns with IAS 36 Impairment of assets (IAS 36).
- Evaluated the completeness, accuracy and relevance of disclosures required by IAS 36, including disclosures about sensitivities and major sources of estimation uncertainty.

Based on the procedures performed on the goodwill impairment assessment, we did not identify any matters requiring further consideration.

Independent Auditor's Report continued

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

Refer to the consolidated financial statements notes for detail:

- Note 1(f)(iv): Material accounting policies – internally developed computer software development cost
- Note 1(g)(i): Material accounting policies – Impairment of non-financial assets
- Note 2(g): Material accounting estimates and assumptions – Impairment of internally developed software
- Note 2(h): Material accounting estimates and assumptions – impairment of useful lives of internally developed software; and
- Note 7: Intangible assets.

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's internally developed computer software balance of R964 million as at 31 December 2024 includes current year capitalised internally developed software amounting to R59.1 million. Management considers these capitalised costs to be clearly associated with identifiable and unique products which will be controlled by the Group.</p> <p>In capitalising these development costs, management applies significant judgement in determining whether the criteria in IAS 38 Intangible Assets (IAS 38) is met.</p> <p>The Group's policy is to perform a bi-annual impairment assessment using a net present value of the discounted cash flow forecast on internally developed software, regardless of whether an indication of impairment exists.</p>	<p>With the assistance of our own valuations specialist, we have performed the following procedures:</p> <ul style="list-style-type: none">- We obtained update on management's process relating to capitalisation of internally developed software.- We assessed the operating effectiveness of the review control implemented over the capitalisation of internally developed software.- We assessed a sample of capitalised internally developed software through considering the nature of each activity performed by the software developer against the requirements of IAS 38.- Performed an independent recalculation of the costs that are supposed to have been capitalised, by using management invoices and staff costs incurred.- Performed inquiries of management regarding their assessment of possible indicators of impairment for the software.- Inspected management's assessment and consider whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions, the effects of climate-related risks and other information obtained during the audit.

Independent Auditor's Report continued

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

Refer to the consolidated financial statements notes for detail:

- Note 1(f)(iv): Material accounting policies – internally developed computer software development cost
- Note 1(g)(i): Material accounting policies – Impairment of non-financial assets
- Note 2(g): Material accounting estimates and assumptions – Impairment of internally developed software
- Note 2(h): Material accounting estimates and assumptions – impairment of useful lives of internally developed software; and
- Note 7: Intangible assets.

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Key assumptions applied by management in the cashflow forecast included the following:</p> <p>(a) The estimated revenues to be earned from the use of the assets and the period over which those cashflows are projected;</p> <p>(b) The weighted average cost of capital; and</p> <p>(c) Risk adjustment factors used in deriving an appropriate discount rate applied to future estimated cash flows.</p> <p>We therefore considered the capitalisation of development costs relating to software and the impairment assessment of the internally developed software to be a matter of most significance to the current period audit due to the magnitude capitalised development costs in the consolidated financial statements and significant management judgements applied in assessing whether development costs meet the recognition criteria and in managements impairment assessment.</p>	<ul style="list-style-type: none">- Assessed any changes from 30 June 2024 management's calculations (method, assumptions and data inputs) for those internally developed software subject to impairment testing, including the underlying data used.- Involved KPMG valuation specialists in assessing the changes to be considered in the revised valuation of the net present value of the discounted cash flow forecast of the internally developed software, including the following:<ul style="list-style-type: none">o Agreed the inputs used in the model to the approved budgets.o Compared the projected cash flows, including the assumptions relating to revenue growth rates, against historical actual growth rates and actual performance to assess the reasonability of management's budgeting process and projections.o Evaluation and challenging the key assumptions used by management in conducting the impairment assessment of internally developed software.o Assessed the appropriateness of the discount rates used by management to our own internally developed range of acceptable discount rates.o Compared the growth rate applied in the terminal period to the South African forecasted long-term consumer price inflation forecast.o Obtained an understanding of the risk adjustment factors such as specific risk premium, small stock premium and compare these to independent data.o Assessed the presentation and disclosure of internally developed software in accordance with IAS 38 Intangible Assets. <p>Based on the procedures performed on the capitalisation of development costs relating to internally developed software and impairment assessment of internally developed software, we did not identify any matters requiring further consideration.</p>

Independent Auditor's Report continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "AfroCentric Group Consolidated and Separate Annual Financial Statements for the six months ended 31 December 2024", which includes the Directors' Report, the Audit and Risk Committee Report and the Declaration by the Company Secretary as required by the Companies Act 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 (**IASB**), the requirements of the Companies Act 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 about whether 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.

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 of 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.

Independent Auditor's Report continued

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 and six months.

KPMG Inc

Registered Auditor



Per Z.A Beseti

Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
2193
South Africa

3 March 2025

Consolidated and Separate Statements of Financial Position

as at 31 December 2024

	Notes	Group		Company	
		December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
ASSETS					
Non-current assets					
Property and equipment	5.1	661 274	591 652	-	-
Right of use assets	5.4	140 721	142 572	-	-
Investment property	6.1	12 500	12 500	-	-
Intangible assets	7.1	2 541 437	2 804 199	-	-
Investments in associates and joint venture	9	6 259	8 732	-	-
Investment in subsidiaries	10	-	-	1 847 163	1 847 163
Deferred tax assets	11	121 127	132 015	-	-
Other financial assets	13	20 209	27 719	-	-
Insurance contract assets	34.2	71 250	67 644	-	-
Receivable – Sanlam Restricted Share Plan	14.1	13 267	-	3 959	-
Receivable – Sanlam Performance Deferred Share Plan	14.1	51 277	-	-	-
Deferred payment assets	36	3 778	3 673	-	-
Total non-current assets		3 643 099	3 790 706	1 851 122	1 847 163
Current assets					
Inventories	12	440 837	449 079	-	-
Trade and other receivables	8.2	602 303	786 276	9 813	4 887
Current tax assets		128 492	53 235	28	-
Cash and cash equivalents	8.3	347 796	330 259	8 463	4 274
Total current assets		1 519 428	1 618 849	18 304	9 161
Total assets		5 162 527	5 409 555	1 869 426	1 856 324

Consolidated and Separate Statements of Financial Position continued

as at 31 December 2024

	Notes	Group		Company	
		December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
EQUITY AND LIABILITIES					
EQUITY					
Issued share capital	15.1	21 324	21 324	21 324	21 324
Share premium	15.2	2 537 411	2 537 411	2 537 411	2 537 411
Retained income/(Accumulated loss)		667 697	793 605	(833 233)	(815 472)
Other reserves	16	19 311	17 656	16 568	24 468
Total equity attributable to owners of the parent		3 245 743	3 369 996	1 742 070	1 767 731
Non-controlling interests	17	33 350	31 189	-	-
Total equity		3 279 093	3 401 185	1 742 070	1 767 731
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	11	263 581	259 628	-	-
Other liabilities		1 631	1 680	-	-
Lease liabilities	8.6	101 721	111 750	-	-
Borrowings	8.5	556 722	569 853	-	-
Loans from a group company	8.7	-	-	119 652	78 700
Total non-current liabilities		923 655	942 911	119 652	78 700
Current liabilities					
Employment benefit liabilities	18	111 400	182 347	-	-
Trade and other payables	8.4	641 270	749 849	7 648	9 871
Current tax liabilities		72 748	9 374	56	22
Lease liabilities	8.6	69 985	65 336	-	-
Sanlam Performance Deferred Shares - IFRS 2 liability	14.2	2 003	-	-	-
Borrowings	8.5	62 373	58 553	-	-
Total current liabilities		959 779	1 065 459	7 704	9 893
Total liabilities		1 883 434	2 008 370	127 356	88 593
Total equity and liabilities		5 162 527	5 409 555	1 869 426	1 856 324

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the six months ended 31 December 2024

	Notes	Group		Company	
		For the six months ended December 2024 R'000	For the year ended June 2024 R'000	For the six months ended December 2024 R'000	For the year ended June 2024 R'000
Revenue from contracts with customers	19.1	4 240 923	8 794 671	-	-
Dividends received	21	-	-	-	92 500
Fair value gains	21	386	1 769	-	-
Finance income	22	23 523	31 277	195	324
Other income		3 052	5 187	41	-
Compensation for impairment of property and equipment	5.3	64 402	-	-	-
Total income*		4 332 286	8 832 904	236	92 824
Insurance revenue	34.1	51 058	96 035	-	-
Insurance service expense	34.1	(50 747)	(90 100)	-	-
Insurance service result	34.1	311	5 935	-	-
Insurance finance income	22 & 34.1	3 300	6 731	-	-
Net insurance result*	34.1	3 611	12 666	-	-
Cost of pharmaceutical products and finished goods	20	(878 351)	(2 030 276)	-	-
Cost of distribution of pharmaceutical products	20	(38 329)	(71 624)	-	-
Employee benefit costs	21	(1 418 316)	(2 699 057)	(1 538)	(4 634)
Other expenses	21	(437 173)	(1 131 576)	(10 865)	(41 175)
Capitation expenses	21	(878 805)	(1 645 000)	-	-
Amortisation	7.1 & 21	(104 832)	(192 690)	-	-
Rent and property costs	21	(70 930)	(123 050)	-	-
Right of use asset depreciation	5.3 & 21	(31 282)	(52 747)	-	-
Depreciation	5.1 & 21	(56 210)	(94 142)	-	-
IT costs	21	(203 106)	(212 819)	-	(32)
Write off of intangibles assets	7.1 & 21	(3 792)	(6 060)	-	-
Impairment of goodwill	7.3 & 21	(219 162)	(230 835)	-	-
Impairment of investment in associates	9 & 21	(274)	(14 661)	-	-
Impairment of property and equipment	5.2 & 21	-	(26 611)	-	-
Impairment of loans	21	-	(2 158)	-	-
Impairment of other financial assets	13 & 21	(7 210)	-	-	-
Write off of other financial assets	13 & 21	(1 184)	-	-	-
Share of losses from associates and joint venture	9	(2 199)	(9 045)	-	-
Interest on lease liabilities	8.6	(8 017)	(19 190)	-	-
Finance costs	22	(32 510)	(77 045)	(5 560)	(6 064)
(Loss)/profit before tax	21	(55 785)	206 984	(17 727)	40 919
Income tax expense	23.1	(63 369)	(132 729)	(34)	(22)
(Loss)/profit for the period		(119 154)	74 255	(17 761)	40 897
(Loss)/profit for the period attributable to:					
Owners of Parent		(125 865)	55 381	(17 761)	40 897
Non-controlling interest	17	6 711	18 874	-	-
		(119 154)	74 255	(17 761)	40 897

* The net insurance result has been presented separately in the current period in order to enhance the disclosure.

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income continued

for the six months ended 31 December 2024

	Notes	Group		Company	
		For the six months ended December 2024 R'000	For the year ended June 2024 R'000	For the six months ended December 2024 R'000	For the year ended June 2024 R'000
(Loss)/profit for the period		(119 154)	74 255	(17 761)	40 897
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Total other comprehensive loss that will not be reclassified to profit or loss		(43)	(52)	-	-
Remeasurement of post-employment benefit obligations	21	(59)	(71)	-	-
Income tax relating to these items	23	16	19	-	-
Components of other comprehensive income that will be reclassified to profit or loss					
Total other comprehensive income that will be reclassified to profit or loss		9 555	(9 381)	-	-
Exchange differences on translation of foreign operations					
Foreign exchange income/(loss)		9 555	(7 851)	-	-
Cash flow hedges					
Losses on cash flow hedges		-	(1 530)	-	-
Total other comprehensive income/(loss) net of tax		9 512	(9 433)	-	-
Total comprehensive (loss)/income		(109 642)	64 822	(17 761)	40 897
Comprehensive (loss)/income attributable to:					
Comprehensive (loss)/income, attributable to owners of parent		(116 353)	45 948	(17 761)	40 897
Comprehensive income, attributable to non-controlling interests	17	6 711	18 874	-	-
		(109 642)	64 822	(17 761)	40 897
(Loss)/earnings per share (cents) attributable to equity holders of the parent					
Basic (loss)/earnings per share	24	(14.96)	6.67	-	-
Total basic (loss)/earnings per share		(14.96)	6.67	-	-
Diluted (loss)/earnings per share	24	(14.57)	6.51	-	-
Total diluted (loss)/earnings per share		(14.57)	6.51	-	-

Consolidated and Separate Statements of Changes in Equity

for the six months ended 31 December 2024

	Notes	Group					Total equity R'000
		Ordinary share capital R'000	Share premium R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	
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 income		-	-	(9 381)	(52)	-	(9 433)
Increase through share-based payment transactions	15 & 16	30	11 724	(11 754)	-	-	-
Dividend recognised as distributions to shareholders	27	-	-	-	(92 520)	(26 581)	(119 101)
Decrease through changes in ownership interests in subsidiaries		-	-	-	(28 841)	(17 054)	(45 895)
Increase through share-based payment transactions	16	-	-	3 133	-	-	3 133
Increase through share-based payment transactions-prior year	16	-	-	(1 026)	-	-	(1 026)
Balance at 30 June 2024		21 324	2 537 411	17 656	793 605	31 189	3 401 185
Balance at 1 July 2024		21 324	2 537 411	17 656	793 605	31 189	3 401 185
Changes in equity							
(Loss)/profit for the period		-	-	-	(125 865)	6 711	(119 154)
Other comprehensive income		-	-	9 555	(43)	-	9 512
Issue of equity-share-based payment awards exercised	16	-	-	(9 084)	-	-	(9 084)
Dividend recognised as distributions to shareholders	27	-	-	-	-	(4 550)	(4 550)
Increase through share-based payment transactions	16	-	-	2 475	-	-	2 475
Increase through share-based payment transactions-prior year	16	-	-	(213)	-	-	(213)
Share repurchase	16	-	-	(1 078)	-	-	(1 078)
Balance at 31 December 2024		21 324	2 537 411	19 311	667 697	33 350	3 279 093
Notes		15.1	15.2	16			

