

SUMMARY ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2023

INTRODUCTION

The Board of Directors ("the Board") of the Company is pleased to present the summarised abridged results for the year ended 28 February 2023.

The Company is an investment entity that seeks to generate returns for its shareholders through various equity and quasi-equity investments in the healthcare, healthcare technology and financial services sector. 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, 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 decreased by 3,5% year on year, from R904 million to R872 million;
- Cash and cash equivalents have increased year on year, from a balance of R8 million in 2022 to R152 million;
- Borrowings increased to R102,5 million (prior year Nil), in order to improve the capital structure;
- Dividend income increased by 16,7% year on year, from R24 million to R28 million;
- The total investment loss for the year is R20 million. In 2022, the company generated total investment income of R88 million;
- The total loss before tax for the year is R45 million. In 2022, the Company generated an income before tax of R64 million;
- The total loss after tax for the year is R32 million. In 2022, the Company generated an income after tax of R53 million;
- The basic and diluted earnings per ordinary share decreased by 160,2%, to a loss of 49,8 cents per ordinary share (2022: 82,7 cents basic and diluted earnings per ordinary share);
- The headline and diluted headline earnings per ordinary share decreased by 160,2%, to a loss of 49,8 cents per ordinary share (2022: 82,7 cents headline and diluted headline earnings per ordinary share);
- Net asset value and tangible net asset value per ordinary share decreased by 3,6% to 1 347,5 cents per ordinary share (2022: 1 397,3 cents per ordinary share); and
- No dividends were declared during the reporting period for the "A" class ordinary shares and the "B" class share. In the prior reporting period, the Company declared a gross maiden dividend on "A" ordinary shares of ZAR 15 cents per "A" share, resulting in a total dividend declared of R9 703 695 and R3 900 000 was declared and paid in the prior period on the Company's B share.

CHANGES IN INVESTMENTS

During the year, the Company deployed capital of R14,8 million (2022: R20,7 million) towards its wholly-owned subsidiaries.

The amounts were allocated as follows:

- Investment in RH Bophelo Operating Company Proprietary Limited ("RHBO") – R13,2 million; and
- Investment in RH Bophelo Financial Services Proprietary Limited ("RHFS") – R 1,6 million.

RHBO allocated its capital to the following acquisitions and additional investments –

- The Company invested R2,5 million equity in Dorama Investments Proprietary Limited, a newly incorporated company which acquired the investments in Africa Healthcare Proprietary Limited. The investments consist of AHC Nursing College Proprietary Limited, Platinum Private Hospital Proprietary Limited, AHC Emergency Medical Services Proprietary Limited and Gerijo Emergency Medical Services Proprietary Limited. These investments were previously held as subsidiaries of Africa Healthcare.
- In addition, shareholder loans of R3,5 million were advanced to Vryburg Holdings Proprietary Limited ("Vryburg Private Hospital"). An amount of R300 000 was advanced to Fauchard Tandheelkundige Sentrum Proprietary Limited ("Fauchard Day Clinic"). The loans were given to support the investee companies.
- The balance of the investment was utilised for expenses and R1,6 million is held in an interest-bearing bank account.

RHFS deployed its capital as follows:

- Shareholder loans of R1,6 million were advanced to Wesmart Financial and Administration Solution Proprietary Limited ("Wesmart") to fund various operational requirements.

A disposal of an investment within the RHFS portfolio was concluded during the period under review. The disposal of the 30% shareholding in Genric Insurance Company Limited ("Genric") was concluded on 31 August 2022. The proceeds of R89,9 million and the interest of R591 000, were received at the conclusion of the transaction on 6 January 2023.

LOAN PROVIDED TO INVESTEE COMPANY

The Company provided a loan amounting to R14,1 million to Notamed Proprietary Limited to facilitate the expansion of RH Bell Clinic Proprietary Limited.

CHANGES IN DIRECTORATE AND COMPANY SECRETARY

During the year the following changes to the Directorate had taken place:

- Samson Moraba was appointed as an Independent Non-Executive Director on 27 June 2022.
- Dinao Lerutla and Dr Solomon Motuba resigned as an Independent Non-Executive Directors on 12 August 2022.

