AfroCentric GROUP

Healthier Together

SIX MONTHS ENDED 31 DECEMBER

2024

SUMMARISED RESULTS

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FINANCIAL HIGHLIGHTS

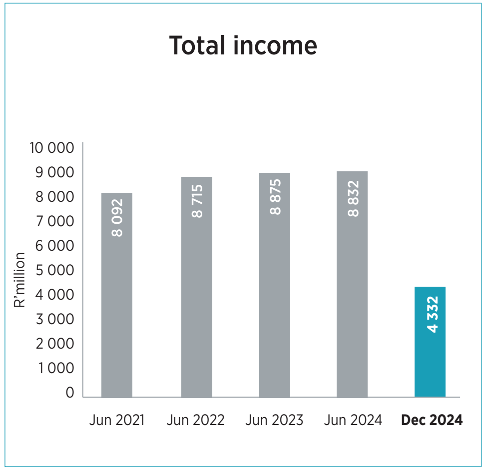
REVENUE
R4 241 million

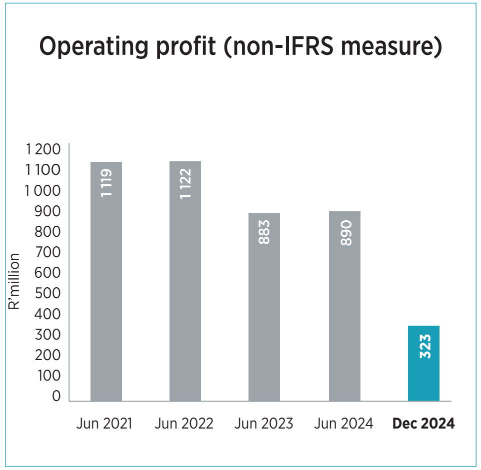
HEADLINE EARNINGS PER SHARE
3.80 cents
June 2024: 40.32 cents

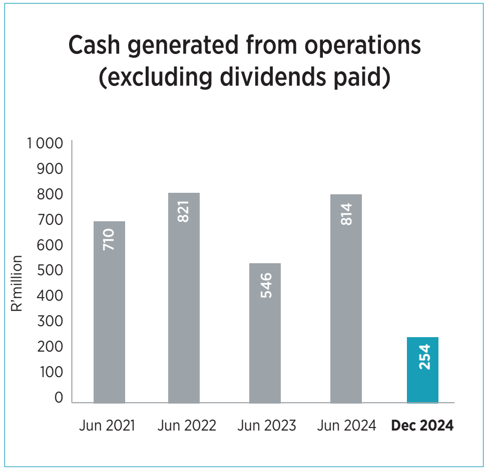
HEADLINE EARNINGS
R31.9 million

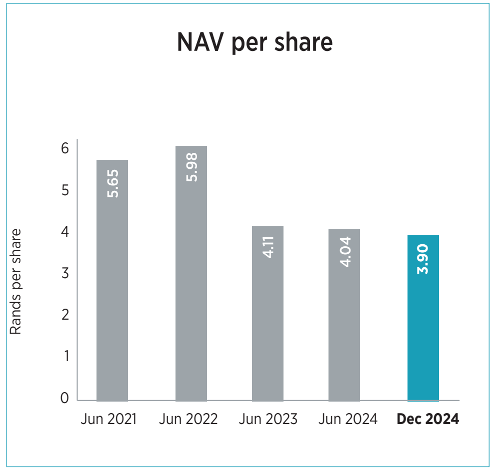
LOSS PER SHARE
(14.96) cents
June 2024: earnings per share 6.67 cents

B-BBEE RATING
Level 1









Commentary

Introduction and review

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

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.

The Board presents commentary on the Group's operating performance for the six months ended 31 December 2024. These results are at the backdrop of a strategy refresh process that AfroCentric embarked on during the financial year ended 30 June 2024. This was necessary to ensure that our Group remains agile, innovative and aligned with the dynamic needs of our industry and our clients.

Since then, we have spent time carefully analysing our ever-evolving operating environment, the challenges and opportunities we face as a business and how we should position ourselves for future success. The Board is fully aligned with the strategic direction that has been established, which is designed to steer the Group through these challenges and set us on a course for continuous and profitable growth into the future.

Our Vision 2030 ambition is bold and transformative in disrupting the healthcare landscape for the South African market. It is built on the simple but powerful idea: **To make AfroCentric the most trusted and innovative healthcare partner in Southern Africa.** We are committed to achieving this vision through a focus on customer obsession, innovation, operational excellence and aligned partnerships.