Consolidated and Separate Statements of Changes in Equity continued

for the six months ended 31 December 2024

	Notes	Company				Total equity R'000
		Ordinary share capital R'000	Share premium R'000	Other reserves R'000	Accumulated loss R'000	
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	27	-	-	-	(92 520)	(92 520)
Issue of equity-share-based payment awards exercised	15 & 16	30	11 724	(11 754)	-	-
Increase through share-based payment transactions	16	-	-	3 133	-	3 133
Decrease through share-based payment transactions-prior year	16	-	-	(1 026)	-	(1 026)
Balance at 30 June 2024		21 324	2 537 411	24 468	(815 472)	1 767 731
Balance at 1 July 2024		21 324	2 537 411	24 468	(815 472)	1 767 731
Changes in equity						
Loss for the period		-	-	-	(17 761)	(17 761)
Issue of equity-share-based payment awards exercised	16	-	-	(9 084)	-	(9 084)
Increase through share-based payment transactions	16	-	-	2 475	-	2 475
Increase through share-based payment transactions-prior year	16	-	-	(213)	-	(213)
Share repurchase	16	-	-	(1 078)	-	(1 078)
Balance at 31 December 2024		21 324	2 537 411	16 568	(833 233)	1 742 070
Notes		15.1	15.2	16		

Consolidated and Separate Statements of Cash Flows

for the six months ended 31 December 2024

	Notes	Group		Company	
		For six months ended December 2024 R'000	For the year ended June 2024 R'000	For six months ended December 2024 R'000	For the year ended June 2024 R'000
Cash flows from operating activities					
Cash receipts from customers		4 470 321	8 850 312	-	-
Cash paid to suppliers and employees		(4 127 163)	(7 822 416)	(4 289)	(18 009)
Cash generated from/(utilised in) operations					
	25	343 158	1 027 896	(4 289)	(18 009)
Dividend paid	27	(4 550)	(119 101)	-	(92 520)
Dividends received		-	-	-	92 500
Interest paid	22	(32 510)	(77 045)	(5 560)	(6 064)
Interest paid on lease liability		(8 017)	(19 190)	-	-
Interest received	22	23 523	38 008	195	324
Income taxes (paid)/refunded	26	(63 122)	(155 200)	(27)	19
LTIP share-based payment vesting	16	(9 224)	-	-	-
Net cash generated from/(utilised in) operating activities					
		249 258	695 368	(9 681)	(23 750)
Cash flows from investing activities					
Proceeds from sale of tangible assets		999	228	-	-
Purchase of a subsidiary		-	(46 121)	-	-
Purchase of tangible assets	5.1	(64 474)	(73 909)	-	-
Repayment of contingent consideration		-	(85 248)	-	-
Purchase of intangible assets	7.1	(70 466)	(188 243)	-	-
Purchase of Sanlam shares		(64 967)	-	(4 425)	-
Purchase of other financial assets		-	10 527	-	-
Net cash utilised in investing activities					
		(198 908)	(382 766)	(4 425)	-
Cash flows from financing activities					
Lease liabilities capital repayment	8.6	(31 979)	(60 248)	-	-
Share repurchase	16	(1 078)	-	(1 078)	-
Capital settlement of borrowings	8.5	(9 311)	-	-	-
Proceeds of loans from group companies		-	-	19 373	24 270
Net cash (utilised in)/generated from financing activities					
		(42 368)	(60 248)	18 295	24 270
Net increase in cash and cash equivalents before the effect of exchange rate changes					
		7 982	252 354	4 189	520
Effect of exchange rate changes on cash and cash equivalents		9 555	(7 851)	-	-
Cash and cash equivalents at beginning of the period	8.3	330 259	85 756	4 274	3 755
Cash and cash equivalents at end of the period					
	8.3	347 796	330 259	8 463	4 274

Accounting Policies to the Consolidated and Separate Financial Statements

for the six months ended 31 December 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.

(i) *Change of year end*

On 1 November 2024, the Company announced on SENS that it has changed its financial year-end from 30 June to 31 December with effect from 31 December 2024. To harmonise the financial reporting requirements of the Company with those of the Sanlam Group, and to facilitate the reporting of financial information that is transparent and complete, the Company resolved to change its financial year end from 30 June to 31 December. The comparative figures presented are in respect of the year ended 30 June 2024 and as such may not be comparable to the current reporting period.

These Consolidated and Separate Financial Statements have been approved for issue by the Board on 26 February 2025.

(ii) *Basis of preparation*

The Annual Financial Statements for the six months ended 31 December 2024 have been prepared in accordance with IFRS[®] Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Financial Reporting Requirements") and the South African Companies Act.

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;
- Investment property held at fair value using independent market valuations; and
- Cash-settled share appreciation rights (**SARs**).

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 Accounting Standards 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(a) General information continued

(iii) IFRS Accounting Standards, interpretations and amendments issued but not effective for the period ended 31 December 2024

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	<p>The International Sustainability Standards Board (ISSB)'s first two standards are designed to be applied together.</p> <p>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.</p> <p>IFRS S2 provides guidance on how to report on climate-related risks and opportunities in the climate standard.</p> <p>These standards have not yet been adopted in the South African Companies Act; therefore, even though it is effective, it is not yet a requirement for South African companies to provide these disclosures.</p> <p>The Group is still in the process of determining the impact of the new standards.</p>
Amendments to IAS 21 Lack of Exchangeability	Annual periods beginning on or after 1 January 2025	<p>The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.</p> <p>When estimating a spot rate, a company can use:</p> <ul style="list-style-type: none"> - an observable exchange rate without adjustment; or - another estimation technique. <p>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.</p>
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	<p>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.</p> <p>The Group is still in the process of determining the impact of the amendments to the accounting standard.</p>

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(a) General information continued

(iii) IFRS Accounting Standards, interpretations and amendments issued but not effective for the period ended 31 December 2024 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	<p>Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by:</p> <ul style="list-style-type: none"> – 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. <p>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.</p>
IFRS 18 Presentation and Disclosure in Financial Statements	Annual periods beginning on or after 1 January 2027	<p>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:</p> <ul style="list-style-type: none"> – 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. <p>This standard will replace IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.</p> <p>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.</p>

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(a) General information continued

(iii) *IFRS Accounting Standards, interpretations and amendments issued but not effective for the period ended 31 December 2024* continued

IFRS	Effective date	Executive summary
IFRS 19 Subsidiaries without Public Accountability Disclosures	Annual periods beginning on or after 1 January 2027	<p>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.</p> <p>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.</p> <p>The Group is currently assessing the impact on subsidiaries and it is expected that the impact may be material on the subsidiaries' financial statements.</p>
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Optional amendment	<p>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.</p> <p>The Group has assessed that the amendment to the standards does not have an impact on the Group.</p>
Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity	Annual periods beginning on or after 1 January 2026	<p>Narrow scope amendment adding new disclosure requirements to enable investors to understand the effect of contracts referencing nature-dependent electricity on an entity's financial performance and cash flows.</p> <p>The amendments include guidance on:</p> <ul style="list-style-type: none"> - the 'own-use' exemption for purchasers of electricity under such power purchase agreements (PPAs); and - hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs. <p>The Group is still in the process of determining the impact of the amendments to the accounting standard.</p>

The Group did not early adopt any of the standards and interpretations not yet effective for 31 December 2024.

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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(b) Basis of consolidation continued

(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 the 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.

(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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(b) Basis of consolidation continued

(iv) Associates and joint ventures continued

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 or 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.

(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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(c) Foreign currency translation continued

(iii) Group companies continued

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 at each reporting date and if appropriate are adjusted accordingly.

Assets are assessed at the end of each reporting period when there is any indication that an asset may be impaired. 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.

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 these 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

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.

(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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(f) Intangible assets and goodwill continued

(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 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.

1(h) Leases

(i) The Group is the lessee

The Group leases various properties and office equipment. 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

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.

(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) are 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(i) Financial instruments continued

(i) Classification continued

(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.

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 sole 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(i) Financial instruments continued

(i) Classification continued

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

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 (**FVTPL**)

A financial liability is classified as FVTPL if it is designated as such on initial recognition, when they are measured at fair value and net gains and losses are recognised in profit or loss section of the statement of profit or loss and other comprehensive income.

(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.

(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 8.1 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(i) Financial instruments continued

(iii) Subsequent measurement continued

(a) Impairment of financial assets continued

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 31 December 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.

(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(j) Prepayments

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

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(k) 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 29.

1(l) 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 an interest expense in the statement of profit or loss and other comprehensive income as finance costs.

1(m) 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(m) Employee costs continued

(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 28). 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(n) Investments in subsidiaries

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

1(o) 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.

(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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(o) Income and expense recognition continued

(i) Revenue from contracts with customers continued

Type of products/service	Nature 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.	<p>The customer benefits as AfroCentric provides the service, thus revenue should be recognised as the services are rendered over the contract duration.</p> <p>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.</p> <p>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 recognised as an expense in the month in which the penalty is incurred.</p> <p>The penalties therefore do not give rise to variable consideration.</p>

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(o) Income and expense recognition continued

(i) Revenue from contracts with customers continued

Type of products/service	Nature of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Pharmaceutical	<p>There are two types of revenue streams within the Pharmaceutical product/service offering:</p> <ul style="list-style-type: none"> - Pharmaceutical stock is owned by AfroCentric. This stock is sold and dispensed. - Pharmaceutical stock is owned by the National Department of Health (NDoH). AfroCentric is responsible for dispensing the stock. <p>The services provided on the contracts with the NDoH vary across the agreements per province but include the following: maintenance of stock medicines to fulfil scripts, contacting members to inform them of script expiry, delivery and dispensing of medicines per scripts.</p> <p>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.</p>	<p>In respect of the services that are rendered under these agreements, AfroCentric only earns fees in respect of the dispensing of medicines per script. There are no fees earned for the other services detailed in the agreement.</p> <p>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 and the services are recognised at the same time.</p> <p>Medicine prices charged are regulated. The fee per medicine per script is indicated in the contract.</p> <p>There is no variable consideration that is recognised with respect to the service level agreements governing the dispensing of the medicines.</p> <p>In the event that there is a penalty that is levied with respect to the dispensed medicine, 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.</p> <p>The penalties are not offset against the invoices issued to customers but are recognised as an expense in the month in which the penalty is incurred.</p> <p>The penalties, therefore, do not give rise to variable consideration.</p> <p>Goods sold:</p> <p>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.</p>

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(o) Income and expense recognition continued

(i) Revenue from contracts with customers continued

Type of products/service	Nature of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Managed healthcare	<p>Managed healthcare services vary per customer contract and per the scheme option.</p> <p>The managed healthcare services are categories to include hospital benefit management, pharmacy benefit management, active disease risk management, and network management (healthcare provider risk management).</p> <p>Under each service is a further breakdown of granular activities that are undertaken to fulfil the service rendered.</p>	<p>The customer benefits as AfroCentric provides the service, thus revenue should be recognised over time.</p> <p>Additional once-off services which are performed would result in revenue recognition as that service is provided.</p> <p>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.</p> <p>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.</p> <p>The penalties are not offset against the invoices issued to customers, but are recognised as an expense in the month in which the penalty is incurred.</p> <p>The penalties therefore do not give rise to variable consideration.</p>
Marketing services	<p>Sales and marketing initiatives that support and promote the brand of our various clients.</p>	<p>The customer benefits as and when the Group entities render the services in terms of the signed contract.</p> <p>Marketing fees are paid by the customer monthly, which is in line with the frequency and timing of satisfying performance obligations under the contract.</p>
IT revenue	<p>Administration of the fund/scheme, which include processing claims, collecting payments, maintaining records, member administration and IT services which includes hosting and switching fees.</p>	<p>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.</p> <p>The rates are updated from the month the increase is effective per the contract.</p> <p>Payments are made on a monthly basis.</p>

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(o) Income and expense recognition continued

(i) Revenue from contracts with customers continued

Type of products/ service	Nature of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Health risk management fees – Capitation fees	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 lodgement, 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.

(vii) Capitation expenses

Capitation expenses represent claims that are paid on behalf of the Medical Aid Schemes to various service providers (e.g. dentists and pharmacies) in line with the Capitation agreements that are entered with the Medical Aid Schemes. These claims are recognised in the month in which they are incurred and paid.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(p) 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(q) 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(r) 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(s) 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(t) 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 the performance of the operating segments, has been identified as the Chief Operating Decision-Maker, as the person that makes strategic decisions.

1(u) Seasonality reserves

Seasonality reserves relate to claims incurred but not reported at financial year-end. This pertains to claims with a service date of on/before 31 December (prior period: 30 June) that would be received for payment on/after 1 January (prior period: 1 July).

Dental Information Systems Proprietary Limited and Scriptpharm Risk Management Proprietary Limited have a financial year-end of 31 December with a Scheme's benefit year being 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 July to December that will come through in the period January to June.

1(v) 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(w) 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.