During the year the company initiated a review of all in its service providers and after an extensive process, the Board appointed Statucor Pty Ltd as its new company secretary effective 1 December 2022 after Corporate Vision Pty Ltd tendered its resignation and resigned effective 30 December 2022.

ABRIDGED ANNUAL FINANCIAL STATEMENTS

PREPARATION

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

The Board takes full responsibility for the preparation of this report and attest 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 been 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 warrant 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 unmodified auditor's independent audit report, including the Key Audit Matter, together with the accompanying complete annual financial statements from the Company's website <https://www.rhbophelo.co.za/investment/investors> and from the Company's registered office.

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023

	Notes	Audited Feb-23 R	Audited Feb-22 R
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	3.1	816 444 756	921 999 472
Loans to group companies	3.2	47 305 206	37 723 921
Property, plant and equipment		2 315 903	3 159 617
		<u>866 065 865</u>	<u>962 883 010</u>
Current assets			
Loans to group companies	3.2	911 380	5 256 398
Other receivables		575 766	444 890
Current tax receivable		-	19 562
Cash and cash equivalents		151 930 126	7 763 716
Financial assets held for sale	3.1	14 000 000	-
		<u>167 417 272</u>	<u>13 484 566</u>
Total assets		<u>1 033 483 137</u>	<u>976 367 576</u>
Equity and Liabilities			
Equity			
Share capital		633 589 672	633 589 672
Retained income		238 154 032	270 366 872
Total Equity		<u>871 743 704</u>	<u>903 956 544</u>
Non-current liabilities			
Lease liabilities		1 458 708	2 270 653
Deferred tax		56 400 257	68 796 855
		<u>57 858 965</u>	<u>71 067 508</u>
Current liabilities			
Lease liabilities		811 329	713 534
Borrowings	3.6	102 508 533	-
Trade and other payables		560 606	629 990
		<u>103 880 468</u>	<u>1 343 524</u>
Total liabilities		<u>161 739 433</u>	<u>72 411 032</u>
Total equity and liabilities		<u>1 033 483 137</u>	<u>976 367 576</u>

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
28 FEBRUARY 2023

	<i>Notes</i>	Audited Feb-23 R	Audited Feb-22 R
Investment income			
Interest income		7 427 288	5 826 678
Dividend income		28 126 826	24 071 536
(Losses)/Gains from financial assets at fair value through profit or loss	3.3	(55 623 405)	58 464 695
Total investment (loss)/income		(20 069 291)	88 362 909
Other income		4 242 350	1 872 316
Expenses			
Interest expense	3.6	(7 032 925)	-
Professional fees		(216 183)	(3 578 103)
Management fees		(4 068 122)	(4 520 532)
Other operating expenses		(17 465 267)	(17 704 107)
Total expenses	3.4	(28 782 497)	(25 802 742)
Total (loss)/income before tax		(44 609 438)	64 432 483
Income tax		12 396 598	(10 948 303)
Net (loss)/profit after tax		(32 212 840)	53 484 180
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(32 212 840)	53 484 180
Basic and diluted (loss)/earnings per ordinary share (cents)		(49,8)	82,7
Headline and diluted headline (loss)/earnings per ordinary share (cents)		(49,8)	82,7

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2023

	Share capital	Retained income	Total
Balance as at 01 March 2021	633 589 672	230 486 387	864 076 059
Total comprehensive income for the year	-	53 484 180	53 484 180
"A" Class ordinary dividend	-	(9 703 695)	(9 703 695)
"B" Class share dividend	-	(3 900 000)	(3 900 000)
Balance as at 01 March 2022	633 589 672	270 366 872	903 956 544
Total comprehensive loss for the year	-	(32 212 840)	(32 212 840)
Balance as at 28 February 2023	633 589 672	238 154 032	871 743 704

ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2023

		Audited Feb-23 R	Audited Feb-22 R
Cash flows from operating activities			
Cash generated from operations	3.5	14 806 917	3 761 752
Finance costs paid	3.6	(4 524 392)	-
Net cash generated from operating activities		10 282 525	3 761 752
Cash flows from investing activities			
Disposal of financial assets at fair value through profit and loss		61 500 000	2 130 183
Increase of financial assets at fair value through profit and loss		(13 359 640)	(22 858 882)
Loans to group companies repaid		773 080	4 527 992
Loans advanced to group companies		(14 083 596)	-
Purchase of property, plant and equipment		(45 584)	-
Net cash from/(used in) investing activities		34 784 260	(16 200 707)
Cash flows from financing activities			
Proceeds from borrowings	3.6	100 000 000	-
Payment on lease liabilities		(900 375)	(892 718)
"A" Class ordinary shares - dividends paid		-	(9 703 695)
"B" Class share - dividends paid		-	(3 900 000)
Net cash from/(used in) financing activities		99 099 625	(14 496 413)
Net increase/(decrease) in cash and cash equivalents		144 166 410	(26 935 368)
Cash and cash equivalents at the beginning of the year		7 763 716	34 699 084
Cash and cash equivalents at the end of the year		151 930 126	7 763 716

NOTES TO THE SUMMARISED ABRIDGED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The summary abridged financial results have been prepared 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 Listings Requirements, Rwanda Stock Exchange Listings Requirements, 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 for investments and loans to group companies which are measured at fair value. The results are presented in Rand, which is the Company's functional and presentation currency and the accounting policies applied in the preparation of these financial statements, are compliant with IFRS and consistent with prior year unless otherwise stated.

The accounting policies and methods of computation are consistent with those used in the full set of annual 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.

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 and its subsidiaries – 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 Limited as an investment entity measures its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*.

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 evaluate the performance of all its investments on a fair value basis.

Furthermore, the Company, its subsidiaries have more than one investment. The Company also has more than one investor and its investors are not related parties and in addition its investment interests are mainly in equity form across all its investments. The Company's approved investment policy documents the Company's exit strategy and 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. NOTES TO THE FINANCIAL STATEMENTS

3.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Feb-23	Feb-22
	R	R
Opening balance	921 999 472	842 778 946
Additions- acquired in shares	1 500 000	-
Additions - acquired in cash	13 359 640	22 858 882
Disposals*	(61 500 000)	(2 130 183)
Fair value (losses)/gains	(44 914 356)	58 491 827
Closing balance	830 444 756	921 999 472

Classification

Financial assets held for sale**	14 000 000	-
Non-current assets	816 444 756	921 999 472
	830 444 756	921 999 472

The Company's investments are primarily in unlisted entities that are operating in South Africa. The investments are measured at fair value through profit or loss. The investments under RHBO have been designated into healthcare investments portfolio and investments under RHFS have been designated into financial services investments portfolio.

*An investment in the RHFS portfolio was disposed of during the year under review, details of this disposal were announced on SENS on the 05 September 2022. The proceeds received from the disposal of Genric amounted to R89,9 million and interest of R591 000. These proceeds were distributed to the Company, after a tax payment of R7,1 million, as a R61,5 million capital distribution and a dividend of R20,5 million. The balance of R1,39 million was used to settle the loan to Genric of R600 000 and to pay expenses.

** The investment in Phelang Bonolo Healthcare Procurement and Management Proprietary Limited ("PBHPM") has been classified as held for sale as the Company accepted an offer from a third party to acquire PBHPM. The transaction is expected to be concluded during the 2023 calendar year.

Investments in unlisted equity instruments – reconciliation

2023				
	Opening balance	Additions/ (disposals)	Fair value changes	Closing balance
RHFS	86 331 368	(59 828 509)	(17 214 799)	9 288 060
RHBO*	835 668 104	13 188 149	(27 699 557)	821 156 696
	921 999 472	(46 640 360)	(44 914 356)	830 444 756
2022				
	Opening balance	Additions/ (disposals)	Fair value changes	Closing balance
RHFS	65 098 258	15 900 000	5 333 110	86 331 368
RHBO*	775 466 243	6 958 882	53 242 979	835 668 104
RH 12J	2 214 445	(2 130 183)	(84 262)	-
	842 778 946	20 728 699	58 491 827	921 999 472

*RHBO includes a deferred day 1 gain of R5,8 million recognised on loans provided to this entity. 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.

