

SUMMARY ABRIDGED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2021

INTRODUCTION

The Board of Directors ("the Board") of the Company is pleased to present the abridged results for the year ended 28 February 2021.

The Company seeks to generate returns for its shareholders through various investments in the healthcare and financial services sector. The Company is involved in making equity, quasi-equity, and equity-related investments in healthcare and financial services. The Company executes on its investment mandate primarily through two wholly-owned subsidiaries, RH Bophelo Operating Company Proprietary Limited ("RHBO") and RH Financial Services Proprietary Limited ("RHFS"). These subsidiaries are utilised to acquire various investments on behalf of the Company.

RHB has been listed on the Johannesburg Stock Exchange ("JSE") since 12 July 2017, raising R500 million through the issue of 50 000 000 "A" ordinary shares at R10 a share, with a secondary listing on 1 June 2020 on the Rwanda Stock Exchange.

FINANCIAL OVERVIEW

The key financial indicators reflected in these financial results are:

- Net asset value increased by 34% year on year, from a balance of R647 million to R864 million;
- Investment income increased by 79% year on year, from R105 million to R188 million;
- Total income before tax increased by 84% year on year, from R90 million to R166 million;
- Total income after tax increased by 87% year on year, from R70 million to R131 million;
- Basic earnings per share and headline earnings per share increased by 67%, to R2,18 per share (2020: R1,31 per share);
- Net asset value per share increased by 15%, to R13,36 per share (2020: R11,56 per share); and
- The board approved and declared a final gross dividend of 15 ZAR cents per "A" ordinary share from income reserves for the year ended 28 February 2021 (2020: 0 ZAR cents per share).

CHANGES IN INVESTMENTS

During the year, the Company increased its investments in unlisted equity investments in the current year by R161,4 million (2020: R272,9 million).

The amounts were allocated as follows:

- Investment in RH Bophelo Financial Services Proprietary Limited (RHFS) – R52,5 million; and
- Investment in RH Bophelo Operating Company Proprietary Limited (RHBO) – R108,9 million.

The investments were deployed to facilitate the following transactions:

New acquisitions made by RHFS:

- Acquisition of 25% in Genric Insurance Company Limited for R52,5 million, split between a cash consideration of R45 million and issue of RHB shares for R7,5 million.

Additional investments made by RHBO:

- Acquisition of an additional 70% in Rondebosch Medical Centre Proprietary Limited for R93,75 million split between a cash consideration of R15 million and issue of RHB shares for R78,7 million;
- Capital contribution for R2,5 million to Magnacorp Proprietary Limited ("Medicare Private Hospital") for the expansion of the property; and
- In addition, shareholder loans of R7,4 million were advanced to Vryburg Holdings Proprietary Limited ("Vryburg Private Hospital") as part of a board approved Covid relief. An amount of R4,5 million was advanced to Fauchard Tandheelkundige Sentrum Proprietary Limited ("RH Fauchard Day Hospital") for refurbishment of the property.

THE OUTBREAK OF THE CORONAVIRUS PANDEMIC

The year ended February 2021 was unprecedented as the Covid-19 pandemic and subsequent lockdowns led to a rapid slowdown in global economic growth. In South Africa, the pandemic and resultant domestic lockdowns had a severe impact on economic activity that led to a decline country's Gross Domestic Product (GDP).

Effect on valuation of investments

The Company's business model is premised on investing in various companies within the healthcare and financial services value chain. In line with IFRS 10 *Consolidated Financial Statements*, the Company has been classified as an investment entity which measures its investments at fair value through profit or loss. The measurements of the investments at fair value on a continuous basis, requires the use of various internal and external inputs that are collectively considered to determine the value of each underlying investment.

Over the past year, as the effects of the coronavirus pandemic have caused material fluctuations in various internal and external inputs relating to the valuation process, the Company's investment committee has carefully considered the effects of the changes; assessed the relevance to the valuation process; and made adjustments when deemed appropriate.