For insurance contracts issued, the Group has the practical ability to reassess the risks of a policyholder and set an appropriate premium to reflect those risks on short notice. Consequently, for these contracts, the contract boundary will be shorter than a year.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(w) Insurance contracts continued

(b) Measurement

Initial measurement

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

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**).

The carrying amount of a Group of contracts is measured at the end of each reporting period under Premium Allocation Approach (**PAA**).

At initial recognition, the carrying amount of the liability for remaining coverage is equal to the premiums received (if any).

Subsequent measurement

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 carrying amount of a Group of contracts (liability for remaining coverage plus liability for incurred claims) is measured at the end of each reporting period under PAA as sum of the carrying amount at the beginning of the reporting period:

- plus the premiums received in the period;
- plus claims and other insurance services expenses incurred;
- minus claims and other insurance services expenses paid;
- plus finance charges;
- plus or minus release of the risk adjustment for non-financial risk and discounting;
- minus the amount recognised as insurance revenue for services provided in that period; and
- plus any re-capitalisation of the cell minus any distribution received.

Derecognition

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

(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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES continued

1(w) Insurance contracts continued

(c) *Cell Captive arrangements – Third party cell captive arrangements* continued

(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 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.

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 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 31 December 2024 was R674 million (June 2024: R604 million) and R2 541 million (June 2024: R2 804 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 whether 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, 13 and 14.2 in these Financial Statements.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

2. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

2(e) Deferred tax assets

The Group deferred tax assets include an amount of R17 million (June 2024: R8.5 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.

2(f) 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 at year-end that are written off.

2(g) 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 cash flow 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(h) 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(i) 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.

2(j) 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; and
- 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.

Accounting Policies to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

2. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

2(k) 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 31 December 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.

2(l) **Share-based payment arrangements – Share Appreciation Rights (SARs)**

The fair value of the amount payable to employees in respect of SARs, which are settled in cash, are recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payments. The liability is remeasured at each reporting period date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in the profit or loss section of the statement of profit or loss and other comprehensive income.

Notes to the Consolidated and Separate Financial Statements

for the six months ended 31 December 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 rests 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 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. The Group currently does not have any hedge instrument.

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

	Group			
	December 2024		June 2024	
	Spot rate	Average rate	Spot rate	Average rate
Euro €	19.561	19.103	19.467	19.383
US Dollar \$	18.900	18.257	18.068	18.632

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

(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.

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% (June 2024: 3%) 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 fixed interest rate instruments.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

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

	Group		Company	
	Increase in 3% on statement of comprehensive income and equity For six months ended December 2024 R'000	Increase in 3% on statement of comprehensive income and equity For year ended June 2024 R'000	Increase in 3% on statement of comprehensive income and equity For six months ended December 2024 R'000	Increase in 3% on statement of comprehensive income and equity For year ended June 2024 R'000
Instruments exposed				
Bank balances and short-term investments	6 476	7 442	65	139
Borrowings	(8 262)	(14 239)	-	-
Total	(1 786)	(6 797)	65	139

	Group		Company	
	Decrease in 3% on statement of comprehensive income and equity For six months ended December 2024 R'000	Decrease in 3% on statement of comprehensive income and equity For year ended June 2024 R'000	Decrease in 3% on statement of comprehensive income and equity For six months ended December 2024 R'000	Decrease in 3% on statement of comprehensive income and equity For year ended June 2024 R'000
Instruments exposed				
Bank balances and short-term investments	(6 476)	(7 442)	(65)	(139)
Borrowings	8 262	14 239	-	-
Total	1 786	6 797	(65)	(139)

Under these assumptions, a 3% increase in market interest rates at 31 December 2024 would increase Group loss before tax by approximately R1.8 million (June 2024: R6.8 million decrease in profit before tax) and Company loss before tax would decrease by approximately R65 000 (June 2024 : R139 000 increase in profit before tax).

Under these assumptions, a decrease of 3% in market interest rates at 31 December 2024 would decrease Group loss before tax by approximately R1.8 million (June 2024: R6.8 million decrease in profit before tax).

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

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

	Group		Company	
	Increase in 4.5% on statement of comprehensive income and equity For six months ended December 2024 R'000	Increase in 4.5% on statement of comprehensive income and equity For year ended June 2024 R'000	Increase in 4.5% on statement of comprehensive income and equity For six months ended December 2024 R'000	Increase in 4.5% on statement of comprehensive income and equity For year ended June 2024 R'000
Instruments exposed				
Mauritius bonds	39	80	-	-
Total	39	80	-	-

	Group		Company	
	Decrease in 4.5% on statement of comprehensive income and equity For six months ended December 2024 R'000	Decrease in 4.5% on statement of comprehensive income and equity For year ended June 2024 R'000	Decrease in 4.5% on statement of comprehensive income and equity For six months ended December 2024 R'000	Decrease in 4.5% on statement of comprehensive income and equity For year ended June 2024 R'000
Instruments exposed				
Mauritius bonds	(39)	(80)	-	-
Total	(39)	(80)	-	-

Under these assumptions, a 4.5% increase in market interest rates at 31 December 2024 would decrease Group loss before tax by approximately R39 000 (June 2024: R80 000 increase in profit before tax).

Under these assumptions, a decrease of 4.5% in market interest rates at 31 December 2024 would increase Group loss before tax by approximately R39 000 (June 2024: R80 000 decrease in profit before tax).

(iii) Interest rate risk on insurance contracts

The Group is not significantly exposed to interest rate risk from its in-substance insurance contracts with the cell captive insurers.

The cells do not contain any explicit interest rate sensitivity, as they represent a share in the performance of the underlying portfolio rather than interest-bearing instruments.

The Group earns investment income on the assets allocated to the cell captive arrangements at prevailing interest rates. The short-term maturities of the assets limit the Group's exposure to interest rate movements.

Additionally, the Group does not apply discounting to the cash flows in the LIC for the underlying insurance policies due to the claim settlement period being less than one year.

(iv) 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.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

(iv) Credit risk continued

Expected credit losses (ECL) assessment for individual customers as at 31 December 2024 and 30 June 2024

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 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 six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

(iv) Credit risk continued

The following table provides information about the exposure to credit risk and ECL for trade receivables from individual customers as at 31 December 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
31 December 2024				
Current (not past due)	1.73	287 779	4 971	No
30 days past due	1.54	114 758	1 767	No
60 days past due	14.68	30 081	4 416	No
90+ days past due	1.90	33 544	637	No
Total		466 162	11 791	
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	

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.

Expected credit losses (ECL) 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.

The cash is held by banks that rate A- to AAA on Moody's, Global Credit and Fitch Ratings. Therefore, the Group considers it to have low credit risk based on the external credit ratings.

The Mauritius bonds held have a rating Baa3. The Group considers the bonds to have a low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'.

Credit risk on insurance contracts

While the cell captive insurance retains the direct credit risk exposure to non-payment of premiums by policy-holders, this could indirectly impact the Group through lower profitability and dividend income receivable from the cell captive arrangements.

The Group does not have complete control over managing this credit risk exposure, as the cell captive insurers retain ultimate responsibility as the primary insurance provider.

Robust financial monitoring controls in conjunction with the applicable solvency requirements are employed to ensure the cell insurers maintain adequate capital required and liquidity to fund approved dividend distributions to the Group.

The carrying value of the in-substance insurance contracts represents the Group's maximum credit exposure at the end of the reporting period.

(v) 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.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

(v) Liquidity risk continued

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

	Group						Total R'000
	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	
Period ended 31 December 2024							
Trade and other payables (excluding provisions and payroll creditors) (Note 8.4)	(375 302)	(79 772)	(3 334)	(88 845)	-	-	(547 253)
Lease liabilities capital payments (Note 8.6)	(18 340)	(18 221)	(17 929)	(15 495)	(55 779)	(45 942)	(171 706)
- Payments	(22 415)	(21 877)	(21 175)	(18 334)	(63 434)	(49 928)	
- Interest	4 075	3 656	3 246	2 839	7 655	3 986	
Borrowings (Note 8.5)	14 599	4 847	14 679	4 277	57 224	(714 721)	(619 095)
- Payments	-	(9 840)	-	(10 320)	-	(857 547)	
- Interest	14 599	14 687	14 679	14 597	57 224	142 826	
Year ended 30 June 2024							
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 (Note 8.5)	16 091	16 102	5 333	14 178	68 085	(768 195)	(648 406)
- Payments	-	-	(9 245)	-	(19 978)	(825 764)	
- Interest	16 091	16 102	14 578	14 178	88 063	57 569	

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

(v) Liquidity risk continued

	Company							Total R'000
	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	
Period ended 31 December 2024								
Trade and other payables (Note 8.4)	(6 410)	-	-	-	-	-	-	(6 410)
Loan from a group company (Note 8.7)	-	-	-	-	-	-	(119 652)	(119 652)
Year ended 30 June 2024								
Trade and other payables (Note 8.4)	(6 709)	-	-	-	-	-	-	(6 709)
Loan from a group company (Note 8.7)	-	-	-	-	-	-	(78 700)	(78 700)

(vi) 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 the six months period ended 31 December 2024, the Group's and Company's strategy, which was unchanged from 30 June 2024, was to maintain the gearing ratio within 0% to 15%.

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.

	December 2024 R'000	June 2024 R'000
Net debt	271 299	298 147
Non-current borrowings	556 722	569 853
Current borrowings	62 373	58 553
Less cash and cash equivalents	(347 796)	(330 259)
Total equity	3 279 093	3 401 185
EBITDA	380 238	816 311
Interest expense	40 527	96 235
Net debt to equity ratio	8.27%	8.77%
Net debt to EBITDA	0.71:1	0.37:1
Interest cover	9.38:1	8.48:1

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT continued

(vii) 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 are 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 risk	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 Health Funders Association.

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 business 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.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

4. SEGMENT INFORMATION continued

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
Period ended 31 December 2024							
Gross revenue	2 300 877	123 985	1 949 623	4 374 485	340 364	(473 926)	4 240 923
Insurance revenue	51 058	-	-	51 058	-	-	51 058
Cost of distribution of pharmaceutical products	-	-	(38 329)	(38 329)	-	-	(38 329)
Cost of pharmaceutical products and finished goods	(28 677)	-	(878 403)	(907 080)	(7 707)	36 436	(878 351)
Capitation expenses	(232 123)	-	(646 682)	(878 805)	-	-	(878 805)
Employee benefit costs	(1 099 019)	(55 444)	(166 163)	(1 320 626)	(110 827)	13 137	(1 418 316)
Insurance service expense	(50 747)	-	-	(50 747)	-	-	(50 747)
Other expenses	(8 384)	(725)	(2 838)	(11 947)	(10 683)	(4 794)	(27 424)
Consulting fees	(190 773)	(2 181)	(26 023)	(218 977)	(6 833)	12 487	(213 323)
Operating expenditure	(203 583)	(12 237)	(39 464)	(255 284)	(33 938)	136 887	(152 335)
Marketing and recruitment costs	(22 184)	(228)	(36 587)	(58 999)	(286)	9 775	(49 510)
Rental and property costs	(49 321)	(3 519)	(17 705)	(70 545)	(430)	45	(70 930)
IT costs	(386 553)	(8 602)	(10 499)	(405 654)	(70 570)	273 118	(203 106)
Amortisation of intangibles	(1 985)	(452)	(4 113)	(6 550)	(68 502)	(29 780)	(104 832)
Depreciation & right of use depreciation	(42 985)	(2 811)	(9 839)	(55 635)	(30 915)	(942)	(87 492)
Other income	281	-	2 769	3 050	2	-	3 052
Net finance income/(cost)	9 876	1 092	(5 081)	5 887	(9 484)	(2 090)	(5 687)
Finance income (including insurance finance income)	27 821	1 092	-	28 913	-	(2 090)	26 823
Finance cost	(17 945)	-	(5 081)	(23 026)	(9 484)	-	(32 510)
Share-based payment expense	(4 582)	(37)	(1 466)	(6 085)	(305)	-	(6 390)
Net fair value (impairment)/gain of assets	(1 130)	(5)	(7 179)	(8 314)	32	(219 162)	(227 444)
Fair value gain/(loss)	328	(5)	31	354	32	-	386
Impairment and write-off of assets	(1 458)	-	(7 210)	(8 668)	-	(219 162)	(227 830)
Compensation for impairment of assets	-	-	-	-	64 402	-	64 402
Share of losses of associates and joint venture	(2 199)	-	-	(2 199)	-	-	(2 199)
Profit/(loss) before taxation	37 847	38 836	62 021	138 704	54 320	(248 809)	(55 785)
Income tax expense	(22 302)	(9 546)	(20 017)	(51 865)	(19 544)	8 040	(63 369)
Profit/(loss) for the period	15 545	29 290	42 004	86 839	34 776	(240 769)	(119 154)
Net segments assets	1 860 905	197 085	1 606 981	3 664 971	1 511 803	(14 247)	5 162 527
Segments assets	1 849 206	197 085	1 606 981	3 653 272	1 511 803	(8 807)	5 161 268
Investments in associates and joint venture	11 699	-	-	11 699	-	(5 440)	6 259
Segment liabilities	1 510 960	43 471	849 459	2 403 890	932 988	(1 453 444)	1 883 434
Additions to intangible assets	2 792	-	4 875	7 667	57 357	-	65 024
Additions to property and equipment	35 059	6 116	4 348	45 523	83 353	-	128 876

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 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 2024							
Gross revenue (including insurance 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 expenses	(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 (insurance 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/(loss)	1 769	-	-	1 769	-	-	1 769
Impairment of assets	(14 865)	-	7 464	(7 401)	(26 611)	(240 253)	(274 265)
Share of profit of associates and joint venture	(9 045)	-	-	(9 045)	-	-	(9 045)
Profit/(loss) 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/(loss) 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 venture	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 six months ended 31 December 2024

5. PROPERTY AND EQUIPMENT

5.1 Property and equipment

	Group						Total R'000
	Land and buildings R'000	Leasehold improve- ments R'000	Equipment R'000	Motor vehicles R'000	Furniture and fittings R'000	Computer equipment R'000	
Reconciliation for the period ended 31 December 2024							
Balance at 1 July 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	301 422	11 505	58 440	10 959	69 487	139 839	591 652
Movements for the period ended 31 December 2024							
Additions	-	-	11 131	405	8 066	109 274	128 876
Depreciation	(2 745)	(833)	(5 517)	(1 591)	(7 687)	(37 837)	(56 210)
Disposals	-	-	(2 147)	(281)	(274)	(342)	(3 044)
Property and equipment at the end of the period	298 677	10 672	61 907	9 492	69 592	210 934	661 274
Closing balance at 31 December 2024							
At cost	333 620	14 960	143 546	31 963	179 144	553 337	1 256 570
Accumulated depreciation	(34 943)	(4 288)	(81 639)	(22 471)	(109 552)	(290 792)	(543 685)
Accumulated impairment	-	-	-	-	-	(51 611)	(51 611)
Carrying amount at 31 December 2024	298 677	10 672	61 907	9 492	69 592	210 934	661 274
Reconciliation for the year ended 30 June 2024							
Balance at 1 July 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	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

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 six months ended 31 December 2024

5. PROPERTY AND EQUIPMENT continued

5.2 Impairment

The Group performed an annual impairment test at 31 December 2024. The test involved the 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

Property and equipment which is part of the Information Technology segment was assessed for impairment indicators. Management determined that no impairment is required for the six months period ended 31 December 2024 (June 2024: R26.6 million) relating to computer equipment. The prior period impairment arose from obsolescence of specific items of computer equipment.