Investment portfolio - reconciliation of movements during the year

The table below has been provided as part of section 15 of the JSE Listings Requirements

2023 RHBO portfolio

Subsidiaries	Opening balance	Additions/ (disposals)	Fair value changes	Closing balance
Africa Healthcare	346 329 018	-	(53 790 353)	292 538 665
Vryburg Private Hospital	32 721 975	3 500 000	(591 389)	35 630 586
Medicare Private Hospital	200 925 000	-	20 391 462	221 316 462
RH Bell Clinic	13 194 804	-	4 451 184	17 645 988
Fauchard Clinic	17 410 218	300 000	(4 500 764)	13 209 454
Rondebosch Medical Centre	209 659 959	-	14 665 131	224 325 090
Dorama Investments	-	2 500 000	(2 499 999)	1
Indirect Associates				
PBHPM*	10 283 000	-	3 717 000	14 000 000
Locumbase	4 000 000	-	(3 242 667)	757 333
	834 523 974	6 300 000	(21 400 395)	819 423 579
Others	1 144 130	6 888 149	(6 299 162)	1 733 117
	835 668 104	13 188 149	(27 699 557)	821 156 696

2023 RHFS portfolio

Subsidiaries	Opening balance	Additions/ (disposals)	Fair value changes	Closing balance
Wesmart	7 030 349	1 750 000	511 463	9 291 812
Generic Insurance	79 399 999	(61 500 000)	(17 899 999)	-
Other	(98 980)	(78 509)	173 737	(3 752)
	86 331 368	(59 828 509)	(17 214 799)	9 288 060

*Phelang Bonolo Healthcare Procurement and Management Proprietary Limited (PBHPM) has been classified as held for sale.

The valuation of unlisted investments involves significant unobservable inputs which have a material impact on the recognised values for the Company's investments. The ranges (and absolute values) used for the key unobservable inputs are as follows –

Input	Range used (2023)	Range used (2022)
Capitalisation rate	10% to 12%	10% to 13,50%
TGR (Terminal Growth rate)	4,50% to 5%	4,50% to 5%
WACC* (Weighted Average Cost of Capital)	17,10% to 21,50%	18,40% to 21,50%
EBITDA** (Earnings before interest, taxation, depreciation and amortisation)	14% to 19%	12% to 14%
Market interest rate	10,25% to 13,25%	7% to 8%

*A risk adjustment factor is incorporated in the calculation of WACC for each investment, which factors in the planned growth projections and any market uncertainty.

**The disclosures relating to EBITDA are based on a five-year compounded annual growth rate and have been provided as part of the enhanced reporting on the sensitivity analysis for investments.

Sensitivity analysis – investments in unlisted equities

The table below reflects the potential effect of changes in significant unobservable inputs that are material to 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-23		Feb-22	
	Favourable changes (+)	Favourable changes (+)	Favourable changes (+)	Unfavourable changes (-)
Capitalisation rate (±50bps)	16 292 848	(14 869 783)	5 935 600	(5 682 382)
Terminal growth rate (±50bps)*	17 707 696	(16 542 788)	8 910 714	(9 142 534)
WACC (±50bps)	24 119 151	(22 530 655)	13 973 463	(14 010 709)
EBITDA (±250bps)	25 382 825	(25 633 307)	26 687 823	(27 231 222)
Total	83 502 520	(79 576 533)	55 507 600	(56 066 847)
Current fair value as at year end	830 444 756	830 444 756	921 999 472	921 999 472
Fair value after accounting for total effect of changes in inputs	913 947 276	750 868 223	977 507 072	865 932 625

**The sensitivity analysis relating to the terminal growth rate was applied on the combined terminal value for all investments of R618 115 281 (prior year: R486 315 555). The terminal value range used in 2023 was R9 million to R253 million and a range of R22,7 million to R188 million used in 2022. The terminal value range is only presented for significant assets as presented below.*