The key valuation inputs that have been materially affected by the onset of the pandemic and the various fiscal and monetary policy responses, and which are deemed relevant to the valuation process, include the following:

- Change in interest rates to historic lows – this has an impact on the valuation of the loans to group companies, weighted average cost of capital and the value of properties which are all computed with reference to prevailing market interest rates.
- Implementation of the State of Disaster Management Act – which significantly affects footfall and facilities usage across all business but also specifically the healthcare and financial services sector.
- Classification of the healthcare sector as an essential service during periods of hard lockdowns – this affects the projections relating to the growth rates of each underlying investment.
- Recommendations by the International Accounting Standards Board relating to treatment of rent concessions for the purposes of applying IFRS 16 *Leases* – this affects the valuation of the finance lease liabilities and the right-of-use assets.

Effects on going concern status

As the Company and its subsidiaries in the healthcare operate in a sector classified under essential services, the impact of the pandemic on operations was muted. Facilities remained open throughout all levels of lockdowns and utilisation rates remained steady. In assessing the Company's going concern status, the Board of Directors and the Audit and Risk Committee deliberated on the various scenarios relating to the pandemic. In the most optimistic scenario, where the national vaccination programme starts in the second quarter and gradually escalates during the year, the Company expects the performance of underlying entities to benefit from the vaccination programme through the use of RHB facilities as rollout sites.

In the alternative scenario, where a vaccination programme is delayed and the third wave of the virus materialises, particularly during the winter months, the Company expects that its underlying businesses will remain classified as essential services and hence the impact on operations will be muted as seen during the hard lockdowns of last year.

Effects on funding and deal pipeline

The coronavirus impact has had a minimal impact on the Company's deal and funding pipeline. The Investment Committee is continuously exploring investment opportunities in the healthcare and related sectors and believes that it has sufficient access to capital to participate in any transactions that may materialise and meet the stringent criteria set by the Investment Committee and the Board of Directors.

Effects on operations

During the hard lockdowns, the Company had to adapt its operations to minimise the disruption on operations. A 'work-from-home' policy was activated that enabled business continuity through all the various lockdown levels. This required the Company to accelerate its investment in technological resources that enabled employees to optimally function from the comfort of their homes or shared spaces that were regarded as compliant with healthcare protocols. It is expected that such practices will become more embedded in the Company's way of doing things until the pandemic and its effects taper off which we expect to see in the latter parts of the 2022 calendar year.

ABRIDGED ANNUAL FINANCIAL STATEMENTS

PREPARATION

The summary abridged financial results have been prepared internally under the supervision of the Chief Financial Officer, D Mhlaba CA(SA), and approved by the Board of Directors.

The Board takes full responsibility for the preparation of this report and ensuring that the financial information has been correctly prepared.

The summary abridged annual financial results have been extracted from audited information but the abridged statement has not itself audited. An unmodified audit report was issued by our external auditor, Mazars on the annual financial statements from which this report is extracted. The directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements. Any reference to future financial performance included in this announcement has not been audited or reported on by the external auditor. Shareholders are therefore advised that in order to get a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's independent audit report together with the accompanying annual financial statements from the Company's website <https://www.rhbophelo.co.za/investment/investors>.

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2021

| | <i>Notes</i> | Audited Feb-21 R | Audited Feb-20 R |
|--|--------------|---------------------------------|---------------------------------|
| Investment income | | | |
| Interest income | | 7 020 713 | 21 526 749 |
| Interest expense | | - | (203 859) |
| Dividend income | | 7 336 107 | - |
| Gains from financial assets at fair value through profit or loss | 4.3 | 174 477 925 | 84 063 771 |
| Total investment income | | 188 834 745 | 105 386 661 |
| Other income | | | |
| | | 430 411 | 1 984 110 |
| Expenses | | | |
| Professional fees | | (9 207 269) | (7 911 711) |
| Management fees | | (6 904 402) | (3 374 698) |
| Other operating expenses | | (6 635 685) | (5 625 633) |
| Total expenses | 4.6 | (22 747 356) | (16 912 042) |
| Total income before tax | | 166 517 800 | 90 458 729 |
| Income tax | | (35 300 586) | (20 469 771) |
| Net profit after tax | | 131 217 214 | 69 988 958 |
| Other comprehensive income | | | |
| | | - | - |
| Total comprehensive income | | 131 217 214 | 69 988 958 |
| | | | |
| Basic and diluted earnings per share (R) | | 2,18 | 1,31 |