We have bedded down our growth drivers and key enablers, which include four pillars:

– **Building a winning health offering;**
– **Investing in data, digital and technology;**
– **Driving clinical innovation; and**
– **Evolving our culture and operating model.**

During the six months period to December 2024, AfroCentric began increasing focus in pursuit of this vision. We have seen employees respond to the call to service our clients with excellence, to be empathetic towards others and to focus on high performance outcomes. These efforts led to significant improvements in our client experience outcomes and staff engagement across the Group, and this has been recognised by our scheme members who interact with our business, as a marked improvement in our client service perception.

This period has also been one of transition, challenges, and resilience, but through it all, we have remained committed to our purpose and our customers. AfroCentric's financial performance for the six months was marked by marginal growth in the Services Cluster due to the loss of key contracts, but remains bouyant with total lives under management exceeding 4 million during this period. The Retail Cluster continued to face tough trading conditions resulting in declined revenue despite showing good progress on growing the average number of scripts dispensed.

Accordingly, some business units have been restructured to ensure sustainability of the wider Group. This has allowed us an opportunity to review our operating model and further reorganise the business to support our refreshed strategy, and increase our efficiency and effectiveness.

We have also faced challenges and uncertainty in the external environment, such as regulatory changes with the National Health Insurance Act (NHI) being signed into law, as well as shifts in the pharmaceutical market. We are advancing our strategy refresh, despite these challenges.

Our ambition to create a winning health offering in collaboration with our strategic partners, Sanlam and Fedhealth, is progressing well, with the first phase now successfully implemented. We have also seen vast improvements in our client experience efforts, as recognised by scheme member feedback and several client service awards obtained.

Cluster review

Services Cluster

The Services Cluster, substantially comprising the medical scheme administration business, has an ambition to be at the forefront of transforming traditional care delivery programmes, to be more value-based by focusing on quality clinical outcomes, expanding access to care in a cost-effective manner, and consistently delivering exceptional experience for scheme members and service providers. The Cluster is committed to exploring new approaches and solutions that leverage our extensive clinical know-how and our key strategic partnerships, to truly put our scheme members at the absolute centre of our business.

In line with this ambition to transform traditional care delivery programmes to be more value-based, we launched the Orthocare Spinal Programme on 1 January 2025 for selected schemes. The programme implements a multi-disciplinary biopsychosocial rehabilitation approach, integrating psychological support and exercise therapy to improve pain management function and coping skills through a Documentation-Based Care (DBC) process. The aim is to enhance outcomes for patients with chronic low back pain while reducing unnecessary spinal surgeries and interventions.

As a leader in managed care, we are committed to clinical innovation towards quality clinical outcomes and the best-in-class coordination of healthcare services. By leveraging a data-driven approach to monitor clinical and financial impacts, Medscheme continues to set the standard for managed care excellence, ensuring patients receive the most effective and sustainable treatment solutions.

The Cluster has seen a 2.0% increase in revenue to the same period last year – the muted growth rate is attributed to lower membership in the high-cost options of the open schemes, the termination of the Bonitas marketing contract and the Boncap option administration contract.

The investment in clinical innovation, new product development capabilities, digital tools, IT modernisation, and clinical capabilities in servicing clients, has seen a significant increase in costs incurred, resulting in a decrease of the Cluster's operating profit by 43.8% to R193.0 million (Dec 2023: R343.4 million).

Pharmaceutical Cluster (Healthcare Retail)

The Pharmaceutical Cluster seeks to participate throughout the pharmaceutical value chain to reduce medicine and related costs and improve access to affordable, quality healthcare.

Through its subsidiary, Pharmacy Direct, the Cluster continues to position itself as a key partner for the government in the NHI environment. In the recent past, Pharmacy Direct has demonstrated significant success in driving access to care by increasing the script volumes on the Central Chronic Medicines Dispensing and Distribution (CCMDD) programme despite challenges, such as the net decline in price per script.

The Pharma Cluster operating profit grew by 6.9%, mainly influenced by the cost-saving initiatives that have been implemented. The growth in operating profit was however diluted by pharmaceutical sales, which were negatively impacted by lower private patient scripts, the increase in the 3 months' supply of medicine on the CCMDD contract, as well as the adverse price adjustments in some of the main product lines.