Summary of significant investments

The most significant investments (by value) held by the Company as at 28 February 2023 were as follows –

2023

Entity	Description	Economic interest	Fair value at year end (R)	Cost (R)	Proportion of net assets (R)***	WACC (Post-Tax)	Proportion of total investments	Income earned from investment (R)
Investments in subsidiaries*								
Africa Healthcare	Operates and owns hospitals	100%	292 538 665	122 500 000	52 465 414	18,10%	35%	-
Rondebosch Medical Centre****	Hospital services	100%	224 325 090	143 700 000	(44 801 292)	19,80%	27%	4 276 000
Medicare Hospital**	Hospital services and investment property	54%	221 316 462	123 500 000	71 585 584	17,10%	27%	3 650 000

Each of the investments listed here represents at least 5% of the total value of the investments at fair value through profit or loss.

Fair values of unlisted financial instruments are disclosed as level 3 in the fair value hierarchy since they have unobservable inputs and the valuation requires greater judgement and estimation in determining appropriate valuation assumptions and obtaining relevant and reliable inputs. The unobservable inputs applied do however reflect the assumptions that a market participant would apply when determining the pricing for the same assets.

*The discounted cash flow method is used to derive the enterprise value of each investment using reasonable assumptions that are supported by external, third-party inputs where applicable. Such inputs include market yields on corporate bonds, economic growth estimates provided by the SA Reserve Bank and estimations of inflation rates over the investment horizon. In deriving the enterprise value, judgement is applied in estimating future post-taxation cash flows and the terminal value (free cash flows available to the Company), and then discounting to the present value by applying an appropriate risk-adjusted rate that captures the risk inherent to the Company's projected WACC.

** The Company holds 54% in McGilliewie Proprietary Limited which is the operating company of Medicare Hospital and 50,1% in Magnacorp Proprietary Limited which is the property company.

***The net asset values of investee companies were obtained from unaudited financial statements.

****The negative net asset value is due to the effect of IFRS 16 – Leases.

3.2 LOANS TO GROUP COMPANIES

	Feb-23	Feb-22
	R	R
Opening balance	42 980 319	43 819 072
Additions*	14 083 596	
Repayments – received in cash**	(1 000 000)	(6 000 000)
Repayments – non-cash	(1 500 000)	-
Interest accrued	4 361 720	5 272 643
Fair value adjustment	(10 709 049)	(111 396)
Closing balance***	48 216 586	42 980 319
Classification		
Current assets	911 380	5 256 398
Non-current assets	47 305 206	37 723 921
	48 216 586	42 980 319

*In the current period the Company increased funding to Notamed by R14,1 million to enable the company to finance expansions.

**Loan repayments are first applied to an accrued interest outstanding; the balance is then applied to the outstanding loan balance as a capital repayment. In the current year R773 080 (2022: R4 527 992) was recognised as a capital cash repayment.

***Includes a day 1 deferred gain of R5,8 million recognised on loans provided to this entity. 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.

The classification between current and non-current assets is based on the expected date of settlement. Any amounts due within 12 months which are made up of any capital and interest are classified as current. The remainder is classified as non-current.

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.

Significant unobservable input	Feb-23		Feb-22	
	Favourable changes (-50bps)	Unfavourable changes (+50bps)	Favourable changes (-50bps)	Unfavourable changes (+50bps)
Market interest rate: SA prime rate	583 654	(576 019)	602 468	(592 527)
Current fair value as at year end	48 216 586	48 216 586	42 980 319	42 980 319
Fair value after accounting for total effect of changes in inputs	48 800 240	47 640 567	43 582 787	42 387 792

3.3 FAIR VALUE (LOSSES)/GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Feb-23	Feb-22
	R	R
Fair value (losses)/gains on financial assets at fair value through profit or loss	(44 914 356)	58 576 091*
Fair value losses on loans to group companies	(10 709 049)	(111 396)
	(55 623 405)	58 464 695

* The net gain is shown after offsetting a loss on disposal of RH12J of R84 262 against total fair value of R58 491 827 as shown in note 3.1.