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021

| | Notes | Audited Feb-21 R | Audited Feb-20 R |
|---|-------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Financial assets at fair value through profit or loss | 4.1 | 842 778 946 | 509 735 040 |
| Loans to group companies | 4.2 | 38 453 570 | 35 945 632 |
| Property, plant and equipment | | 4 041 260 | - |
| | | <u>885 273 776</u> | <u>545 680 672</u> |
| Current assets | | | |
| Loans to group companies | 4.2 | 5 365 501 | 4 307 909 |
| Other receivables | | 322 507 | 1 120 555 |
| Current tax receivable | | 19 562 | - |
| Cash and cash equivalents | | 34 699 084 | 120 069 140 |
| | | <u>40 406 654</u> | <u>125 497 604</u> |
| Total assets | | <u>925 680 431</u> | <u>671 178 276</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| Stated capital | | 633 589 672 | 547 339 672 |
| Retained income | | 230 486 386 | 99 269 172 |
| Total Equity | | <u>864 076 058</u> | <u>646 608 844</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 3 017 866 | - |
| Deferred tax | | 57 848 552 | 22 547 966 |
| | | <u>60 866 418</u> | <u>22 547 966</u> |
| Current liabilities | | | |
| Other payables | | 116 062 | 1 582 078 |
| Current tax payable | | - | 439 388 |
| Lease liabilities | | 621 892 | - |
| | | <u>737 954</u> | <u>2 021 466</u> |
| Total liabilities | | <u>61 604 373</u> | <u>24 569 432</u> |
| Total equity and liabilities | | <u>925 680 431</u> | <u>671 178 276</u> |
| Net asset value per share (R) | | 13,36 | 11,56 |

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2021

| | Stated capital | Retained income | Total |
|--|---------------------------|----------------------------|--------------|
| Balance as at 1 March 2019 | 500 839 672 | 29 280 214 | 530 119 886 |
| Shares issued | 46 500 000 | - | 46 500 000 |
| Total comprehensive income for the year - profit | - | 69 988 958 | 69 988 958 |
| Balance as at 29 February 2020 - Audited | 547 339 672 | 99 269 172 | 646 608 844 |
| Shares issued | 86 250 000 | - | 86 250 000 |
| Total comprehensive income for the year - profit | - | 131 217 214 | 131 217 214 |
| Balance as at 28 February 2021 - Audited | 633 589 672 | 230 486 386 | 864 076 058 |

ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2021

| | Audited Feb-21 R | Audited Feb-20 R |
|---|---------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Cash (utilised)/generated from operations | 4.5 (10 929 279) | 5 471 338 |
| Income tax paid | (807 122) | (867 882) |
| Net cash (utilised)/generated from operating activities | (11 736 401) | 4 603 456 |
| Cash flows from investing activities | | |
| Increase in financial assets at fair value through profit or loss | (75 214 343) | (226 421 515) |
| Loans to group companies repaid | 1 866 862 | 2 338 541 |
| Loans to group companies issued | - | (34 000 000) |
| Net cash utilised in investing activities | (73 347 481) | (258 082 974) |
| Cash flows from financing activities | | |
| Capital repayment on lease liabilities | (286 174) | - |
| Net decrease in cash and cash equivalents | (85 370 056) | (253 479 518) |
| Cash and cash equivalents at the beginning of the year | 120 069 140 | 373 548 658 |
| Cash and cash equivalents at the end of the year | 34 699 084 | 120 069 140 |

NOTES TO THE SUMMARISED ABRIDGED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The summary abridged financial results have been prepared applying the investment entity exemption in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and interpretations of IFRS, as issued by the International Accounting Standard Board, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listing Requirements, Rwanda Stock Exchange Listing Requirements and the requirements of the South African Companies Act, 71 of 2008, and the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*.