Total impairment losses for the period

The total impairment losses are summarised as follows:

	December 2024 R'000	June 2024 R'000
Computer equipment	-	26 611

5.3 Compensation for impairment of property and equipment

The compensation for impairment of property and equipment represents proceeds from a settlement agreement in the form of a replacement asset to the value of R64.4 million that was provided to AfroCentric free of charge. The settlement was pursuant to a dispute relating to an asset that was previously impaired in the 2023 and 2024 financial periods, as it was not compatible to the AfroCentric systems.

5.4 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.

	Office Equipment R'000	Buildings R'000	Total R'000
Period ended 31 December 2024			
Opening carrying amount	29	142 543	142 572
Additions	1 462	35 055	36 517
Derecognition*	(29)	(7 057)	(7 086)
Depreciation charge	(152)	(31 130)	(31 282)
Closing carrying amount	1 310	139 411	140 721
At 31 December 2024			
At cost	1 462	435 305	436 767
Accumulated depreciation	(152)	(295 894)	(296 046)
Closing carrying amount	1 310	139 411	140 721

* Lease arrangements expired in the period and right of use assets returned to the vendor.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

5. PROPERTY AND EQUIPMENT continued

5.4 Right of use assets continued

	Office Equipment R'000	Buildings R'000	Total R'000
Year ended 30 June 2024			
Opening carrying amount	44	191 021	191 065
Additions	-	11 646	11 646
Modification	-	(7 392)	(7 392)
Depreciation charge	(15)	(52 732)	(52 747)
Closing carrying amount	29	142 543	142 572
At 30 June 2024			
At cost	157	419 485	419 642
Accumulated depreciation	(128)	(276 942)	(277 070)
Closing carrying amount	29	142 543	142 572

For the period ended 30 June 2024, the right of use assets have been disaggregated by class of underlying assets to enhance the disclosure to align with IFRS 16.53(j).

6. INVESTMENT PROPERTY

6.1 Balances at period end and movements for the period

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Reconciliation for the period				
Balance at the beginning of the period at fair value	12 500	10 731	-	-
Fair value gains	-	1 769	-	-
Balance at the end of the period at fair value	12 500	12 500	-	-

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

	December 2024 R'000	June 2024 R'000
Amounts recognised in profit or loss		
Rental income	366	550
Operating expenses	(26)	(161)

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.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

6. INVESTMENT PROPERTY continued

6.1 Balances at period end and movements for the period continued

Fair value measurements continued

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 the 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.

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 31 December 2024 has remained unchanged.

The valuation of portion 108 (a portion of portion 27) of the farm Weltevreden was previously undertaken in July 2024, the next valuation will be undertaken for the year ended 31 December 2025 taking into account the year end change, the value of the property at 31 December 2024 has remained unchanged from 30 June 2024.

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 at 1 July 2024	12 500
Closing balance at 31 December 2024	12 500

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for the six months ended 31 December 2024

6. INVESTMENT PROPERTY continued

6.2 Recognised fair value measurements continued

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. Portion 108 (a portion of portion 27) of the farm Weltevreden 202 will be revalued 31 December 2025.

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 the market value determined by capitalising the first year's normalised net operating income. This investment property is valued every three years.

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

Description	Fair value at 31 December 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.

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7. INTANGIBLE ASSETS

7.1 Intangible assets

	Group						
	Brands and intellectual property R'000	Pharmaceutical dossiers* R'000	Internally developed computer software R'000	Computer software R'000	Goodwill R'000	Customer relationships R'000	Total R'000
Reconciliation for the period ended 31 December 2024							
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 30 June 2024	-	379 379	968 665	62 923	1 327 661	65 571	2 804 199
Movements for the period ended 31 December 2024							
Additions	-	9 535	53 737	1 752	-	-	65 024
Amortisation	-	(18 573)	(63 492)	(8 780)	-	(13 987)	(104 832)
Impairment loss recognised (Note 7.3)	-	-	-	-	(219 162)	-	(219 162)
Write-off	-	(3 792)	-	-	-	-	(3 792)
Carrying amount at 31 December 2024	-	366 549	958 910	55 895	1 108 499	51 584	2 541 437
At 31 December 2024							
At cost	37 416	535 245	1 683 475	266 261	1 607 941	386 851	4 517 189
Accumulated amortisation	(37 416)	(168 696)	(710 639)	(187 804)	-	(335 267)	(1 439 822)
Accumulated impairment	-	-	(13 926)	(22 562)	(499 442)	-	(535 930)
Closing carrying amount	-	366 549	958 910	55 895	1 108 499	51 584	2 541 437
Reconciliation for the year ended 30 June 2024							
At 30 June 2023							
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 7.3)	-	-	-	-	(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.

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7. INTANGIBLE ASSETS continued

7.2 Material individual intangible assets

The following details relate to individual intangible assets that are material to the Group financial statements and are disclosed as part of the internally generated computer software category.

Description	Carrying amount at December 2024 R'000	Remaining amortisation period
Nexus system	545 456	8 years
Gexus system	104 993	8 years
Digital CRM	93 838	8 years
	744 287	

7.3 Impairments

The Group performed a bi-annual impairment test at 31 December 2024. The test involved assessment of internal and external qualitative factors such as instances of underutilisation, obsolescence, or material decline in the economic performance of the assets.

(i) Assets in the scope of IAS 36

Goodwill

During the period ended 31 December 2024, partial impairment of goodwill to the value of R218 million (June 2024: R231 million) was recognised on some of the pharmaceutical assets allocated to the Healthcare Retail SA Cash Generating Unit (CGU). Goodwill falls under the intergroup eliminations segment. The recoverable amount of the CGU, being the value in use, was based on the discount rate of 15.35%, which is a market-derived approximation.

The goodwill impairment was necessitated by adverse price adjustments in some of the main product lines of the pharmaceutical cluster that had a negative impact on profitability in the current and prior period and are expected to continue into the medium term, as well the lag in synergies and growth in pharmaceutical product lines relative to the original acquisition assessments of these assets.

Pursuant to the recoverable amount of Tendahealth being lower than the carrying amount, goodwill that was initially recognised on the acquisition of Tendahealth, to the value of R1.2 million, was impaired during the current period, resulting in the value being nil.

Total impairment losses for the period

The total impairment losses are summarised as follows:

	December 2024 R'000	June 2024 R'000
Impairment of goodwill		
AfroCentric Distribution Services	-	835
Pharmacy Direct and Curasana	-	100 000
Activo Health	160 816	95 900
Activo Healthcare Assets	57 184	34 100
Tendahealth	1 162	-
Total goodwill	219 162	230 835

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

7. INTANGIBLE ASSETS continued

7.4 CGU of goodwill

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

	Group	
	December 2024 R'000	June 2024 R'000
Healthcare administration SA CGU	724 712	725 874
Medscheme – Healthcare administration including Wellness and Glen Eden	508 318	508 318
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
Klinikka Proprietary Limited – medical equipment supplier	2 435	2 435
TendaHealth – Healthcare insurance broker	–	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
Dental Information Systems 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	368 252	586 252
Pharmacy Direct and Curasana (PD and CS)	140 608	140 608
Activo and Activo Healthcare Assets Group	227 644	445 644
Total	1 108 499	1 327 661

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.

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

- The estimated revenues to be earned and costs incurred from the use of the assets;
- The forecast period over which those revenues and costs 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 10.32% at 31 December 2024 (June 2024: 11.40%);
- A market risk premium of 6% (June 2024: 6%) is justified as the overall risk is to the downside; and
- The Beta (B) is 0.500 as at 31 December 2024 (June 2024: 0.318).

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

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

7. INTANGIBLE ASSETS continued

7.4 CGU of goodwill continued

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 %
31 December 2024						
Medscheme – admin, managed care, Wellness and Glen Eden	4 344 080	3 193 907	15.92	5 years	13.4	4.5
Activo Group	978 972	(218 401)	15.35	4 years	9.0	4.5
Pharmacy Direct and Curasana	410 992	174 036	15.92	4 years	13.0	4.5
June 2024						
Medscheme – admin and managed care, Wellness and Glen Eden	1 628 469	473 182	14.86	5 years	14	2
Activo	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

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

Assumption	Approach used in determining values
Average growth rate (%)	<p>Average annual growth rate over the five-year and four-year forecast period; based on past performance and management's expectations of market development is expected to have on future earnings noted below:</p> <p>Medscheme – admin and managed care including Glen Eden:</p> <ul style="list-style-type: none"> – 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 resulted in improved procedural efficiencies; – The Group will continue with system renewals to explore better and more cost-efficient ways to service and engage its customers/members; – These programmes are expected to enable the Group to achieve 7% growth. <p>Activo Group</p> <ul style="list-style-type: none"> – Margin erosion in certain pharmaceutical product lines, impacted by SEP pricing. – The synergies and expected growth in new pharmaceutical product lines are also lagging in terms of the original acquisition assessments of these assets. – Both companies are experiencing revenue growth, which has been diluted by higher operating expenses thus resulting in reduced profitability.
Discount rate (%)	Market-derived discount rate, which estimates the return to investors from a third party perspective.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

7. INTANGIBLE ASSETS continued

7.4 CGU of goodwill continued

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

		Discount rate	Worst case	Growth rate	Best case
			R'000	Base case	R'000
			12 %	13 %	14 %
Medscheme – admin, managed care, Wellness and Glen Eden – 31 December 2024	Worst case	17.39%	3 379 179	3 804 923	4 042 460
	Base case	15.92%	3 812 484	4 344 080	4 658 853
	Best case	15.07%	4 110 073	4 720 557	5 096 883
			15 %	13 %	12 %
Pharmacy Direct and Curasana – 31 December 2024	Worst case	18.06%	382 086	347 787	510 803
	Base case	15.92%	452 763	410 992	612 881
	Best case	16.43%	433 483	393 755	584 988
Activo Group – 31 December 2024	Worst case	15.85%	642 132¹	788 192²	975 714³
	Base case	15.35%	668 048⁴	824 221⁵	1 026 215⁶
	Best case	14.85%	696 232⁷	863 733⁸	1 082 143⁹

¹ Based on the carrying amount of R1 206 million, the worst case scenario indicates an impairment of R564 million.

² Based on the carrying amount of R1 206 million, the base case scenario indicates an impairment of R418 million.

³ Based on the carrying amount of R1 206 million, the best case scenario indicates an impairment of R231 million.

⁴ Based on the carrying amount of R1 206 million, the worst case scenario indicates an impairment of R538 million.

⁵ Based on the carrying amount of R1 206 million, the base case scenario indicates an impairment of R382 million.

⁶ Based on the carrying amount of R1 206 million, the best case scenario indicates an impairment of R180 million.

⁷ Based on the carrying amount of R1 206 million, the worst case scenario indicates an impairment of R510 million.

⁸ Based on the carrying amount of R1 206 million, the base case scenario indicates an impairment of R343 million.

⁹ Based on the carrying amount of R1 206 million, the best case scenario indicates an impairment of R124 million.

If the discount rate of Medscheme admin and managed care including Wellness and Glen Eden CGU is increased by 3.21% 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 8.78% with a resultant increase in the discount rate to 24.70%, the recoverable amount will be equal to the carrying amount.

If the discount rate for the Activo Group CGU is decreased by 3.35% to 12.00%, the recoverable amount will be equal to the carrying amount

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

7. INTANGIBLE ASSETS continued

7.4 CGU of goodwill continued

		Discount rate	Worst case	Growth rate	Best case
			R'000	Base case	R'000
			13 %	14 %	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
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 an impairment of R136.2 million.