3.4 TOTAL EXPENSES

Other operating expenses included the following:

Marketing and advertising	(352 839)	(835 871)
Depreciation – Property, plant & equipment	(125 937)	(118 282)
Depreciation – Right-of-use Asset	(763 361)	(763 361)
Listing fees	(755 089)	(745 315)
Management fees	(4 068 122)	(4 520 532)
Remuneration for Non-Executive Directors	(1 855 500)	(1 842 460)
Employment costs	(4 791 453)	(1 830 366)
Due diligence expenses	-	(447 334)
Financial reporting and audit fees	(3 870 909)	(1 586 532)
Professional services	(216 183)	(3 578 103)
Secretarial fees	(1 163 972)	(1 582 671)
Interest expense – lease liability	(186 225)	(237 147)
Donations*	(1 423 949)	(1 720 000)

**Donations mainly related to donations 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.*

3.5 CASH GENERATED FROM OPERATIONS

Total (loss)/income before taxation	(44 609 438)	64 432 483
Adjustments for:		
Depreciation	889 297	881 646
Losses/(Gains) from financial assets at fair value through profit or loss	55 623 405	(58 464 694)
Loss on disposal of financial assets	-	84 262
Interest expense	7 219 150	237 147
Interest not received in cash	(232 620)	-
Interest accrued on loans to group companies	(3 902 180)	(3 800 635)
Write-off of non-debtors	19 562	-
Changes in working capital:		
Other receivables	(130 876)	(122 384)
Other payables	(69 383)	513 927
	14 806 917	3 761 752

3.6 BORROWING

Held at amortised cost		
Borrowings	102 508 533	-
Reconciliation of movement in borrowings		
Opening balance	-	-
Additions	100 000 000	-
Interest accrued during the year	7 032 925	-
Finance costs paid	(4 524 392)	-
Closing balance	102 508 533	-

The Company entered into a loan agreement with Norsad Capital Limited for a total credit facility of R100 million. This was disbursed in two tranches R50 million on 13 July 2022 and R50 million on 06 December 2022. Interest is payable quarterly in arrears at a floating rate of 7,5% plus 3-month JIBAR.

The loan has been classified as current due to the breach on the profitability covenants. See note 3.6.

Due to the comprehensive loss generated during the year, the Company breached its profitability covenants (which affect the Debt Service Coverage Ratio and Debt/EBITDA clauses in the loan agreement) on the facility. The downward adjustment in profits was due mainly to the valuation of Africa Healthcare. Subsequent to the end of the financial period, the Company entered into negotiations with Norsad Capital Limited to waive the repayment obligations related to the covenant breaches. The waiver was granted. The Company has maintained a cash balance 48% in excess of the value of its exposure to Norsad Capital Limited which means that the Company will continue to meet its ongoing financial obligations as they fall due. The breach does not have an impact on the Company's ability to continue as a going concern.

3.7 SEGMENT REPORTING

	Healthcare segment R	Financial services segment R	Total R
2023 reconciliation			
Losses from financial assets at fair value through profit or loss	(38 408 606)	(17 214 799)	(55 623 405)
Interest income	4 361 720	-	4 361 720
Dividend income	7 650 000	20 476 826	28 126 826
Segment investment (loss)/income	(26 396 886)	3 262 027	(23 134 859)
Segment other income	3 501 241	741 109	4 242 350
	<u>(22 895 645)</u>	<u>4 003 136</u>	<u>(18 892 509)</u>
Total segment net (loss)/income	(22 895 645)	4 003 136	(18 892 509)
Segment assets			
Financial assets at fair value through profit or loss	821 156 696	9 288 060	830 444 756
Loans to group companies	48 216 586	-	48 216 586
Total segment assets	869 373 282	9 288 060	878 661 342
2022 reconciliation			
	Healthcare segment R	Financial services segment R	Total R
Gains from financial assets at fair value through profit or loss	53 131 584	5 333 111	58 464 695
Interest income	5 272 643	-	5 272 643
Dividend income	16 246 008	7 825 528	24 071 536
Segment investment income	74 650 235	13 158 639	87 808 874
Segment other income	1 440 493	431 823	1 872 316
Segment income	76 090 728	13 590 462	89 681 190
Segment expenses	(330 000)	-	(330 000)
Total segment net income	75 760 728	13 590 462	89 351 190
Segment assets			
Financial assets at fair value through profit or loss	835 668 103	86 331 369	921 999 472
Loans to group companies	42 980 319	-	42 980 319
Total segment assets	878 648 422	86 331 369	964 979 791