The financial results have been prepared on the historic cost basis except that financial assets at fair value through profit or loss are stated at their fair value. The results are presented in Rand, which is the Company's functional and presentation currency and are consistent with prior year unless otherwise stated.

The accounting policies applied are in terms of IFRS and are consistent with those of the underlying financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements includes the determination of fair value for assets that are carried at fair value through profit or loss.

2.1 Investment entities

The Company, its subsidiaries and indirectly held associates – RH Bophelo Operating Company Proprietary Limited ("RHBO") and RH Bophelo Financial Services Proprietary Limited ("RHFS") are classified as investment entities in line with IFRS 10 *Consolidated Financial Statements*.

According to IFRS 10, RH Bophelo as an investment entity measures its investments in subsidiaries and its indirectly held associates at fair value through profit or loss in accordance with IFRS 9.

After conducting an assessment of the Company's activities and business purpose, the Board of Directors have concluded that the Company meets the definition of an investment entity as per IFRS 10 based on the following factors:

- The Company and its subsidiaries obtained funds from more than one investor with the purpose of providing those investors with investment management services;
- The Company and its subsidiaries also committed to its investors that its business purpose is to invest in commercially viable healthcare and financial services assets that are cashflow positive or will be cashflow positive within 12 months; and
- The Company and its subsidiaries measures and evaluates the performance of all its investments and indirectly held associated on a fair value basis.

Furthermore, the Company, its subsidiaries and indirectly held associates has more than one investment; the Company also has more than one investor and its investors are not related parties, additionally our interests mainly in equity form in all our investments. The Company's approved investment policy documents the Company's exit strategy which outlines the Company's approach to managing its investments.

The Company has set up RHBO and RHFS as separate legal entities in line with the business model for managing healthcare and financial services as discrete business segments. RHBO and RHFS also committed to investors that the business purpose is to invest in commercially viable healthcare and financial assets that are cashflow positive or will be cashflow positive within 12 months. The two subsidiaries measure and evaluate the performance of all investments on a fair value basis.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following accounting standards, interpretations and amendments became effective during the current year.

Amendments to IAS 1 and IAS 8

On 31 October 2018, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

Amendments to IFRS 9, IAS 39 and IFRS 7

Amendments: provide relief from the potential effects on hedge accounting due to the uncertainties caused by interest rate benchmark reform (the phasing out of interest-rate benchmarks such as the interbank offered rates (IBOR)).

These amendments had no material impact on the reported financial results of the company.

4. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Feb-21 | Feb-20 |
|--------------------------------|---------------|---------------|
| | R | R |
| Opening balance | 515 503 218 | 157 869 791 |
| Additions – acquired in shares | 86 250 000 | 46 500 000 |
| Additions – acquired in cash | 75 214 343 | 226 421 515 |
| Fair value gains | 171 579 562 | 84 684 912 |
| | <hr/> | <hr/> |
| | 848 547 123 | 515 503 218 |
| Day 1 gains deferred* | (5 768 178) | (5 768 178) |
| | <hr/> | <hr/> |
| Closing balance | 842 778 945** | 509 735 040 |

Additions include investments in unlisted equities for the current year in RHBO and RHFS. The investments are measured at fair value through profit or loss. The investments under RHBO and RH 12J have been designated into healthcare investments portfolio and RHFS have been designated into financial services investments portfolio.