The Cluster's profitability was also negatively impacted by the margin erosion in the Activo business, despite the growth experienced in the external pharmaceutical market.

On a positive note, the Cluster has focused on enhancing efficient working capital management practices to address both overstock and understock challenges.

Corporate Solutions Cluster

The Corporate Solutions Cluster specialises in providing integrated employee health and wellness solutions, including occupational health, primary healthcare clinics, employee assistance programmes, wellness screenings, gap cover, health insurance, and bespoke health administration solutions.

Though the Cluster constitutes a small portion of the Group's revenue, it has proved to be a valuable asset regarding the Group's overall strategic objectives. It has emerged to be the leading business unit to integrate the AfroCentric and Sanlam's products, providing the most product integration points and innovative client offerings, thus becoming the key enabler for growth of various AfroCentric and Sanlam entities.

Industry highlights

- AfroCentric Health (RF) Proprietary Limited, the Group's main operating subsidiary, retained its Level 1 B-BBEE rating.
- The AfroCentric Group proudly attained the status as one of South Africa's Top Employers as designated by the globally recognised Top Employers Institute.
- The Group Forensics team was awarded the Corporate Member of the year award at the 2024 Association of Certified Fraud Examiners.

Financial performance

The focus for the past six months has been carefully analysing our ever-evolving operating environment, the challenges and opportunities we face as a business and how we should position ourselves for future success.

The Group's revenue for the last six months decreased by 3.3% compared to the same period in the prior year – this was mainly due to lower private patient scripts, the change in the frequency of dispensing CCMDD scripts from a 3-months' supply arrangement to a 4 – 6 months' supply arrangement, and the impact of the termination of the Bonitas Marketing Contract.

The Group's deliberate investment in innovative clinical capabilities, IT system modernisation, infrastructure and launching digital platforms and tools, such as our innovative Healthcare Professional Portal, and the modernisation of our contact centre environment to enhance scheme member experience, has resulted in additional costs being incurred in the last 6 months compared to the prior period. Consequently, this investment in our processes and capabilities has already yielded a notable operational improvement as observed in our service levels compared to previous years and we saw noteworthy improvements in the stability of our IT environment.

The Group's loss before tax for the period was R55.8 million (Dec 2023: profit before tax R262.2 million), and the headline earnings decreased by 81.8% to R31.9 million (Dec 2023: R175.4 million).

The overall financial performance is impacted by lower profitability due to margin erosion and channel pressure arising in the retail cluster, resulting in an impairment of goodwill within the retail cluster.

Despite the reduced profitability, the Group will continue with its investment in data capabilities to explore better and more efficient ways to service and engage our customers and scheme members, as this will position us to achieve our 2030 ambition.

Capital management and cashflow generation has been a focal point for the management team over the past few years, and during the past six months has yielded positive results in the cash and cash equivalents balances reaching R347.8 million (Dec 2023: R189.3 million) whilst borrowings remained stable at R619.1 million (Dec 2023: R638.7 million).

Outlook

The focus for the remainder of 2025 will be to deliver on our strategic priorities in pursuit of our 2030 ambition, and set our business on an exciting new growth trajectory. We will be focused on a more cohesive and integrated operating model that leverages the unique strengths of our diversified businesses.

As we move forward:

- Clinical innovation will become a key differentiator for our business. Critically, our track record to unlock significant value on Clinical Managed Care will remain a key asset and a success factor will be to transform the traditional care delivery programmes to focus on value-based care.
- We will unlock our core strengths in service delivery, allowing us to proactively respond to our customer needs, deliver exceptional experiences for our clients, and running an efficient business that is digitally enabled.
- We will continue to focus on key partnerships with our schemes, intermediaries and service providers to grow our networks and deliver a compelling proposition that is data and digitally enabled.
- We will work tirelessly to build trust and demonstrate our commitment to making a positive impact on the lives of those we serve, and most importantly, ensure the well-being of our people to remain motivated and engaged.

While we maintain a leading market position, there are internal and external factors that potentially pose a threat to our business.

The Group's core business however remains sound and diversified. Developing a cohesive value proposition that leverages our unique diverse healthcare assets in a more integrated approach will be key to our success.

Capital Management has been prudent with good cash generation. This positions the Group well for future investments in enhancing its product offering as we work on delivering on our 2030 ambition.

Dividends

The Board is pleased to announce that a final gross dividend of 6 cents (December 2023: 11 cents) per ordinary share, has been declared for the period ended 31 December 2024. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 12 May 2025.