² Based on the carrying amount of R457.3 million, the base case scenario indicates an impairment of R46.1 million.

³ Based on the carrying amount of R457.3 million, the worst case scenario indicates an impairment of R101.5 million.

⁴ Based on the carrying amount of R457.3 million, the worst case scenario indicates an impairment of R75.0 million.

⁵ Based on the carrying amount of R1 280.8 million, the worst case scenario indicates an impairment of R353.1 million.

⁶ Based on the carrying amount of R1 280.8 million, the base case scenario indicates an impairment of R114.1 million.

⁷ Based on the carrying amount of R1 280.8 million, the worst case scenario indicates an impairment of R257.3 million.

⁸ Based on the carrying amount of R1 280.8 million, the worst case scenario indicates an 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.

8. FINANCIAL INSTRUMENTS

	Group	
	At fair value through profit or loss R'000	At amortised cost R'000
Financial assets by category		
31 December 2024		
Other financial assets (Note 13)	94	20 115
Trade and other receivables excluding prepayments (Note 8.2)	-	531 611
Cash and cash equivalents (Note 8.3)	-	347 796
	94	899 522
30 June 2024		
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

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

8. FINANCIAL INSTRUMENTS continued

	Company
	At amortised cost R'000
Financial assets by category	
Period ended 31 December 2024	
Trade and other receivables excluding prepayments (Note 8.2)	9 336
Cash and cash equivalents (Note 8.3)	8 463
	17 799
Year ended 30 June 2024	
Trade and other receivables (Note 8.2)	4 555
Cash and cash equivalents (Note 8.3)	4 274
	8 829
	Group
	At amortised cost R'000
Financial liabilities by category	
Period ended 31 December 2024	
Lease liabilities (Note 8.6)	171 706
Borrowings (Note 8.5)	619 095
Trade and other payables excluding non-financial liabilities (Note 8.4)	547 253
	1 338 054
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
	Company
	At amortised cost R'000
Financial liabilities by category	
Period ended 31 December 2024	
Loan from a group company (Note 8.7)	119 652
Trade and other payables excluding non-financial liabilities (Note 8.4)	6 410
	126 062
Year ended 30 June 2024	
Loan from a group company (Note 8.7)	78 700
Trade and other payables excluding non-financial liabilities (Note 8.4)	7 149
	85 849

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

8. FINANCIAL INSTRUMENTS continued

8.1 Trade receivables

Ageing of trade and other receivables	Group				
	Current R'000	30 days R'000	60 days R'000	90+ days R'000	Total R'000
December 2024					
Net trade debtors	282 808	112 991	25 665	32 907	454 371
Gross trade debtors	287 779	114 758	30 081	33 544	466 162
Expected credit losses	(4 971)	(1 767)	(4 416)	(637)	(11 791)
Other receivables	9 319	-	-	53	9 372
Net sundry debtors	28 416	130	45	30 068	58 659
Gross sundry debtors	28 416	130	45	56 940	85 531
Expected credit losses	-	-	-	(26 872)	(26 872)
Deposits	9 207	-	-	2	9 209
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

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Disclosure of trade debtors				
Gross trade debtors	466 162	636 960	204	4 887
Loss allowance for trade receivables as below	(11 791)	(44 139)	-	-
Net trade debtors	454 371	592 821	204	4 887

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

At the beginning of the period	44 139	40 357	-	-
(Decrease)/increase in loss allowance recognised in profit or loss during the period	(32 348)	3 782	-	-
At the end of the period	11 791	44 139	-	-

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

8. FINANCIAL INSTRUMENTS continued

8.1 Trade receivables continued

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Disclosure of sundry debtors				
Gross sundry debtors	85 531	142 095	9 084	-
Loss allowance for sundry debtors as below	(26 872)	(19 338)	-	-
Net sundry debtors	58 659	122 757	9 084	-

Movement in the loss allowance for sundry debtors are as follows:

At the beginning of the period	19 338	29 481	-	-
Increase/(decrease) in loss allowance recognised in profit or loss during the period	7 534	(10 143)	-	-
At the end of the period	26 872	19 338	-	-

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 31 December 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.

8.2 Trade and other receivables

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Trade debtors	454 371	592 821	204	4 555
Sundry debtors	58 659	122 757	9 084	-
Prepayments*	70 692	54 221	477	332
Deposits	9 209	9 702	-	-
Other receivables	9 372	6 775	48	-
Total trade and other receivables	602 303	786 276	9 813	4 887

* Prepayments are not financial instruments but are included in trade and other receivables. Included in prepayments is R52 million relating to prepaid software licences and other IT support costs, as well as R3.5 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.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

8. FINANCIAL INSTRUMENTS continued

8.3 Cash and cash equivalents

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Cash at bank and short-term deposits				
Bank Windhoek Limited* - AA	12 878	13 288	-	-
Nedbank Limited** - Aaa	309 762	312 036	8 463	4 274
Absa Bank Limited** - Aaa	655	1 018	-	-
CitiBank Limited** - A3	22 870	2 607	-	-
Mercantile Bank Limited** - AA	1 631	1 310	-	-
Total cash at bank and short-term bank deposits included in current assets	347 796	330 259	8 463	4 274

* 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. Modifier 3 indicates a ranking in the lower end of that generic rating category.

The ratings for Nedbank 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.
- Aaa** Obligations rated Aaa are judged to be the highest quality subject to the lowest level of credit risk.

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Cash	282 700	279 721	8 463	4 274
Short term deposits*	65 096	50 538	-	-
	347 796	330 259	8 463	4 274

* Short-term deposits relate to cash at period end deposited into specific bank accounts. The term for the deposits is up to six months.

8.4 Trade and other payables

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Trade payables	220 504	376 534	546	270
Payroll creditors	66 626	64 706	146	440
Accruals	202 464	161 537	48	568
Shareholders for dividends	6 970	12 104	3 418	3 452
Other payables	117 315	109 733	2 398	2 419
Provisions*	13 059	16 792	1 092	2 722
Seasonality Reserve Provision	14 332	8 443	-	-
Total trade and other payables	641 270	749 849	7 648	9 871

* Included in the balance is an amount of R12.4 million which relates to the provision for audit fees.

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

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

8. FINANCIAL INSTRUMENTS continued

8.5 Borrowings

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Nedbank facility (1 year +)	556 722	569 853	-	-
Nedbank facility (0-1 year)	62 373	58 553	-	-
	619 095	628 406	-	-

Movement in borrowings are as follows:

	December 2024 R'000	June 2024 R'000
At the beginning of the period	628 406	648 005
Facility restructure	-	(19 599)
Interest accrued	31 672	69 076
Interest repaid	(31 672)	(69 076)
Capital repaid	(9 311)	-
Balance at the end of the period	619 095	628 406

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.

Compliance with loan covenants

R619 million, inclusive of accrued interest, has been utilised by the Group, of which amounts have been applied to funding the 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, the Group has complied with the loan covenants (refer to Note 3 (vi)).

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

8. FINANCIAL INSTRUMENTS continued

8.6 Lease liabilities

	Group	
	December 2024 R'000	June 2024 R'000
Non-current liabilities	101 721	111 750
Current liabilities	69 985	65 336
	171 706	177 086

Movement in lease liability are as follows:

	Group	
	December 2024 R'000	June 2024 R'000
At the beginning of the period	177 086	244 327
Lease liabilities recognised/(derecognised) per IFRS 16	35 502	(1 746)
Interest accrued	8 017	19 190
Lease modification	(8 903)	(5 247)
Rental payments made	(39 996)	(79 438)
Balance at the end of the period	171 706	177 086

	Group	
	December 2024 R'000	June 2024 R'000
Amounts recognised in statement of profit or loss		
Interest expense	8 017	19 190
Expense relating to short-term leases	1 266	2 582

The total cash outflow for leases for the six months period ended 31 December 2024 was R40.0 million (June 2024: R79.4 million).

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

8.7 Loans from a group company

Loans from a group company comprise the following balances:

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
AfroCentric Health (RF) Proprietary Limited	-	-	(119 652)	(78 700)
Non-current liabilities	-	-	(119 652)	(78 700)

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

Notes to the Consolidated and Separate Financial Statements *continued*

for the six months ended 31 December 2024

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

During the six months period ended 31 December 2024, the Group had two investments in associates being Associated Fund Administrators Proprietary Limited and Private Health Administrators Proprietary Limited. The Group also has a joint venture called Warona Health Emergency Medical Services Proprietary Limited.

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 Proprietary Limited 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	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Carrying amount of investment in associate	3 634	6 450	-	-
Carrying amount of investment in joint venture	2 625	2 282	-	-
	6 259	8 732	-	-

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE continued

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

Name of associate	Reporting date	Number of shares held	Nature of relationship	Percentage holdings	Opening carrying amount R'000	Share of after tax (losses)/ profit R'000	Dividends received R'000	Impairments R'000	31 December 2024 Closing carrying amount R'000
Associated Fund Administrators Botswana Proprietary Limited	30 September	3 408 218	Associate	40%	3 162	(1 043)	-	(274)	1 845
Private Health Administrators Proprietary Limited	28 February	26	Associate	26%	3 288	(1 499)	-	-	1 789
Warona Health Emergency Medical Services Proprietary Limited	30 June	49	Joint Venture	49%	2 282	343	-	-	2 625
Total					8 732	(2 199)	-	(274)	6 259

Name of associate	Reporting date	Number of shares held	Nature of relationship	Percentage holdings	Opening carrying amount R'000	Share of after tax (loss)/ profit 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 Proprietary Limited	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 six months ended 31 December 2024

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE continued

Summarised financial information of Associated Fund Administrators Botswana Proprietary Limited

	Group	
	December 2024 R'000	June 2024 R'000
At 31 December 2024		
Non-current assets	6 913	7 507
Current assets	21 103	35 605
Total assets	28 016	43 112
Current liabilities	23 198	35 242
Total liabilities	23 198	35 242
Net assets	4 818	7 870
Revenue	66 515	51 676
Loss	(2 608)	(16 883)
Total comprehensive loss attributable to ordinary shareholders	(2 608)	(16 883)
Net loss for the period	(2 608)	(16 883)

Summarised financial information of Private Health Administrators Proprietary Limited

	Group	
	December 2024 R'000	June 2024 R'000
At 31 December 2024		
Non-current assets	7 623	3 563
Current assets	45 112	50 584
Total assets	52 735	54 147
Current liabilities	43 187	38 832
Total liabilities	43 187	38 832
Net assets	9 548	15 315
Revenue*	299 826	574 253
(Loss)/profit	(5 766)	2 844
Total comprehensive (loss)/income attributable to ordinary shareholders	(5 766)	2 844
Net (loss)/profit for the period	(5 766)	2 844

* During the preparation of the financial statements for the period ended 31 December 2024, it was identified that the revenue of Private Health Administrators (Pty) Ltd had been erroneously incorrectly disclosed in the summarised financial information of the associate. This error arose due to an oversight in interpreting the associate management accounts as a result of the associate changing its financial year from 30 June to 28 February. The error has been corrected by adjusting the previously disclosed revenue amount of R49.1 million to R574.2 million; this has no impact on the statement of profit and loss and other comprehensive income or any other note disclosures.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE continued

Summarised financial information of Warona Health Emergency Medical Services Proprietary Limited

	Group	
	December 2024 R'000	June 2024 R'000
At 31 December 2024		
Non-current assets	2 228	174
Current assets	12 399	12 095
Total assets	14 627	12 269
Current liabilities	9 215	7 556
Total liabilities	9 215	7 556
Net assets	5 412	4 713
Revenue	27 910	52 995
Net profit for the period	700	2 329

10. INVESTMENTS IN SUBSIDIARIES

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 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)
			%	%
31 December 2024				
Directly held				
ACT Healthcare Assets Proprietary Limited	Investment holding	South Africa	100	-
30 June 2024				
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 period.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

11. DEFERRED TAX

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Deferred tax assets	121 127	132 015	-	-
Deferred tax liabilities	(263 581)	(259 628)	-	-
Net Group deferred tax liabilities	(142 454)	(127 613)	-	-

Categorised Gross deferred tax assets and liabilities, before offset of balances within companies 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 2024	-	70 675	-	8 529	-	52 811	132 015
Charged to profit or loss	-	(16 676)	-	10 245	-	(4 457)	(10 888)
Closing balance at 31 December 2024	-	53 999	-	18 774	-	48 354	121 127
Deferred tax liabilities							
Opening balance at 1 July 2024	(119 347)	-	(4 493)	-	(93 952)	(41 836)	(259 628)
Charged to profit or loss	(17 955)	-	2 351	-	8 576	3 075	(3 953)
Closing balance at 31 December 2024	(137 302)	-	(2 142)	-	(85 376)	(38 761)	(263 581)
Net deferred tax (liabilities)/assets	(137 302)	53 999	(2 142)	18 774	(85 376)	9 593	(142 454)
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 and 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)

* 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 period the Group had an assessed losses of R2.9 million that were not recognised as a deferred tax asset. In the current period the Group had sufficient taxable income to utilise the assessed losses.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

12. INVENTORIES

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Finished goods*	294 614	293 135	-	-
Merchandise – pharmaceutical**	146 740	156 494	-	-
Merchandise provision	(517)	(550)	-	-
Inventory on hand at the period end	440 837	449 079	-	-

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

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

In December 2024, inventories of R917 million (June 2024: R2 101 million) were recognised as an expense during the period and included in cost of sales.