*Loans provided to the investee companies are regarded as transactions between equity participants and the resultant Day 1 gains and losses; are presented as an adjustment to the carrying amount of the investments (see Notes 4.2)

**R1 difference to the face of the financial statement due to a rounding error.

Investments in unlisted equity instruments – reconciliation

| 2021 | | | | | | |
|-------------|-----------------|-------------|-------------|-------------|----------------------|-----------------|
| | Opening balance | Additions | Fair value | Total | Day 1 gains deferred | Closing balance |
| RHFS | 3 746 257 | 52 500 000 | 8 852 000 | 65 098 257 | | 65 098 257 |
| RHBO | 509 542 516 | 108 964 343 | 162 727 562 | 781 234 421 | (5 768 178) | 775 466 243 |
| RH 12J | 2 214 445 | - | - | 2 214 445 | | 2 214 445 |
| | 515 503 218 | 161 464 343 | 171 579 562 | 848 547 123 | (5 768 178) | 842 778 945 |

The ranges (and absolute values) used for the key unobservable inputs are as follows –

| Input | Range used (2021) | Range used (2020) |
|---|-------------------|-------------------|
| Capitalisation rate | 10% to 12% | 10% to 12% |
| TGR (Terminal Growth rate) | 3,3% to 4,4% | 5,1% |
| WACC (Weighted Average Cost of Capital) | 17,20% to 21,05% | 16,9% to 22,2% |
| EBITDA (Earnings before interest, tax, depreciation and amortisation) | 11% | 8% |
| Market interest rate | 7% to 8% | 9,75% to 10,75% |

Sensitivity analysis – investments in unlisted equities

The table below reflects the potential effect of changes in significant unobservable inputs that affect the valuation of the Company's financial assets. As the investments are held at fair value through profit or loss; the changes – if they materialised – would be reflected in the statement of profit or loss.

| R | Feb-21 | | Feb-20 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | Favourable changes | Unfavourable changes | Favourable changes | Unfavourable changes |
| Significant unobservable input | | | | |
| Capitalisation rate | 30 340 065 | (30 188 743) | 11 854 303 | (11 327 445) |
| Terminal growth rate* | 9 507 319 | (5 156 411) | 4 519 454 | (4 023 933) |
| WACC | 16 818 024 | (12 102 919) | 8 213 262 | (7 573 753) |
| EBITDA | 19 738 150 | (15 612 578) | 12 512 709 | (12 189 157) |
| Total | 76 403 558 | (63 060 651) | 37 099 728 | (35 114 288) |
| Current fair value as at year end | 842 778 946 | 842 778 946 | 509 735 040 | 509 735 040 |
| Fair value after accounting for total effect of changes in inputs | 919 182 504 | 779 718 295 | 546 834 768 | 474 620 752 |

*The sensitivity analysis relating to the terminal growth rate was applied on the terminal value for all investments of R401 423 539 (prior year: R209 517 476).

Summary of significant investment

2021

| Entity | Description | Economic interest | Fair value at year end (R) | WACC | Proportion of total investments |
|---|---|--------------------------|-----------------------------------|-------------|--|
| Investments in subsidiaries* | | | | | |
| Africa Healthcare | Operates and owns hospitals and pharmaceutical distribution | 100% | 309 051 124 | 17,55% | 37% |
| Rondebosch Medical Centre | Hospital services | 100% | 197 341 805 | 18,25% | 24% |
| Medicare Hospital | services and investment property | 51% | 176 648 074 | 17,20% | 21% |
| Vryburg Private Hospital | Hospital services and investment property | 81% | 31 198 897 | 18,20% | 4% |
| Investments in indirectly held associates* | | | | | |
| Generic Insurance | Short-term Insurance | 25% | 56 239 238 | 17,60% | 7% |

**Each of the investments listed here represents at least 3% of the total value of the investments at fair value through profit or loss. The DCF method was used to value all investments using a terminal growth rate of 3.3% to 4.4%.*