- Dividends have been declared out of profits available for distribution.
- South African Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 6.00000 cents per ordinary share.
- Net cash dividend amount is therefore 4.80000 cents per ordinary share.
- The Company has 841 088 241 ordinary shares in issue as at the declaration date.
- The Company's income tax reference number is 9600148713.

The salient dates relating to the dividend are as follows:

Last day to trade cum dividend	Tuesday, 6 May 2025
Shares commence trading ex-dividend	Wednesday, 7 May 2025
Dividend record date	Friday, 9 May 2025
Dividend payment date	Monday, 12 May 2025

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 7 May 2025 and Friday, 9 May 2025, both days inclusive.

Directors

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

- Ms Mmaboshadi Chauke resigned as an Independent Non-executive Director effective 31 October 2024.
- Ms Karabo Morule was appointed as an Independent Non-executive Director effective 31 December 2024.
- Mr Hannes Boonzaaier resigned as the AfroCentric Group Chief Financial Officer and Executive Director effective 31 January 2025.
- Mr Thato Moloele was appointed 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.

Basis of preparation

The Summary financial statements for the six months ended 31 December 2024 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards and 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"), IAS 34: *Interim Financial Reporting* and the South African Companies Act.

The summary financial statements for the six months ended 31 December 2024 have been extracted from audited information but has not itself been audited.

The accounting policies applied in the preparation of the consolidated and separate annual financial statements from which the summary financial statements were derived are in terms of IFRS® Accounting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

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

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

Responsibility statement

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

On behalf of the Board

Dr ATM Mokgokong
Chairman

Mr GN Van Wyk
Group Chief Executive Officer

Johannesburg
3 March 2025

Consolidated statement of financial position

	Notes	SIx months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
ASSETS			
Non-current assets		**3 643 099**	3 790 706
Property and equipment		**362 597**	290 230
Land and buildings		**298 677**	301 422
Right-of-use assets		**140 721**	142 572
Investment property		**12 500**	12 500
Goodwill	1	**1 108 499**	1 327 661
Intangible assets	1	**1 432 938**	1 476 538
Investments in associates and joint ventures		**6 259**	8 732
Other financial assets		**20 209**	27 719
Deferred tax assets		**121 127**	132 015
Deferred payment assets		**3 778**	3 673
Insurance contract assets	4	**71 250**	67 644
Receivable – Sanlam Restricted Share Plan	5.1	**13 267**	–
Receivable – Sanlam Performance Deferred Share Plan	5.1	**51 277**	–
Current assets		**1 519 428**	1 618 849
Inventories		**440 837**	449 079
Trade and other receivables		**602 303**	786 276
Current tax asset		**128 492**	53 235
Cash and cash equivalents		**347 796**	330 259
Total assets		**5 162 527**	5 409 555
EQUITY AND LIABILITIES			
Capital and reserves		**3 245 743**	3 369 996
Issued ordinary share capital		**21 324**	21 324
Share premium		**2 537 411**	2 537 411
Share-based payment reserve		**17 646**	24 468
Treasury shares		**(2 240)**	(1 162)
Foreign currency translation reserve		**3 905**	(5 650)
Distributable reserves		**667 697**	793 605
Non-controlling interest		**33 350**	31 189
Total equity		**3 279 093**	3 401 185
Non-current liabilities		**923 655**	942 911
Lease liabilities		**101 721**	111 750
Deferred tax liabilities		**263 581**	259 628
Post-employment medical obligations		**1 631**	1 680
Borrowings	2	**556 722**	569 853
Current liabilities		**959 779**	1 065 459
Provisions		**13 059**	16 792
Borrowings	2	**62 373**	58 553
Trade and other payables		**628 211**	733 057
Current tax liability		**72 748**	9 374
Lease liabilities		**69 985**	65 336
Sanlam Performance Deferred Shares: IFRS 2 Liability	5.2	**2 003**	–
Employment benefit provisions		**111 400**	182 347
Total liabilities		**1 883 434**	2 008 370
Total equity and liabilities		**5 162 527**	5 409 555