Reportable segment investments (losses)/income is reconciled to total (loss)/income before tax as follows:

	Feb-23	Feb-22
	R	R
Segment investment (loss)/income	(23 134 859)	87 808 874
<i>Non-segment investment income</i>		
Interest income	3 065 568	554 035
Total investment (loss)/income	(20 069 291)	88 362 909
Segment other income	4 242 350	1 872 316
Total (loss)/income	(15 826 941)	90 235 225
Segment expenses	-	(330 000)
<i>Non-segment expenses</i>		
Expenses	(28 782 497)	(25 802 742)
Total (loss)/income before tax	(44 609 438)	64 432 483

Reportable segment assets are reconciled to total assets as follows:

	Feb-23	Feb-22
	R	R
Segment assets for reportable segments	878 661 342	964 979 791
Other non-current assets	2 315 903	3 159 617
Other current assets	152 505 892	8 228 168
Total assets	1 033 483 137	976 367 576
Total liabilities	161 739 433	72 411 032

3.8 BASIC, DILUTED AND HEADLINE LOSSES PER ORDINARY SHARE

Basic and diluted (loss)/earnings per ordinary share

The calculation of basic and diluted loss per ordinary share is based on loss of R32 212 840 (2022: basic and diluted earnings of R53 484 180) and a weighted average number of shares in issue of 64 691 298 (2022: 64 691 298). The basic and diluted loss per ordinary share is 49,8 cents (2022: basic and diluted earnings per ordinary share 82,7 cents).

Headline and diluted headline (loss)/earnings per ordinary share

The calculation of headline and diluted headline loss per ordinary share is based on headline loss of R32 212 840 (2022: headline and diluted headline earnings of R53 484 180) and a weighted average number of shares in issue of 64 691 298 (2022: 64 691 298). The headline and diluted headline loss per ordinary share is 49,8 cents (2022: headline and diluted headline earnings per ordinary share 82,7 cents).

3.9 COMMITMENTS AND FINANCIAL SUPPORT

A summary of transactions for financial support are as follows –

2023

Name of subsidiary	Nature of financial support		Purpose for financial assistance
	Equity	Loan	
RH Financial Services Proprietary Limited	1 671 491	-	Expansion
RH Bophelo Operating Company Proprietary Limited	13 188 149	-	Expansion
Notamed Proprietary Limited	-	14 083 596	Expansion

3.10 GOING CONCERN

In accordance with the solvency and liquidity test set out in section 4 of the Companies Act, the Board is of the opinion that, after making enquiries, it has a reasonable expectation that the Company has sufficient resources to maintain its operational existence for the foreseeable future and that:

- The Company's assets fairly valued exceed its liabilities fairly valued.
- The Company maintains a strong net asset value position of R871 743 704 (2022: R903 956 543) and a net current asset position of R63 536 804 (2022: R12 141 041).
- The Company will be able to pay its debts as they become due in the ordinary course of business for the 12 months up to 29 February 2024.
- The Audit and Risk Committee considered the Company's going concern status in light of the new capital structure which included debt financing for the first time.
- During the course of the year, the Company concluded a financing arrangement with Norsad Capital Limited which provided the Company with access to a borrowing facility of R100 million. The facility was drawn down in two tranches of R50 million in July 2022 and December 2022.
- Due to the comprehensive loss generated during the year, the Company breached its profitability covenants (which affect the Debt Service Coverage Ratio and Debt/EBITDA clauses in the loan agreement) on this facility. The breach was due to the downward revision in the valuation of Africa Healthcare.
- Subsequent to the end of the financial period, Norsad Capital Limited granted the Company a waiver on the repayment conditions related to the covenant breach. The Company has maintained a cash balance 48% in excess of the value of its exposure to Norsad Capital Limited which means that the Company will continue to meet its ongoing financial obligations as they fall due.
- Negotiations relating to the general conditions of the loan agreement are still ongoing.
- Based on these initiatives relating to the Norsad Capital Limited facility, the directors believe that the Company's going concern status remains an appropriate basis for the preparation of its financial statements.