4.2 LOANS TO GROUP COMPANIES

| | Feb-21 | Feb-20 |
|---------------------------------------|-------------------|-------------------|
| | R | R |
| Opening balance | 40 253 541 | 2 338 541 |
| New loans provided to group companies | - | 34 000 000 |
| Day 1 gains | - | 5 768 178 |
| Capital repayments | (4 705 425) | (2 338 541) |
| Interest accrued | 5 372 592 | 1 106 504 |
| Fair value adjustment | 2 898 363 | (621 141) |
| Closing balance | <u>43 819 071</u> | <u>40 253 541</u> |
| Classification | | |
| Current assets | 5 365 501 | 4 307 909 |
| Non-current assets | 38 453 570 | 35 945 632 |
| | <u>43 819 071</u> | <u>40 253 541</u> |

Sensitivity analysis – loans to group companies

The table below reflects the potential effect of changes in significant unobservable inputs that affect the valuation of the loans to group companies. As the loans are classified as financial assets at fair value through profit or loss; the changes – if they materialised – would be reflected in the statement of profit or loss.

| R | Feb-21 | | Feb-20 | |
|---|------------------------|--------------------------|------------------------|--------------------------|
| | Favourable changes (+) | Unfavourable changes (-) | Favourable changes (+) | Unfavourable changes (-) |
| Significant unobservable input | | | | |
| Market interest rate (prime + 1%) | 314 784 | (317 469) | 337 170 | (347 280) |
| Current fair value as at year end | 43 819 071 | 43 819 071 | 40 253 541 | 40 253 541 |
| Fair value after accounting for total effect of changes in inputs | 44 133 855 | 43 501 602 | 40 590 711 | 39 906 261 |

4.3 NET GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Feb-21 | Feb-20 |
|---|--------------------|-------------------|
| | R | R |
| Fair value gains on unlisted equities | 171 579 562 | 84 684 912 |
| Fair value gains/(losses) on loans to group companies | 2 898 363 | (621 141) |
| | <u>174 477 925</u> | <u>84 063 771</u> |

| | Feb-21 | Feb-20 |
|--|---------------|---------------|
| | R | R |
| 4.4 TOTAL EXPENSES | | |
| Other operating expenses included the following: | | |
| Marketing and advertising | (569 796) | (1 375 278) |
| Listing fees | (338 757) | (343 888) |
| Management fees | (6 904 402) | (3 374 698) |
| Remuneration for non-executive directors | (1 178 467) | (830 607) |
| Office rent* | (248 312) | (453 179) |
| Employment costs | (77 574) | - |
| Due diligence expenses | (371 572) | (3 657 641) |
| Financial reporting and audit fees | (6 461 477) | (1 268 741) |
| Professional services | (1 144 604) | (2 985 330) |
| Secretarial fees | (1 142 555) | (854 653) |
| Write-off of non-financial assets | (111 978) | (41 358) |
| Interest expense: lease liabilities | (109 126) | - |
| Enterprise and supplier development expenses** | (2 430 438) | - |

**Relates to short-term lease office rent expense per IFRS 16.53(c) exemption.*

***Enterprise and supplier development expenses consist of a donation of R2,1 million to RH Foundation NPC which is a related party. The relationship is mainly through the cross directorship of Vuyokazi Nomvalo in both RH Bophelo and RH Foundation NPC. RH Foundation NPC is used to advance the Company's corporate social responsibilities.*

4.5 CASH (USED IN)/GENERATED FROM OPERATIONS

| | | |
|--|---------------------|------------------|
| Total income before taxation | 166 517 800 | 90 458 729 |
| Adjustments for: | | |
| Depreciation | 366 955 | - |
| Gains from financial assets at fair value through profit or loss | (174 477 925) | (84 063 771) |
| Lease liability interest | 109 126 | - |
| Interest accrued on loans to group companies | (2 893 724) | (1 106 504) |
| Write-down of non-financial assets | 111 978 | - |
| Changes in working capital: | | |
| Other receivables | 802 522 | 312 181 |
| Other payables | (1 466 011) | (129 297) |
| | <u>(10 929 279)</u> | <u>5 471 338</u> |