Consolidated statement of comprehensive income

	Notes	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Revenue from contracts with customers		**4 240 923**	8 794 671
Fair value gains		**386**	1 769
Finance income	4	**23 523**	31 277
Other income		**3 052**	5 187
Compensation for impairment of property and equipment		**64 402**	–
Total income*		**4 332 286**	8 832 904
Insurance revenue	4	**51 058**	96 035
Insurance service expense	4	**(50 747)**	(90 100)
Insurance service result		**311**	5 935
Insurance finance income	4	**3 300**	6 731
Net insurance result*	4	**3 611**	12 666
Cost of pharmaceutical products and finished goods		**(878 351)**	(2 030 276)
Cost of distribution of pharmaceutical products		**(38 329)**	(71 624)
Employee benefit costs		**(1 418 316)**	(2 699 057)
Other expenses		**(437 173)**	(1 131 576)
Capitation funds		**(878 805)**	(1 645 000)
Amortisation		**(104 832)**	(192 690)
Rent and property costs		**(70 930)**	(123 050)
Right-of-use asset depreciation		**(31 282)**	(52 747)
Depreciation		**(56 210)**	(94 142)
IT costs		**(203 106)**	(212 819)
Write-off of intangibles		**(3 792)**	(6 060)
Impairment of other financial assets		**(7 210)**	–
Write-off of other financial assets		**(1 184)**	–
Impairment of goodwill		**(219 162)**	(230 835)
Impairment of investment in associates		**(274)**	(14 661)
Impairment of property and equipment		**–**	(26 611)
Impairment of loans		**–**	(2 158)
Share of losses from associates and joint ventures		**(2 199)**	(9 045)
Interest on lease liabilities		**(8 017)**	(19 190)
Finance costs		**(32 510)**	(77 045)
(Loss)/profit before tax		**(55 785)**	206 984
Income tax expense		**(63 369)**	(132 729)
(Loss)/profit for the period		**(119 154)**	74 255
(Loss)/profit for the period attributable to:			
Owners of Parent		**(125 865)**	55 381
Non-controlling interest		**6 711**	18 874
		(119 154)	74 255

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

Consolidated statement of comprehensive income continued

	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
(Loss)/profit for the period	**(119 154)**	74 255
Other comprehensive income		
Components of other comprehensive loss 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	**(59)**	(71)
Income tax relating to these items	**16**	19
Components of other comprehensive income/(loss) that will be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Total other comprehensive income/(loss) that will be reclassified to profit or loss	**9 555**	(9 381)
Foreign exchange gain/(loss)	**9 555**	(7 851)
Loss on cash flow hedge	**–**	(1 530)
Total other comprehensive income/(loss)	**9 512**	(9 433)
Total comprehensive (loss)/income	**(109 642)**	64 822
Comprehensive (loss)/income attributable to:		
Comprehensive (loss)/ income attributable to owners of parent	**(116 353)**	45 948
Comprehensive income attributable to non-controlling interests	**6 711**	18 874
	(109 642)	64 822

Consolidated statement of changes in equity

	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Balance at beginning of the period	**3 401 185**	3 499 252
Issue of share capital	**–**	30
Share premium	**–**	11 724
Vested share-based awards*	**(9 084)**	(11 754)
Share-based awards reserve	**2 475**	3 133
Share-based awards reserve – prior year	**(213)**	(1 026)
Distributions to shareholders	**–**	(92 520)
Treasury shares**	**(1 078)**	–
Net (loss)/profit for the period	**(116 353)**	45 948
Profit attributable to minorities	**6 711**	18 874
Changes in ownership	**–**	(45 895)
Distributions to non-controlling interests	**(4 550)**	(26 581)
Balance at end of the period	**3 279 093**	3 401 185

* During the current financial period 3 269 999 shares vested as follows:

- 910 026 shares relating to the 2019 share awards were exercised at the weighted average price of R2.82 and the grant date price was R3.30;
- 1 046 652 shares relating to the 2020 share awards were exercised at the weighted average price of R2.82 and the grant date price was R3.50; and
- 1 313 321 shares relating to the 2021 share awards were exercised at the weighted average price of R2.82 and the grant date price was R5.50.

At the end of the financial period 22 799 214 shares were outstanding for the incentive employee share scheme.