13. OTHER FINANCIAL ASSETS

Other financial assets comprise the following balances:

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Measured at fair value				
Investments in Venture Capital Funds	-	8 394	-	-
Other equity investments	94	94	-	-
	94	8 488	-	-
Measured at amortised cost				
Mauritius government bonds	20 115	19 231	-	-
Total	20 209	27 719	-	-

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.

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

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

13. OTHER FINANCIAL ASSETS continued

Fair value hierarchy continued

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 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.

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 significant unobservable inputs (level 3):

	Group
	Level 3 R'000
Period ended 31 December 2024	
Unlisted investment	94
Year ended 30 June 2024	
Unlisted investment	8 488

The table below presents the movements for the period:

	Group				
	Financial assets at amortised cost	Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive income
		Mauritius government bonds R'000	Investments in Venture Capital Funds R'000	Other equity investments R'000	Fair value through profit and loss Total R'000
Balance at 30 June 2023	29 758	8 394	243	8 637	1 530
Additions	-	-	-	-	-
Finance income*	1 742	-	-	-	-
Disposals*	(12 269)	-	(149)	(149)	(1 530)
Balance at 30 June 2024	19 231	8 394	94	8 488	-
Write off	-	(1 184)	-	(1 184)	-
Impairment	-	(7 210)	-	(7 210)	-
Finance income	884	-	-	-	-
Balance at 31 December 2024	20 115	-	94	94	-

* The movement for the year ended 30 June 2024 was disaggregated to enhance disclosure.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

13. OTHER FINANCIAL ASSETS continued

Valuation inputs and relationships to fair value

Investments in Venture Capital Funds

When the investments were made it was the intention of both parties to refund the value invested at the end of the investment term. However, based on the assessment performed at 31 December 2024, it was determined that the recoverable amount of the two instruments was less than the initial cost incurred. An impairment of R7.2 million was recognised during the current period.

For one of the venture capital funds investments, it was determined at 31 December 2024 that the prospects of recovering the investment were uncertain, and the investment was accordingly written off to a Rnil value.

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

Description	Fair value at 31 December 2024 R'000	Fair value at 30 June 2024 R'000	Unobservable Inputs	Input value used at 31 December 2024	Input value used at 30 June 2024	Sensitivity of unobservable inputs on profit or loss
Investment in Venture Capital Funds	-	8 394	Cost of Investment	-	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 period 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. SANLAM RESTRICTED AND PERFORMANCE DEFERRED SHARE PLAN

On 1 November 2024, the Group decided to participate in share incentive plans operated by Sanlam Group for eligible employees – Restricted and Performance Deferred Share Plans, both of which are linked to Sanlam Limited shares.

14.1 Receivables – Sanlam Restricted Share Plan (RSP) and Performance Deferred Share Plan (PDSP)

The balance relates to the amount advanced to Sanlam Limited Share Incentive Trust to purchase 725 472 Sanlam Limited shares to be granted to the Group executive directors and selected employees who are key, have scarce skills and/or are skilled leaders. These shares were acquired to ensure the Group meets its obligations under RSP and PDSP.

As part of RSPs Group executive directors were granted Sanlam Limited's shares which are held in the Group executives individual restricted accounts and will become unrestricted only if vesting conditions are met. The RSP has a measurement period of three years and is subject to both continued employment and performance conditions set by the Group over the three years. The Group executives will be entitled to shares after 43 months. The fair value of the shares on grant date (1 November 2024) were based on the Sanlam share price.

The receivable has been classified as non-current as the shares acquired for these plans will vest, or proceeds to be paid will be after 43 months, subject to meeting certain performance conditions.

Receivables – Sanlam Share-based comprise the following balances:

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Receivable Sanlam – Restricted Share plan	13 267	-	3 959	-
Receivable Sanlam – Performance Deferred Share plan	51 277	-	-	-
	64 544	-	3 959	-

Notes to the Consolidated and Separate Financial Statements *continued*

for the six months ended 31 December 2024

14. SANLAM RESTRICTED AND PERFORMANCE DEFERRED SHARE PLAN *continued*

14.2 Sanlam Performance Deferred Shares – IFRS 2 liability

As part of the PDSP, selected employees who are key, have scarce skills and/or are skilled leaders in the Group were granted the right to receive a cash amount linked to the value of a number of Sanlam shares in future subject to meeting certain conditions. The PDSP has a measurement period of three years and is subject to both continued employment and performance conditions set by the Group over the three years. The eligible employees will be entitled to a cash payment after 43 months.

At the time of vesting, the number of Sanlam shares that qualify for vesting will be sold in the open market, and eligible employees will be entitled to the full proceeds (market value at the time it can be sold) realised less the applicable taxes.

Details of the liabilities arising from the PDSPs are as follows:

	December 2024 R'000	June 2024 R'000
Total carrying amount of liabilities for PDSPs	2 003	–

Measurement of fair values

Service and non-market performance conditions attached to the PDSPs were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date and measurement date of the PDSPs were as follows:

	Grant date 1 November 2024	Measurement date 31 December 2024
Fair value	–	R74.03
Share price	R88.91	R86.88
Discount rate	–	16.60%
Weighted fair value	–	R3.44
Months till first dividend	–	4
Discount period	–	0.33 months

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

15. ISSUED CAPITAL

15.1 Issued share capital

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 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	21 324	21 324	21 324
- Opening balance	21 324	21 294	21 324	21 294
- Issue of share capital	-	30	-	30
Share premium (Note 15.2)	2 537 411	2 537 411	2 537 411	2 537 411
	2 558 735	2 558 735	2 558 735	2 558 735

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.

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

Major shareholders holding more than 5% of the issued share capital	Number of shares	% of total shares
31 December 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

15.2 Share premium

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Opening balance	2 537 411	2 525 687	2 537 411	2 525 687
Issue of equity – share-based payment awards exercised	-	11 724	-	11 724
Closing balance	2 537 411	2 537 411	2 537 411	2 537 411

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

16. 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 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 at 30 June 2024	24 468	(5 650)	(1 162)	-	17 656
Share-based payment expense	2 475	-	-	-	2 475
Share-based payment expense prior year	(213)	-	-	-	(213)
Share-based payment awards exercised*	(9 084)	-	-	-	(9 084)
Share repurchase**	-	-	(1 078)	-	(1 078)
Other comprehensive income	-	9 555	-	-	9 555
Balance at 31 December 2024	17 646	3 905	(2 240)	-	19 311

* For the November 2024 LTIP vesting, the Company adopted an alternative approach to settle vesting obligations. The settlement was achieved via the book-over transaction where shares acquired off-market were used to settle the vesting conditions. The book-over transaction still aligns with the existing LTIP scheme rules. This caused share capital and share premium not to have an impact in comparison to the prior period.

** During the six months ended 31 December 2024, AfroCentric Investment Corporation Limited repurchased 403 649 shares at an average price of R2.67 in accordance with the 1 November 2024 Board resolution. The Board approved that AfroCentric Investment Corporation Limited could acquire up to 1% of its shares per the JSE Listing Requirements repurchase programme. The shares are still in the process of being delisted or cancelled.

	Company		
	Share-based payment reserve R'000	Treasury shares R'000	Total reserves R'000
Balance at 30 June 2023	34 115	-	34 115
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)
Balance at 30 June 2024	24 468	-	24 468
Share-based payment expense	2 475	-	2 475
Share-based payment expense prior year	(213)	-	(213)
Share-based payment awards exercised*	(9 084)	-	(9 084)
Share repurchase**	-	(1 078)	(1 078)
Balance at 31 December 2024	17 646	(1 078)	16 568

* For the November 2024 LTIP vesting, the Company adopted an alternative approach to settle vesting obligations. The settlement was achieved via the book-over transaction where shares acquired off-market were used to settle the vesting conditions. The book-over transaction still aligns with the existing LTIP scheme rules. This caused share capital and share premium not to have an impact in comparison to the prior period.

** During the six months ended 31 December 2024, AfroCentric Investment Corporation Limited repurchased 403 649 shares at an average price of R2.67 in accordance with the 1 November 2024 Board resolution. The Board approved that AfroCentric Investment Corporation Limited could acquire up to 1% of its shares per the JSE Listing Requirements repurchase programme. The shares are still in the process of being delisted or cancelled.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

17. NON-CONTROLLING INTEREST

	Group	
	December 2024 R'000	June 2024 R'000
Balance at the beginning of the period	31 189	55 950
Dividend distributions (Note 27)	(4 550)	(26 581)
Non controlling interest on change in ownership without change in control	-	(17 054)
Share of net profit of subsidiaries	6 711	18 874
	33 350	31 189

18. EMPLOYMENT BENEFIT LIABILITIES

	Group		
	Leave pay	Group Bonuses	Total
Balance at 30 June 2023	51 043	55 233	106 276
Charged to the statement of profit or loss and other comprehensive income:			
- additional movement of provisions	13 067	(2 343)	10 724
- amounts reversed	46	(1 002)	(956)
Provisions (utilised)/raised	(4 364)	70 667	66 303
Balance at 30 June 2024	59 792	122 555	182 347
Charged/(credited) to the statement of profit or loss and other comprehensive income:			
- additional provisions	2 877	80 143	83 020
- amounts reversed	(1 272)	(12 702)	(13 974)
Provisions utilised	(5 561)	(134 432)	(139 993)
Balance at 31 December 2024	55 836	55 564	111 400

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

19. REVENUE

19.1 Revenue from contracts with customers

	Group	
	December 2024 R'000	June 2024 R'000
Revenue from sale of goods	1 175 558	2 667 532
Revenue from services	3 065 365	6 127 139
Administration fees	970 884	1 870 117
Health risk management fees – Medical aid schemes	906 540	1 766 269
Health risk management fees – Capitation fees	890 059	1 706 804
Management fees	5 154	18 375
IT revenue and other*	235 217	564 666
Marketing fees	37 856	147 507
Healthcare insurance	19 655	53 401
Total revenue from contracts with customers	4 240 923	8 794 671

* Included in this value is licence fees, expenses recoveries, IT hosting fees, commission received and service fees.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

19. REVENUE continued

19.2 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/company's reportable segments (Refer to Note 4).

	Group								
	Admini- stration fees R'000	Health risk manage- ment fees - Medical aid schemes R'000	Manage- ment fees R'000	Healthcare insurance R'000	IT revenue and other R'000	Retail R'000	Health risk manage- ment fees - Capita- tion fees R'000	Marketing fees R'000	Group total R'000
Revenue for the period ended 31 December 2024 disaggregated by type of goods or services									
Primary geographical markets									
South Africa	865 730	896 022	4 179	19 655	227 879	1 175 558	890 059	37 856	4 116 938
Outside of South Africa	105 154	10 518	975	-	7 338	-	-	-	123 985
	970 884	906 540	5 154	19 655	235 217	1 175 558	890 059	37 856	4 240 923
Major product/ service line									
Admin health	970 884	-	-	-	235 217	-	-	37 856	1 243 957
Retail (Pharma)	-	-	-	-	-	1 175 558	-	-	1 175 558
Managed healthcare	-	906 540	5 154	19 655	-	-	890 059	-	1 821 408
	970 884	906 540	5 154	19 655	235 217	1 175 558	890 059	37 856	4 240 923
Timing of revenue recognition									
Products transferred at a point in time	-	-	-	-	-	1 175 558	-	-	1 175 558
Products and services transferred over time	970 884	906 540	5 154	19 655	235 217	-	890 059	37 856	3 065 365
	970 884	906 540	5 154	19 655	235 217	1 175 558	890 059	37 856	4 240 923

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

19. REVENUE continued

19.2 Disaggregation of revenue from contracts with customers continued

	Group								
	Admini- stration fees R'000	Health risk manage- ment fees – Medical aid schemes R'000	Manage- ment fees R'000	Healthcare insurance R'000	IT revenue and other R'000	Retail R'000	Health risk manage- ment fees – Capita- tion fees 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									
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	-	-	-	249 551
	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

19.3 Contract balances

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

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Current contract receivables				
Trade receivables	466 162	636 960	204	4 887
Trade receivables impairment	(11 791)	(44 139)	-	-
	454 371	592 821	204	4 887

Notes to the Consolidated and Separate Financial Statements continued

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20. COST OF PHARMACEUTICAL PRODUCTS AND FINISHED GOODS

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Opening inventories	449 079	444 562	-	-
Purchases	870 109	2 034 793	-	-
Closing inventories	(440 837)	(449 079)	-	-
Cost of pharmaceutical products and finished goods	878 351	2 030 276	-	-
Cost of distribution of pharmaceutical products	38 329	71 624	-	-
Total cost relating to pharmaceutical products	916 680	2 101 900	-	-

21. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following items:

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Auditors' remuneration (included in "other expenses")	8 796	20 112	1 429	4 452
Audit fees	8 796	18 619	1 429	3 525
Prior period under provision	-	1 493	-	927
Depreciation of property and equipment	56 210	94 142	-	-
Motor vehicles	1 591	3 752	-	-
Computer equipment	37 837	56 709	-	-
Buildings	2 745	5 653	-	-
Furniture and fittings	7 687	15 377	-	-
Property and equipment	5 517	10 984	-	-
Leasehold improvements	833	1 667	-	-
Amortisation of development costs and other intangible assets	104 832	192 690	-	-
Right of use asset depreciation	31 282	52 747	-	-
Share-based payment expense	6 390	3 133	149	124
Bad debt write-off	5 019	12 398	-	-
Expected credit loss allowance	(2 258)	36 482	-	-
Rent and property costs	64 293	107 234	-	-
Buildings*	63 027	104 652	-	-
Office equipment and furniture*	1 266	2 582	-	-
Repairs and maintenance (included in rent and property costs)	6 637	15 816	-	-
Rent and property costs total	70 930	123 050	-	-
Capitation expenses	878 805	1 645 000	-	-

* Included in the rent and property cost is short-term leases of R1.3 million (June 2024: R2.6 million) relating to office equipment and furniture.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

21. PROFIT BEFORE TAXATION continued

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Directors' emoluments and fees (included in employee benefit costs)				
Executive*				
A Banderker	-	10 404	-	-
- Cash package paid during the period	-	1 810	-	-
- Retention bonus**	-	8 477	-	-
- Company contributions paid during the period ¹	-	117	-	-
JW Boonzaaier***	5 562	7 905	-	-
- Cash package paid during the period	2 029	3 883	-	-
- Performance related payments/bonuses	1 095	-	-	-
- Retention bonus**	1 058	2 540	-	-
- Other allowance	33	66	-	-
- Profit on vesting of share-based payments	1 222	1 177	-	-
- Company contributions paid during the period ¹	125	239	-	-
GN Van Wyk	4 007	4 309	-	-
- Cash package paid during the period	2 362	4 096	-	-
- Performance related payments/bonuses	1 523	-	-	-
- Company contributions paid during the period ¹	122	213	-	-
Non-executive				
For services as directors*	3 619	7 901	3 619	7 901
Dr ATM Mokgokong	950	1 847	950	1 847
MJ Madungandaba	911	2 091	911	2 091
M Chauke	200	675	200	675
M Dippenaar	225	409	225	409
JB Fernandes	675	1 247	675	1 247
AM Le Roux	428	735	428	735
Dr ND Munisi	230	599	230	599
WH Britz	-	298	-	298

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

** 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 period, relates to the portion of the retention bonus that is in respect of the five months to 30 November 2024.