4.6 SEGMENT REPORTING

| | Healthcare segment | Financial services segment | Total |
|--|-------------------------------|---|--------------------|
| | R | R | R |
| 2021 reconciliation | | | |
| Gains from financial assets at fair value through profit or loss | 172 170 904 | 2 307 021 | 174 477 925 |
| Interest income | 5 372 592 | - | 5 372 592 |
| Dividend income | - | 7 336 107 | 7 336 107 |
| Segment investment income | 177 543 496 | 9 643 128 | 187 186 624 |
| Segment other income | 371 240 | 20 700 | 391 940 |
| Segment income | 177 914 736 | 9 663 828 | 187 578 564 |
| Segment expenses | (371 572) | - | (371 572) |
| Total segment net income | 177 543 164 | 9 663 828 | 187 206 992 |

Segment assets

| | | | |
|---|--------------------|-------------------|--------------------|
| Financial assets at fair value through profit or loss | 775 466 243 | 65 098 257 | 840 564 500 |
| Loans to group companies | 43 819 072 | - | 43 819 072 |
| Total segment assets | 819 285 315 | 65 098 257 | 884 383 572 |

| | Healthcare segment | Financial services segment | Total |
|--|-------------------------------|---|-------------------|
| | R | R | R |
| 2020 reconciliation | | | |
| Gains from financial assets at fair value through profit or loss | 84 253 069 | 96 257 | 84 349 326 |
| Interest income | 2 234 997 | - | 2 234 997 |
| Segment investment income | 86 488 066 | 96 257 | 86 584 323 |
| Segment other income | 1 712 897 | - | 1 712 897 |
| Segment income | 88 200 963 | 96 257 | 88 297 220 |
| Segment expenses | (3 484 641) | (173 000) | (3 657 641) |
| Total segment net income | 84 716 322 | (76 743) | 84 639 579 |

Segment assets

| | | | |
|---|--------------------|------------------|--------------------|
| Financial assets at fair value through profit or loss | 503 774 338 | 3 746 257 | 507 520 595 |
| Loans to group companies | 40 253 541 | - | 40 253 541 |
| Total segment assets | 544 027 879 | 3 746 257 | 547 774 136 |

Reportable segment income and expenses are reconciled to total income and expenses as follows

| | Feb-21 | Feb-20 |
|---|--------------------|--------------------|
| | R | R |
| Segment investment income | 187 186 623 | 86 584 323 |
| <i>Non-segment investment income</i> | | |
| Losses from financial assets at fair value through profit or loss | - | (285 555) |
| Interest income | 1 648 122 | 19 087 893 |
| Total investment income | 188 834 745 | 105 386 661 |
| Segment other income | 391 940 | 1 712 897 |
| Non-segment other income | 38 471 | 271 213 |
| Total income | 189 265 157 | 107 370 771 |
| Segment expenses | (371 572) | (3 657 641) |
| <i>Non-segment expenses</i> | (22 375 785) | (13 254 401) |
| Expenses | (22 747 357) | (16 912 042) |
| Total income before tax | 166 517 800 | 90 458 729 |

Reportable segment assets are reconciled to total assets as follows:

| | Feb-21 | Feb-20 |
|---|--------------------|--------------------|
| | R | R |
| Segment assets for reportable segments | 884 383 571 | 547 774 136 |
| Other financial assets at fair value through profit or loss | 2 214 446 | 2 214 445 |
| Other non-current assets | 4 041 260 | - |
| Other current assets | 35 041 154 | 121 189 695 |
| Total assets | 925 680 431 | 671 178 276 |
| Total liabilities | 61 604 373 | 24 569 432 |

4.7 BASIC AND HEADLINE EARNINGS PER SHARE

Basic and Diluted earnings per share

The calculation of basic and diluted earnings per ordinary share is based on earnings of R131 217 214 (2020: R69 988 958) and a weighted average number of shares in issue of 60 316 801 (2020: 53 592 090). The basic and diluted earnings per share is 218 cents (2020: 131 cents).