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

** 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.

Consolidated statement of cash flows

	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Net cash flow from operating activities	**249 258**	695 368
Cash generated from operations	**343 158**	1 027 896
Net finance expense	**(17 004)**	(58 227)
Distribution to shareholders	**(4 550)**	(119 101)
Tax and other payments	**(63 122)**	(155 200)
LTIP share based payment vesting	**(9 224)**	–
Net cash flow from investing activities	**(198 908)**	(382 765)
Net additions to property and equipment	**(63 475)**	(73 681)
Payment for acquisition of subsidiaries, net of cash acquired	**–**	(46 121)
Purchase of intangible assets	**(70 466)**	(188 243)
Purchase of Sanlam shares	**(64 967)**	–
Purchase of other financial assets	**–**	10 528
Repayment of contingent consideration	**–**	(85 248)
Net cash flow from financing activities	**(42 368)**	(60 249)
Lease liabilities capital repayment	**(31 979)**	(60 249)
Capital settlement of borrowings	**(9 311)**	–
Share repurchase	**(1 078)**	–
Effect of foreign exchange benefit/(loss)	**9 555**	(7 851)
Net increase in cash and cash equivalents	**17 537**	244 503
Cash and cash equivalents at beginning of the period	**330 259**	85 756
Cash and cash equivalents at end of the period	**347 796**	330 259

Earnings attributable to equity holders

	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Number of ordinary shares in issue	**841 088 241**	841 088 241
Weighted average number of ordinary shares	**841 088 241**	830 328 259
Weighted average number of shares for diluted EPS	**863 887 455**	850 393 806
Basic (loss)/earnings	**(125 865)**	55 381
Total basic (loss)/earnings	**(125 865)**	55 381
Adjusted by:	**157 795**	279 427
– Impairment of property and equipment	**–**	26 611
– Impairment of goodwill	**219 162**	230 835
– Compensation for impairment of property and equipment	**(64 402)**	–
– Impairment of investment in associate	**274**	14 661
– (Profits)/losses on disposal of 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 adjustment	**(761)**	(466)
Headline earnings	**31 930**	334 808
(Loss)/earnings per share (cents)		
– Attributable to ordinary shares (cents)	**(14.96)**	6.67
– Fully diluted EPS (cents)	**(14.57)**	6.51
Headline earnings per share (cents)		
– Attributable to ordinary shares (cents)	**3.80**	40.32
– Fully diluted HEPS (cents)	**3.70**	39.37

Notes

NOTE 1: INTANGIBLE ASSETS

	Carrying amount		Amortisation	
	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Goodwill	**1 108 499**	1 327 661	**–**	–
AfroCentric Health*	**705 329**	706 491	**–**	–
Pharmacy Direct and Curasana	**140 608**	140 608	**–**	–
Activo**	**167 930**	328 746	**–**	–
DENIS	**34 918**	34 918	**–**	–
Activo Healthcare Assets**	**59 714**	116 898	**–**	–
Intangible assets	**1 432 938**	1 476 538	**(104 832)**	(192 690)
Customer relationships – Pharmacy Direct and Curasana	**6 307**	10 781	**(4 474)**	(8 949)
Activo Dossiers	**236 910**	244 828	**(7 918)**	(18 168)
Customer relationships – DENIS	**8 670**	16 256	**(7 586)**	(13 003)
Activo Healthcare Assets Dossiers	**129 639**	134 551	**(10 655)**	(17 148)
AfroCentric Health intangible assets	**92 502**	101 457	**(10 707)**	(20 860)
AfroCentric Health intangible PPA	**36 607**	38 534	**(1 927)**	(4 025)
AfroCentric Health intangible Software	**55 895**	62 923	**(8 780)**	(16 835)
Administration Systems – Self Generated	**958 910**	968 665	**(63 492)**	(114 562)
Nexus and Other Healthcare Administration Systems	**958 910**	968 665	**(63 492)**	(114 562)
	2 541 437	2 804 199	**(104 832)**	(192 690)

* During the current period goodwill that was initially recognised on acquisition of Tendahealth to the value of R1.2 million was impaired based on the impairment test performed.

** During the current period goodwill that was initially recognised on the acquisition of Activo and Activo Healthcare Assets was impaired by R218 million.