*** JW Boonzaaier resigned effective 31 January 2025.

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 six months ended 31 December 2024

21. PROFIT BEFORE TAXATION continued

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Employee benefit costs	1 418 316	2 699 057	1 538	4 634
Salaries and wages	1 213 605	2 269 722	1 460	4 634
Termination benefits	10 069	3 609	-	-
Incentive, production and performance bonus	73 092	167 984	-	-
Staff welfare	31 194	62 362	78	-
Movement in post-employment medical obligation	59	71	-	-
Other employee benefit cost	90 297	195 309	-	-
Dividends received	-	-	-	(92 500)
Profit/(loss) on disposal of property and equipment	(270)	3 491	-	-
Write-off of intangible assets	3 792	6 060	-	-
Fair value gain	(386)	(1 769)	-	-
Fair value gain on investment property	-	(1 769)	-	-
Other fair value gain	(386)	-	-	-
Impairments	227 830	274 265	-	-
Impairment of property and equipment	-	26 611	-	-
Impairment of goodwill	219 162	230 835	-	-
Impairment of investment in associates	274	14 661	-	-
Impairment of other financial assets	7 210	2 158	-	-
Write off of other financial assets	1 184	-	-	-
IT Costs*	203 106	212 819	-	-
Other expenses**				
Included are the following:				
Donations	331	1 274	-	-
Consulting fees	213 323	621 599	1 822	15 538
Legal fees	5 097	14 498	-	-
Operating expenditure***	152 335	336 050	5 884	17 312
Marketing and recruitment	49 510	90 064	3 010	8 197
VAT expenses	3 121	1 973	-	4

* IT costs mainly relate to software licences, 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 mainly relates to motor vehicle, telephone, travel, postage and subscription costs.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

22. NET FINANCE COSTS

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Finance income	(23 523)	(31 277)	(195)	(324)
Cash and cash equivalents	(19 372)	(21 580)	(195)	(324)
Other*	(4 151)	(9 697)	-	-
Insurance finance income	(3 300)	(6 731)	-	-
Total finance income	(26 823)	(38 008)	(195)	(324)
Finance costs	32 510	77 045	5 560	6 064
Other**	838	7 969	-	-
Inter-company loans	-	-	5 560	6 064
Borrowings	31 672	69 076	-	-
Net finance costs	5 687	39 037	5 365	5 740

* Finance income - Other relates SARS interest and interest charged in relations to loans granted.

** Finance costs - Other relates to Cash Management Solution (CMS) interest and SARS interest.

23. INCOME TAX EXPENSE

23.1 Current taxation

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Current taxation	51 537	146 295	34	22
Current period	39 706	143 253	11	60
Prior period	488	1 443	-	(38)
Foreign withholding tax - current	11 320	1 484	-	-
Securities transfer tax	23	115	23	-
Deferred taxation	11 832	(13 566)	-	-
Current period	14 661	(766)	-	-
Prior period	(2 845)	(12 819)	-	-
Income tax on remeasurement of post-employment benefit obligations	16	19	-	-
	63 369	132 729	34	22

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

23. INCOME TAX EXPENSE continued

23.2 Reconciliation of the tax rate

	Group		Company	
	December 2024 %	June 2024 %	December 2024 %	June 2024 %
South African normal tax rate	27.00%	27.00%	27.00%	27.00%
Adjusted for:				
Disallowable expenses				
Donations not subject to Section 18A	(0.20%)	0.10%	-	-
Share transaction cost	(0.26%)	0.12%	(0.83%)	0.62%
Dual nature expenses	(4.09%)	3.87%	(12.86%)	19.32%
Non-allowable legal fees	(0.76%)	(0.93%)	-	-
Non-allowable consulting fees	(2.08%)	2.45%	(2.78%)	10.15%
Impairment of intangible assets	(106.27%)	-	-	-
Bad debt written off	(0.64%)	-	-	-
Impairment of investment	(72.75%)	-	-	-
Impairment of loans	(2.78%)	1.85%	-	-
Write off of intangible assets	6.19%	30.12%	-	-
Depreciation on buildings	0.25%	(0.45%)	-	-
Share based payments	(0.07%)	0.03%	(0.23%)	0.08%
Penalties and interest	(2.48%)	1.76%	(8.46%)	4.00%
Non trading expenses	(0.08%)	(0.79%)	-	-
Other non-deductible expenses	(2.38%)	-	(2.17%)	-
Insurance service expense (IFRS 17)	(24.60%)	-	-	-
Profit on sale of investment	(0.57%)	-	-	-
Non-taxable income				
Share of profits from associates and joint venture	(1.06%)	1.18%	-	-
Fair value gain on investments	(0.01%)	(0.23%)	-	-
Financial guarantee	-	(0.06%)	-	-
Employment tax incentive	-	(0.03%)	-	-
Other non-taxable income	(0.77%)	0.71%	0.27%	1.00%
Insurance revenue (IFRS 17)	24.71%	-	-	-
Insurance finance income (IFRS 17)	1.63%	-	-	-
Prior period adjustment	72.22%	-	-	-
Exempt income				
Dividends received	0.01%	0.21%	-	(61.03%)

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

23. INCOME TAX EXPENSE continued

23.2 Reconciliation of the tax rate continued

	Group		Company	
	December 2024 %	June 2024 %	December 2024 %	June 2024 %
Other deductible expenses	2.44%	(1.69%)	-	-
Learnership allowance	2.44%	(1.69%)	-	-
Unreconciled differences	(1.92%)	-	-	-
Rate differences	(2.46%)	0.51%	-	-
- current tax	(0.85%)	0.70%	-	(0.09%)
- deferred tax	5.10%	(6.19%)	-	-
Capital gain/loss	(2.02%)	(0.02%)	-	-
Withholding tax	(20.29%)	0.72%	-	-
Securities transfer tax	(0.04%)	0.06%	(0.13%)	-
Derecognition of deferred tax asset	(0.17%)	-	-	-
Unrecognised assessed loss	(3.49%)	1.43%	-	-
Effective tax rate	(113.54%)	64.34%	(0.19%)	0.05%

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

24. EARNINGS PER SHARE

The calculation of basic earnings per share for the Group is based on loss attributable to the parent for the period of R125.9 million (June 2024: profit of R55.4 million), and a weighted average number of shares of 841.1 million (June 2024: 830.3 million) shares in issue. The calculation of headline earnings per share for the Group is calculated on adjusted headline earnings of R31.9 million (June 2024: R334.8 million), and a weighted average number of shares of 841.1 million (June 2024: 830.3 million) shares in issue.

	Group	
	December 2024 R'000	June 2024 R'000
Reconciliation of headline earnings per share		
Total profit and loss attributable to the parent	(125 865)	55 381
Basic Earnings	(125 865)	55 381
Adjusted for:		
Impairment of goodwill	219 162	230 835
Impairment of property and equipment	–	26 611
Impairment of investment in associates	274	14 661
Compensation for impairment of property and equipment	(64 402)	–
Profit/(loss) on disposal of tangible assets	(270)	3 495
Write-off of intangible assets	3 792	6 060
Fair value gain on investment property	–	(1 769)
Total tax effects of adjustments	(761)	(466)
Headline earnings	31 930	334 808
(Loss)/earnings per share (cents)		
Basic	(14.96)	6.67
Diluted	(14.57)	6.51
Headline earnings per share (cents)		
Basic	3.80	40.32
Diluted	3.70	39.37
Weighted average number of ordinary shares used in the calculation of headline earnings per share	841 088 241	830 328 259
– dilutionary impact of contingent shares*	22 799 214	20 065 547
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	863 887 455	850 393 806

* The contingent shares relate to the share based payment awards. Refer to Note 28 for details.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

25. CASH FLOWS FROM OPERATING ACTIVITIES

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
(Loss)/profit before tax	(55 785)	206 984	(17 727)	40 919
(Loss)/profit before tax	(55 785)	206 984	(17 727)	40 919
Adjustments for:				
Dividends received	-	-	-	(92 500)
Bad debts recovered	(3 058)	(21)	-	-
Compensation for impairment of property and equipment	(64 402)	-	-	-
Finance income other financial assets	(884)	-	-	-
Right of use assets depreciation	31 282	52 747	-	-
Interest on lease	8 017	19 190	-	-
Finance income	(23 523)	(38 008)	(195)	(324)
Finance costs	32 510	77 045	5 560	6 064
Bad debts written off	5 019	12 398	-	-
(Decrease)/increase in expected credit loss allowance	(2 258)	36 482	-	-
Depreciation	56 210	94 142	-	-
Fair value gains	(386)	(1 769)	-	-
Amortisation of intangible assets	104 832	192 690	-	-
Impairment of goodwill	219 162	230 835	-	-
Impairment of property and equipment	-	26 611	-	-
Impairment provision on investments and loans	274	16 819	-	-
Impairment of other financial assets	7 210	-	-	-
Write-off of other financial assets	1 184	-	-	-
Temporary employee relief scheme provision	-	2 811	-	-
(Profit)/loss on disposal of tangible assets	(270)	3 491	-	-
Write-off of intangible assets	3 792	6 060	-	-
VAT recovery	-	(5 166)	-	-
Share-based payment expense	6 390	3 133	149	124
Intercompany non-cash transactions	-	-	11 101	13 075
Share of profit from associates	2 199	9 045	-	-
VAT unclaimed amount	2 616	-	-	-
Finance (income)/cost – Deferred payment	(105)	754	-	-
Prior year accrual reversals	-	-	(178)	-
Other adjustments for non-cash items	316	(446)	(47)	234
Cash flow before working capital changes	330 342	945 827	(1 337)	(32 408)
Working capital changes				
Decrease/(increase) inventories	8 242	(4 517)	-	-
Decrease/(increase) trade and other receivables	183 973	(97 272)	(5 141)	17 323
(Decrease)/increase trade and other payables	(104 846)	122 568	2 189	(2 924)
(Decrease)/increase provisions	(70 947)	58 956	-	-
(Increase)/decrease insurance contract assets	(3 606)	2 334	-	-
Cash generated from/(utilised in) operations	343 158	1 027 896	(4 289)	(18 009)

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

26. INCOME TAX PAID

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Balance at the beginning of the period asset/ (liability)	43 861	34 609	(22)	18
Balance at the end of the period (asset)/liability	(55 744)	(43 861)	28	22
Charge to the statement of comprehensive income	(63 369)	(132 729)	(34)	(22)
Less: deferred tax included in taxation expense	11 815	(13 566)	-	-
Interest received	315	347	1	1
	(63 122)	(155 200)	(27)	19

27. DIVIDENDS

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Dividend declared by AfroCentric Investment Corporation Limited in March 2024	-	92 520	-	92 520
	-	92 520	-	92 520
Dividends declared and paid to Non-controlling interests	4 550	26 581	-	-
Dividend declared and paid by Medscheme (Namibia) Proprietary Limited	4 550	12 350	-	-
Dividend declared and paid by ACT Healthcare Assets Proprietary Limited	-	9 800	-	-
Dividend declared and paid by Essential Group Services Proprietary Limited	-	4 431	-	-
Total dividends declared	4 550	119 101	-	92 520

During the prior period a dividend of 11 cents per share was declared 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 date.

28. 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 the 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).

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

28. SHARE-BASED PAYMENTS continued

Long Term Incentive Plan continued

AfroCentric expects that 90% of the 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 period is R0 (June 2024: R1.3 million).

	Group					
	31 December 2024					
Offer date	Issue share price R	Balance at 30 June 2024 '000	Offered '000	Forfeited/ Vested '000	Balance at 31 December 2024 R'000	Fair Value at 31 December 2024 R'000
30 November 2019	3.30	337	-	(337)	-	-
7 December 2020	3.50	2 133	-	(1 166)	967	3 385
30 November 2021	5.50	4 600	-	(620)	3 980	21 890
Total		7 070	-	(2 123)	4 947	25 275

Fair value based on closing share price at grant date.