In addition to this assessment, the Company has undertaken the following activities and considered the following key factors in its assessment:

- The Board – through the Audit and Risk Committee – 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. This review involved the interrogation of key estimations and projects underpinning the valuation of the Company's listed and unlisted investments. The committee has indicated to the board that the processes and methodologies applied in the valuation process are adequate to be used as the basis for the Company's going concern assessment.
- The board also noted that during the period under review, the Covid-related National State of Disaster was abolished on the 4th of April 2022 which marked the end of 750 days of various levels of national

lockdowns. In the aftermath of that decision, the country has not experienced any spikes in infections that might suggest future lockdowns are imminent.

- The Company continues to monitor the government's actions for addressing possible future spikes in infections. This includes the various scenarios and health data alerts as published by the Department of Health and the World Health Organisation.
- At the beginning of 2022, the escalation of tensions in the Ukraine impacted the global economy in a manner that resulted in increased inflation across the globe and an escalating cost-of-living crisis. For South Africa, the events escalated an already fragile economic outlook and the increase in fuel prices in particular, dimmed the outlook for the local economy.
- The continuous escalation of loadshedding throughout the country remains a significant operational risk for the Company at large as continuous disruptions impact all of the Company's facilities. In order to address this risk, the Directors have approved a plan to provide all the Company's facilities with alternative energy solutions which will be rolled out throughout the course of the 2023 calendar year.
- The Committee has considered the ongoing impacts of these macro-economic fundamentals and is satisfied that their impact has been adequately incorporated into the Company's valuation methodology.
- Having assessed the variables and scenarios relating to external factors in addition to internal projections and cash flow forecasts, and the Company's ongoing negotiations relating to lender covenants, the directors have concluded that the going concern assumption remains the appropriate basis for preparing the financial statements of the Company.

3.11 EVENTS AFTER THE REPORTING PERIOD

The Company entered into a purchase agreement to acquire a 29% interest in Ambit Health Proprietary Limited for R1,075 million through its subsidiary RHBO on 01 March 2023.

The Company advanced a R6 million loan to Rondebosch Medical Centre Proprietary Limited ("RMC") through its subsidiary RHBO on 03 March 2023 at an interest rate of 15% per annum.

In light of the profitability covenants on the Norsad Capital Limited facility being breached due to the company's loss for the year, the company has entered into negotiations with Norsad Capital Limited to waive the repayment conditions on the loan. The waiver was granted. The company is also negotiating the collective covenants on the Norsad Capital Limited agreement to be more aligned with the company's business model. The negotiations are ongoing.

3.12 DIVIDENDS PAID

No dividends were declared during the reporting period. In the prior reporting period, The Company declared a gross maiden dividend on "A" ordinary shares of ZAR 15 cents per "A" share, resulting in the total dividend declared of R9 703 695 and R3 900 000 was declared and paid in the prior period on the B share.

3.13 RELATED PARTIES

The company related party transactions were entered into in the normal course of business, with full disclosure in the audited financial statements.



Quinton Zunga
CEO



Dion Mhlaba
CFO

Johannesburg
31 May 2023

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KD Mhlaba (Chief financial officer)
VP Nomvalo (Executive Director)
CW Clarke (Executive Director)
Dr. KR Ntshwana (Independent Non-Executive Director)
JR Oliphant (Non-Executive chairman)
Dr. PD Sekete (Non-Executive Director)
B Segooa (Independent Non-Executive Director)
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