NOTE 2: BORROWINGS

	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Borrowings (non-current)	**556 722**	569 853
Borrowings (current)	**62 373**	58 553
Total borrowings	**619 095**	628 406

NOTE 3: NET CASH

	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Cash and cash equivalents	**347 796**	330 259
Net cash	**347 796**	330 259

NOTE 4: IFRS 17 INSURANCE CONTRACTS

Note 4.1: Net insurance result

	Centriq R'000	Guardrisk R'000	Total R'000
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**

	Centriq R'000	Guardrisk R'000	Total R'000
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)
Changes to liabilities for incurred claims	–	–	–
Total insurance service expenses	(80 726)	(9 374)	(90 100)
Insurance service result	3 000	2 935	5 935
Insurance finance income			
Net cell captive interest income	3 788	2 943	6 731
Total insurance finance income	3 788	2 943	6 731
Net insurance result	6 788	5 878	12 666

NOTE 4: IFRS 17 INSURANCE CONTRACTS (continued)
Note 4.2: Insurance contract assets

	Estimates of the present value of future cash flows R'000	Risk adjustment R'000	Total asset/ (liability) R'000
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	–	–	–
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	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	–	–	–
Total cash flows	(15 000)	–	(15 000)
Risk adjustment recognised for the risk expired	–	–	–
Insurance contract assets as at 30 June 2024	68 518	(874)	67 644

NOTE 5: Sanlam Restricted and Phantom 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 these plans are linked to Sanlam Limited shares.

Note 5.1: 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 can 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	
	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Receivable Sanlam – Restricted Share plan	13 267	–
Receivable Sanlam – Performance Deferred Share plan	51 277	–
	64 544	–

Note 5.2: 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 are 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:

	Six months ended 31 December 2024 R'000	Year ended 30 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

Segmental analysis

	Growth – six months ended 31 December 2024 vs twelve months ended 30 June 2024		Six months ended 31 December 2024			30 June 2024		
	Revenue	Operating profit	Revenue*	Operating profit	Operating margin	Revenue	Operating profit	Operating margin
	%	%	R'000	R'000	%	R'000	R'000	%
Healthcare SA	(51)	(87)	**2 037 145**	**43 004**	**2**	4 146 192	328 345	8
DENIS Group	(45)	(85)	**314 790**	**8 307**	**3**	569 479	54 097	9
Information Technology	(46)	(52)	**340 364**	**101 442**	**30**	635 652	213 352	34
Total SA administration business	(50)	(74)	**2 692 299**	**152 753**	**6**	5 351 323	595 794	11
Healthcare Africa	(50)	(52)	**123 985**	**40 291**	**32**	249 355	83 903	34
Total Group administration business	(50)	(72)	**2 816 284**	**193 044**	**7**	5 600 678	679 697	12
Healthcare Retail	(54)	(38)	**1 949 623**	**129 570**	**7**	4 251 575	210 646	5
Pharmacy Direct & Curasana Wholesaler	(61)	(14)	**706 111**	**70 114**	**10**	1 825 104	81 125	4
Activo Group	(48)	(51)	**561 166**	**37 040**	**7**	1 080 365	75 965	7
Scriptpharm	(49)	(58)	**682 346**	**22 416**	**3**	1 346 106	53 556	4
Total Healthcare	(52)	(64)	**4 765 907**	**322 614**	**7**	9 852 253	890 343	9
Other (including inter-segment elimination)	(51)	–	**(473 926)**	**–**	**–**	(961 547)	–	–
Total	(52)	(64)	**4 291 981**	**322 614**	**8**	8 890 706	890 343	10

* Revenue comprises the Revenue from contracts with customers and the Insurance revenue.

	Growth – six months ended 31 December 2024 vs twelve months ended 30 June 2024		Six months ended 31 December 2024				30 June 2024			
	Profit before tax	Profit after tax	Profit before tax	Profit after tax	Net margin	Total assets	Profit before tax	Profit after tax	Net margin	Total assets
	%	%	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Healthcare SA	(82)	(91)	**30 094**	**9 549**	**0**	**1 693 124**	170 095	102 729	2	1 994 840
DENIS Group	(86)	(84)	**7 753**	**5 996**	**2**	**167 781**	54 464	37 187	7	161 028
Information Technology	161	43	**54 320**	**34 776**	**10**	**1 511 803**	20 812	24 342	4	1 389 280
Total SA administration business	(62)	(69)	**92 167**	**50 321**	**2**	**3 372 708**	245 371	164 258	3	3 545 148
Healthcare Africa	(52)	(48)	**38 836**	**29 290**	**24**	**197 085**	81 184	56 259	23	192 638
Total Group administration business	(60)	(64)	**131 003**	**79 611**	**3**	**3 569 793**	326 555	220 517	4	3 737 786
Healthcare Retail	(61)	(64)	**62 021**	**42 004**	**2**	**1 606 981**	159 928	117 695	3	1 768 058
Pharmacy Direct & Curasana Wholesaler	(69)	(72)	**19 670**	**13 912**	**2**	**785 983**	64 178	49 230	3	894 141
Activo Group	(63)	(75)	**11 806**	**5 750**	**1**	**671 387**	32 325	22 664	2	787 974
Scriptpharm	(52)	(51)	**30 545**	**22 342**	**3**	**149 611**	63 425	45 801	3	85 943
Total Healthcare	(60)	(64)	**193 024**	**121 615**	**3**	**5 176 774**	486 483	338 212	3	5 505 844
Other (including inter-segment elimination)	(11)	(9)	**(248 809)**	**(240 769)**	**51**	**(14 247)**	(279 499)	(263 957)	27	(96 289)
Total	(127)	(260)	**(55 785)**	**(119 154)**	**(3)**	**5 162 527**	206 984	74 255	1	5 409 555