Weighted average remaining years of 1.82 years.

	Group					
	30 June 2024					
Offer date	Issue share price R	Balance at 30 June 2023 '000	Offered '000	Forfeited/ Vested '000	Balance at 30 June 2024 R'000	Fair Value at 30 June 2024 R'000
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.

	Group		Company	
	December 2024 Number of shares	June 2024 Number of shares	December 2024 Number of shares	June 2024 Number of shares
Movements in number of instruments:				
Outstanding at the beginning of the period	1 043 333	408 558	-	-
Vested	(650 005)	634 775	-	-
Outstanding at the end of the period	393 328	1 043 333	-	-

This represents the shares vested but not yet exercised.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

28. SHARE-BASED PAYMENTS continued

Forfeitable Share Plan

During the 2023 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 will be 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 period is R3.5 million (June 2024: R3.3 million)

Offer date	Group					
	31 December 2024					
	Issue share price R	Balance at 30 June 2024 '000	Offered '000	Forfeited/ Vested '000	Balance at 31 December 2024 R'000	Fair Value at 31 December 2024 R'000
10 November 2022	5.05	7 795	-	(1 165)	6 630	33 482
08 February 2024	3.20	12 996	-	(1 773)	11 223	35 914
Total		20 791	-	(2 938)	17 853	69 396

Fair value based on closing share price at grant date.

Weighted average remaining years of 1.62 years.

Offer date	Group					
	30 June 2024					
	Issue share price R	Balance at 30 June 2023 '000	Offered '000	Forfeited/ Vested '000	Balance at 30 June 2024 R'000	Fair Value at 30 June 2024 R'000
10 November 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 six months ended 31 December 2024

29. 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 prior period, the arbitrator dismissed the claims against Medscheme brought against it by NHA. NHA appealed the matter.

On 23 October 2024 a pre-appeal meeting was held to discuss procedural matters before the appeal meeting to be held between 21 to 25 July 2025.

As at 31 December 2024, due to the appeal that is underway, there is a possible obligation which its existence will only be confirmed by the outcome of the appeal hearing (an uncertain event not wholly within the control of Medscheme). The amount of this possible obligation cannot be measured with sufficient reliability, and it is also not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Due to these uncertainties, a contingent liability in respect of the NHA matter has been disclosed.

Performance guarantees

	Group		Company	
	December 2024 R'000	June 2024 R'000	December 2024 R'000	June 2024 R'000
Performance guarantees issued in respect of office rental for premises occupied by the Group	2 613	3 516	-	-
Registrar Council for Medical aid schemes	1 000	-	-	-
South African Post Office	3 800	3 800	-	-
City Power Johannesburg	500	390	-	-
	7 913	7 706	-	-

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

30. RELATED PARTY TRANSACTIONS

30.1 Directors

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

The directors' shareholdings are disclosed on page 9 of the Financial Statements. Transactions by the directors with Group entities are listed below.

Relationships with directors in the Group

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.

30.2 Transactions with related parties

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

Directors

Company paid	Company received	Nature of transaction	Group	
			December 2024 R'000	June 2024 R'000
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – salaries	9 353	17 757
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – cleaning and security	12 062	22 241
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – refurbishments, projects and capex	4 718	980
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – utilities	3 638	780
AfroCentric Health (RF) Proprietary Limited	Mesure Facilities Management Proprietary Limited	Facilities management fees – other	401	1 327
Activo Health Proprietary Limited	Northern Lights Trading 172 Proprietary Limited	Rental costs	709	806
AfroCentric Distribution Services Proprietary Limited	Northern Lights Trading 172 Proprietary Limited	Rental costs	409	1 995
AfroCentric Health (RF) Proprietary Limited	ND Munisi	Consulting fees	248	400

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

30. RELATED PARTY TRANSACTIONS continued

30.2 Transactions with related parties continued

Related entities with the holding company Sanlam Group

Company paid	Company received	Nature of transaction	Group	
			December 2024 R'000	June 2024 R'000
AfroCentric Financial Services Proprietary Limited	MiWay Insurance Limited	Other Income	230	217
AfroCentric Financial Services Proprietary Limited	Santam Limited	Other Income	50	73
AfroCentric Financial Services Proprietary Limited	Sanlam Life Insurance Limited (t/a Sanlam Indie)	Other Income	-	369
AfroCentric Financial Services Proprietary Limited	Sanlam Allianz Proprietary Limited	Other Income	17	-
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	15	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	46	85
AfroCentric Workcare Proprietary Limited	Santam Limited	Wellness revenue – Sanlam	-	123
AfroCentric Workcare Proprietary Limited	Santam Indie, a division of Sanlam Life Insurance Limited	Wellness revenue – Santam	-	9
AfroCentric Employee Health Solutions Proprietary Limited	Sanlam Health Solutions	OCC health revenue	86	441
Tendahealth Proprietary Limited	MiWay Insurance Limited	Commission received	28	50

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

30. RELATED PARTY TRANSACTIONS continued

30.2 Transactions with related parties continued

Related entities with the holding company Sanlam Group continued

Company paid	Company received	Nature of transaction	Group	
			December 2024 R'000	June 2024 R'000
Tendahealth Proprietary Limited	Sanlam Life Insurance Limited (Sanlam Indie)	Commission received	-	29
Tendahealth Proprietary Limited	Santam Limited	Commission received	41	83
Tendahealth Proprietary Limited	Santam Limited	Other income	-	9
Tendahealth Proprietary Limited	Sanlam Healthcare Consultants	Commission received	301	494
AfroCentric Wellness Proprietary Limited	Sanlam Primary Health Insurance	Medical scheme claims income	41	47
AfroCentric Wellness Proprietary Limited	MiWay Insurance Limited	Other income	757	-
AfroCentric Wellness Proprietary Limited	Sanlam Allianz Proprietary Limited	Wellness Event revenue	45	-
AfroCentric Wellness Proprietary Limited	Sanlam Developing Markets Limited	Wellness Event revenue	914	-
AfroCentric Wellness Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Wellness Event revenue	39	-
AfroCentric Wellness Proprietary Limited	Sanlam Investment Management A Division of Sanlam Life Insurance	Other income	3	-
AfroCentric Wellness Proprietary Limited	Sanlam Life Insurance Limited	Wellness Event revenue	3 430	-
AfroCentric Wellness Proprietary Limited	Santam Limited	Wellness Event revenue	971	-
Wellworx Proprietary Limited	Sanlam Primary Health Insurance	Commission received	21	25
Medscheme Holdings Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	68 989	129 223
Dental Information Systems Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	1 121	1 960
AfroCentric Distribution Services Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	1 734	3 293
AfroCentric Health (RF) Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	9 893	15 199
AfroCentric Technologies Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	7 899	13 896
AfroCentric Wellness Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	311	-
Klinikka Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	88	-

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

30. RELATED PARTY TRANSACTIONS continued

30.2 Transactions with related parties continued

Related entities with the holding company Sanlam Group continued

Company paid	Company received	Nature of transaction	Group	
			December 2024 R'000	June 2024 R'000
AfroCentric Integrated Health Administrators Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	1 467	-
AIDS for AIDS Management Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	1 584	-
AfroCentric Employee Health Solutions Proprietary Limited	Sanlam Health Solutions Proprietary Limited	Pension fund contributions	368	-
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	306	1 839
AfroCentric Distribution Services Proprietary Limited	RQ Investment Proprietary Limited	Electricity & water	103	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 licences	-	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 six months ended 31 December 2024

30. RELATED PARTY TRANSACTIONS continued

30.2 Transactions with related parties continued

Transactions with entities in the Group

	Company	
	December 2024 R'000	June 2024 R'000
Balances		
AfroCentric Health (RF) Proprietary Limited loan account*	(119 652)	(78 700)
Interest charged		
Interest paid to AfroCentric Health (RF) Proprietary Limited	(5 560)	(6 064)
Dividends received		
Dividends received from ACT Healthcare Assets Proprietary Limited	-	92 500

* The loan is unsecured, bears interest and is repayable after five years.

30.3 Key management personnel compensation

Short-term employee benefits	7 288	20 264
Share-based payments	1 222	1 177

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

30.4 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

31. PENSIONS AND OTHER RETIREMENT OBLIGATIONS

The Group has made provision for pension and provident fund 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 period 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.

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 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:

- Resignation of JW Boonzaaier as the Group Chief Financial Officer and Executive Director effective 31 January 2025.
- Appointment of KT Moloole as CFO designate and executive director of AfroCentric effective 1 January 2025. He took office as the Group Chief Financial Officer effective 1 February 2025.

33. GOING CONCERN

The Consolidated and Separate Financial Statements have been prepared on a going concern basis.

In assessing going concern, management has considered the impact of internal and external economic factors on the Group and Company's operations and liquidity.

This assessment involved preparing forecasts and comparing the actual performance against the budgets. As at 31 December 2024, the Group and Company incurred a loss after tax of R119 million and R18 million, respectively, primarily due to impairment losses on goodwill, which do not represent normal trading conditions, and the Company not generating positive returns on investments in the form of dividends.

Based on the positive forecasts and available cash resources, management believes that the Group and Company have adequate resources to continue operating as a going concern in the foreseeable future. As at 31 December 2024, the Group held R348 million in cash and cash equivalents, comprising R283 million in cash and R65 million in short-term deposits. Additionally, the Group has an undrawn R300 million revolving credit facility. Refer to note 3(ii), "Financial Risk Management," for details on how the Group manages its cash flow to safeguard its ability to continue as a going concern.

Notes to the Consolidated and Separate Financial Statements *continued*

for the six months ended 31 December 2024

34. IFRS 17 INSURANCE CONTRACTS

34.1 Net insurance result

	Centriq	Guardrisk	Total
31 December 2024			
Insurance revenue from contracts measured under the PAA			
Insurance revenue	44 835	6 223	51 058
Total insurance revenue	44 835	6 223	51 058
Insurance service expense			
Incurred claims	(24 646)	(2 759)	(27 405)
Other insurance service expenses	(20 768)	(2 434)	(23 202)
Changes to liabilities for incurred claims	(143)	3	(140)
Total insurance service expenses	(45 557)	(5 190)	(50 747)
Insurance service result	(722)	1 033	311
Insurance finance income/(expense)			
Net cell captive interest income	2 255	1 045	3 300
Total insurance finance income	2 255	1 045	3 300
Net insurance result	1 533	2 078	3 611
30 June 2024			
Insurance revenue from contracts measured under the PAA			
Insurance revenue	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/(expense)			
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

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

34. IFRS 17 INSURANCE CONTRACTS continued

34.2 Insurance contract assets

	Estimates of the present value of future cash flows	Risk adjustment	Total asset/(liability)
Insurance contract assets as at 1 July 2024	68 518	(874)	67 644
Changes that relate to past services			
Risk adjustment recognised for the risk expired	138	(143)	(5)
Changes that relate to future services			
Contracts initially recognised in the period	-	-	-
Insurance revenue	51 058	-	51 058
Insurance services expenses	(50 747)	-	(50 747)
Insurance service result	311	-	311
Insurance finance income/(expense)	3 300	-	3 300
Total changes in the income statement	3 611	-	3 611
Cash flows			
Premiums received	-	-	-
Dividends paid	-	-	-
Recapitalisation of the cell	-	-	-
Insurance finance income/(expense)	-	-	-
Total cash flows	-	-	-
Risk adjustment recognised for the risk expired			
Insurance contract assets as at 31 December 2024	72 267	(1 017)	71 250
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/(expense)	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)
Insurance contract assets as at 30 June 2024	68 518	(874)	67 644

Notes to the Consolidated and Separate Financial Statements continued

for the six months ended 31 December 2024

35. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Group			
	Opening balance R'000	Net cash flow movement R'000	Non-cash movements R'000	Closing balance R'000
31 December 2024				
Interest bearing borrowings held at amortised cost	628 406	(14 806)	5 495	619 095
Lease liabilities	177 086	(39 996)	34 616	171 706
	805 492	(54 802)	40 111	790 801
30 June 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

36. DEFERRED PAYMENT ASSETS

As part of the purchase consideration for the disposal of 74% of the shareholding in Private Health Administrators Proprietary Limited, it was agreed that the purchaser will forfeit dividends accrued to the maximum value of R5 million in favour of iThrive Business Solutions Proprietary Limited. The deferred payment asset represents the present value of the R5 million dividends that are receivable by iThrive Business Solutions Proprietary Limited.

Details of the deferred payment asset:

	December 2024 R'000	June 2024 R'000
Opening balance at beginning period	3 673	4 427
Finance income	105	356
Dividends received	-	(1 110)
Closing balance at end of period	3 778	3 673

Supplementary Information

for the six months ended 31 December 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
Period ended 31 December 2024							
Profit/(loss) before taxation	37 847	38 836	62 021	138 704	54 320	(248 809)	(55 785)
Depreciation and amortisation	44 970	3 263	13 952	62 185	99 417	30 722	192 324
Reversal of impairment	1 458	-	7 210	8 668	-	219 162	227 830
Reversal of write-off of intangible assets	-	-	3 792	3 792	-	-	3 792
Share-based payment expense	4 582	37	1 466	6 085	305	-	6 390
Net finance (cost)/income	(9 876)	(1 092)	5 081	(5 887)	9 484	2 090	5 687
Adjusted profit for the period (EBITDA)	78 981	41 044	93 522	213 547	163 526	3 165	380 238
Year ended 30 June 2024							
Profit/(loss) 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
Reversal of impairment	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

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