Headline and diluted headline earnings per share

The calculation of headline and diluted headline earnings per ordinary share is based on headline earnings of R131 217 214 (2020: R69 988 958) and a weighted average number of shares in issue of 60 316 801 (2020: 53 592 090). The headlines and diluted headline earnings per share is 218 cents (2020: 131 cents).

4.8 COMMITMENTS AND FINANCIAL SUPPORT

A summary of transactions for financial support are as follows –

2021

| Name of subsidiary | Nature of financial support | Purpose for financial assistance |
|--|------------------------------------|---|
| | Equity | |
| RH Financial Services Proprietary Limited | 52 500 000 | Expansion |
| RH Bophelo Operating Company Proprietary Limited | 108 964 343 | Expansion |

In the prior year, the Company provided a R3 million corporate guarantee on behalf of Wesmart in support of its cell captive agreement with Generic Insurance on actuarial losses. At year end underwriting losses are expected as the portfolio made a loss of R150 634. The loss will be settled by Wesmart from its existing resources.

4.9 GOING CONCERN

The Board has undertaken a detailed review of the going concern capability of the Company with reference to certain assumptions and plans underlying various internal cash flow forecasts.

The Board has not identified any events or conditions that individually or collectively cast significant doubt on the ability of the Company to continue as a going concern. To this end, the going concern assumption has been determined to be the appropriate basis for financial reporting as at 28 February 2021.

4.10 EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial reporting period on 28 February 2021, events have materialised that the directors wish to bring to the attention of all stakeholders.

- Refiloe Nkadimeng resigned as the Company's Board member and member of the Audit and Risk Committee effective from 8 March 2021.
- The company finalised an acquisition of an additional 5% of Genric Insurance for R9 million in April 2021.
- The company concluded the disposal of its interest in RH 12J Limited for R2,1 million, as the 12J tax incentive scheme for VCC had been discontinued in South Africa.

4.11 DIVIDENDS DECLARED

The board approved and declared a final gross dividend of 15 ZAR cents per share from income reserves for the year ended 28 February 2021 (2020: 0 ZAR cents per share).

The dividend is subject to a South African dividend withholding tax (DWT) rate of 20%, unless the shareholder is exempt from paying dividends tax or is entitled to a reduced rate in terms of the applicable double-tax agreement. Including DWT results in a net dividend of 12 ZAR cents (2020: 0 ZAR cents) per share. The number of issued ordinary shares is 64 699 423 at the date of this declaration. RHB's income tax reference number is 9729/758/160.

The salient dates of the dividend declaration are:

| | |
|--------------------------------|-------------------------|
| Declaration date | Monday, 31 May 2021 |
| Last day to trade cum dividend | Tuesday, 20 July 2021 |
| Trading ex-dividend commences | Wednesday, 21 July 2021 |
| Record date | Friday, 23 July 2021 |
| Date of payment | Monday, 26 July 2021 |

As the dividend has been declared and denominated in Rand, it will be paid (in Rand) into the bank accounts of shareholders appearing on the Computershare Investor Services Proprietary Limited register.

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 July 2021 and Friday, 23 July 2021, both days inclusive.

On behalf of the Board

Quinton Zunga
CEO

Dion Mhlaba
CFO

Johannesburg
31 May 2021

Registered Office

1st floor, 1 Melrose
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South Africa

Directors

Q Zunga (Chief executive officer)
KD Mhlaba (Chief financial officer)
VP Nomvalo (Executive director)
C Clarke (Executive director)
Dr. SG Motuba (Lead independent non-executive Director)
Dr. KR Ntshwana (Independent non-executive Director)
JR Oliphant (Non-executive chairman)
Dr. PD Sekete (Non-executive Director)
R Nkadimeng (Non-executive Director) – Resigned 8 March
2021
D Lerutla (Independent non-executive Director)
B Segooa (Independent non-executive Director)

Company Secretary

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