Composition of operating profit – % contribution	Operating profit Dec 2024 %	Operating profit June 2024 %	Operating profit Dec 2024 R'000	Operating profit June 2024 R'000
Total SA Administration business	**48**	67	**152 753**	595 794
Healthcare Africa	**12**	9	**40 291**	83 903
Healthcare Retail	**40**	24	**129 570**	210 646
	100	100	**322 614**	890 343

Disaggregated revenue

REVENUE

Disaggregation of revenue from contracts with customers:

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

	Administration fees R'000	Health risk management fees – medical aid schemes R'000	Management fees R'000	Healthcare insurance R'000	IT revenue and other R'000	Retail R'000	Health risk management fees – Capitation fees R'000	Marketing fees R'000	Group total R'000
31 December 2024									
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 or 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
30 June 2024									
Primary geographical markets									
South Africa	1 660 694	1 746 025	16 516	53 401	546 841	2 667 532	1 706 804	147 507	8 545 320
Outside of South Africa	209 423	20 244	1 859	–	17 825	–	–	–	249 351
	1 870 117	1 766 269	18 375	53 401	564 666	2 667 532	1 706 804	147 507	8 794 671
Major product or 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

Supplementary information operating performance (non-IFRS measure)

	Six months ended 31 December 2024 R'000	Year ended 30 June 2024 R'000
Healthcare services revenue	2 342 358	4 639 131
Healthcare services operating costs	(2 190 409)	(4 038 306)
IFRS 16: Lease reversals	41 095	78 872
Healthcare services operating profit	193 044	679 697
Healthcare retail revenue	1 949 623	4 251 575
Healthcare retail cost of sales	(1 563 362)	(3 370 496)
Healthcare retail operating costs	(256 691)	(670 433)
Healthcare retail operating profit	129 570	210 646
Total healthcare operating profit	322 614	890 343
Loss on sale of investment	–	(5)
Fair value gain	386	1 769
Other income	3 052	5 186
Compensation for impairment of property and equipment	64 402	–
Impairment of assets and loans	(227 830)	(274 265)
Write off of intangible assets	(3 792)	(6 060)
Net finance and investment income	(13 704)	(58 227)
– Finance and investment income	26 823	38 008
– Finance costs: Lease liabilities	(8 017)	(19 190)
– Finance costs	(32 510)	(77 045)
Share-based payment expense	(6 390)	(3 133)
Share of losses from associates and joint ventures	(2 199)	(9 045)
Profit before depreciation and amortisation	136 539	546 563
Depreciation	(56 210)	(94 142)
Right of use assets depreciation	(31 282)	(52 747)
Amortisation of intangible assets	(104 832)	(192 690)
(Loss)/profit before taxation	(55 785)	206 984
Income tax expense	(63 369)	(132 729)
(Loss)/profit for the period	(119 154)	74 255
Other comprehensive income/(loss)	9 512	(9 433)
Comprehensive net (loss)/income for the period	(109 642)	64 822
Attributable to:		
Equity holders of the Parent	(116 353)	45 948
Non-controlling interest	6 711	18 874
	(109 642)	64 822

Company information

AFROCENTRIC INVESTMENT CORPORATION LIMITED

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

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SPONSOR

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GROUP COMPANY SECRETARY

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DIRECTORS

ATM Mokgokong** (Chairman)
MJM Madungandaba** (Deputy Chairman)
GN Van Wyk*** (CEO)
KT Moloele*** (CFO)
JB Fernandes* (Lead)
AM le Roux*
K Morule*
ND Munisi**
PB Hanratty**
K Mkhize**
MK Dippenaar**

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

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