

# **Lenmed Investments Limited and its subsidiaries**

**(Registration Number 1980/003108/06)**

**Consolidated Annual Financial Statements  
for the year ended 29 February 2024**

# Lenmed Investments Limited and its subsidiaries

(Registration Number 1980/003108/06)

Consolidated Annual Financial Statements for the year ended 29 February 2024

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## Company information

Country of incorporation  
South Africa

### Registered address

2nd Floor Fountainview House  
Constatia Office Park,  
Corner 14th Avenue and Hendrik Potgieter Road,  
Constantia Kloof, Johannesburg, 1709

### LEVEL OF ASSURANCE

These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

*These financial statements were:*

Prepared by: THS Miya CA(SA)

Supervised by: N Gany CA(SA)

# Lenmed Investments Limited and its subsidiaries

(Registration Number 1980/003108/06)

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## Directors' Responsibilities and Approval

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The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the consolidated statement of financial position, results of operations and business of the group, and explain the transactions and financial position of the business of the group at the end of the financial year. The consolidated annual financial statements are based upon appropriate accounting policies consistently applied throughout the group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the group will not be a going concern in the foreseeable future. The consolidated annual financial statements support the viability of the group.

The consolidated financial statements have been audited by the independent auditing firm, PKF Durban, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 5 to 6.

The consolidated annual financial statements set out on pages 7 to 57 which have been prepared on the going concern basis, were approved by the directors and were signed on 10 June 2024 on their behalf by:



Mr A Devchand  
Chief Executive Officer



Mr F J Meiring  
Chief Financial Officer

# Lenmed Investments Limited and its subsidiaries

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## Report of the Audit Committee

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Report of the Audit Committee in terms of section 94(7)(f) of the Companies Act

The committee met on five occasions to carry out its function for the financial year and held further discussions with the external and internal auditors and management. Based on the information supplied at those meetings, the Audit Committee has no reason to believe that there were any material failures or breakdowns in the accounting practices and the system design and effectiveness of internal financial controls during the year.

The committee also satisfied itself on the independence of the external auditors and that they were properly appointed in terms of the Companies Act.

The committee reviewed the consolidated annual financial statements as well as the significant judgements and reporting decisions with the assurance providers and management and came to the conclusions that:

- The going concern basis of reporting is appropriate.
- The consolidated annual financial statements comply in all material respects with statutory and International Financial Reporting Standards disclosure requirements.
- The consolidated annual financial statements should be approved by the board and circulated to shareholders.



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Mr V E Firman CA(SA)

Chairman of the Audit Committee

10 June 2024

# Lenmed Investments Limited and its subsidiaries

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Consolidated Annual Financial Statements for the year ended 29 February 2024

## Statement of Compliance by the Company Secretary

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I hereby certify, in my capacity as company secretary of Lenmed Investments Limited and its subsidiaries, that for the financial year ended 29 February 2024, the company has filed all required returns and notices in terms of the Companies Act of South Africa, with the Companies and Intellectual Property Commission and that all such returns and notices appear to the best of my knowledge and believe to be true, correct and up to date.



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W.R. Somerville

Company Secretary

10 June 2024

## Independent Auditor's Report

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To the Shareholders of Lenmed Investments Limited and its subsidiaries

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Lenmed Investments Limited and its subsidiaries (the group ) set out on pages 10 to 57, which comprise the consolidated statement of financial position as at 29 February 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Lenmed Investments Limited and its subsidiaries as at 29 February 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Lenmed Investments Limited and its subsidiaries Consolidated Financial Statements for the year ended 29 February 2024" and in the document titled "Lenmed Investments Limited Separate Annual Financial Statements for the year ended 29 February 2024", which includes the Directors' Report, the Certificate by the Company Secretary, and the Report of the Audit Committee as required by the Companies Act of South Africa, which we obtained prior to the date of this report and the document titled "Lenmed Investments Limited Annual Integrated Report 2024" which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Durban has been the auditor of Lenmed Investments Limited for 16 years.



**PKF Durban**

**Partner: R.C. Boule**

**Registered Auditor**

**Durban**

**Date: 11-06-2024**

# Lenmed Investments Limited and its subsidiaries

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Consolidated Annual Financial Statements for the year ended 29 February 2024

## Directors' Report

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The directors present their report for the year ended 29 February 2024.

### 1. Review of activities

#### Main business and operations

The principal activities of the Group during the year were the provision of private patient health care, through management and ownership of hospitals and other related health care services. There were no major changes in the nature of the business during the year under review.

The operating results and consolidated statement of financial position of the group are fully set out in the attached financial statements and further amplified in this report.

### 2. Group Financial Results

The Group's earnings before interest, taxation, depreciation and amortisation (EBITDA) amounted to R677.216 million (2023: R635.001 million).

Group's profit before taxation for the year amounted to R297.252 million (2023: R345.956 million) before taking into account taxation of R73.342 million (2023: R85.363 million), resulting in profit after taxation for the year of R223.910 million (2023: R260.593 million).

The results of the Group are set out in the attached consolidated annual financial statements. The separate annual financial statements of the company are presented apart from the consolidated annual financial statements and were approved by the directors on 10 June 2024, the same date as the consolidated annual financial statements. The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards.

### 3. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

### 4. Borrowings

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

The directors did not exceed any authorised levels of borrowings as required in the Memorandum of incorporation or the Companies Act during the year under review.

### 5. Dividend

A final gross cash dividend of 4.22 cents per share was declared by the Board on 25 May 2023 from profits accrued during the financial year ended 28 February 2023. The total cash dividend declared amounted to 4.22 cents per share. The dividend was paid on 6 July 2023 to shareholders who were on the register on 30 June 2023. This final dividend paid to shareholders amounted to R29.942 million.



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## Directors' Report

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The company's dividend policy remained unchanged during the year:

- a. A dividend of no less than 10% of headline earnings attributable to Lenmed shareholders will be declared annually.
- b. Basis of dividend:
  - Only a final dividend will be declared and no interim dividend is to be paid.
  - The final dividend will be declared after the board has approved the audited consolidated annual financial statements for the year - normally in May or June in respect of the February financial year-end.
  - Payment of the dividend will be made by EFT, prior to the Annual General Meeting, which is usually held in August.
  - The declaration and payment of the dividend is subject to the Board completing the solvency and liquidity tests required in terms of Section 4 of the Companies Act and the approval of Lenmed's bankers in accordance with the debt funding terms and conditions.
- c. The Dividend policy shall be reviewed at least annually.

### Headline earnings

Headline earnings are determined in accordance with the Headline Earnings Circular issued by the South African Institute of Chartered Accountants from time to time and effective as at year end.

## 6. Directors

The directors of the company during the year and up to the date of this report are as follows:

Mr P Devchand	Executive Chairman
Mr A Devchand	Executive Director and Chief Executive Officer
Mr F J Meiring	Executive Director and Chief Financial Officer
Mr M G Meehan	Lead independent non-executive Director
Mr V E Firman	Independent non-executive Director
Ms B Harie	Independent non-executive Director
Ms N V Simamane	Independent non-executive Director
Dr G Goolab	Independent non-executive Director
Prof B D Goolab	Non-executive Director

## 7. Acquisition of business

During the current year, the Group acquired two businesses:

- The Group acquired 100% of MooiMed Operating Company (Pty) Ltd ("MooiMed"), an 87 bed acute private hospital in Potchefstroom effective 1 October 2023. This aligns with our strategies of growth and diversification across geographies. It is our second acquisition in the North West province of South Africa.
- The Group acquired 60% in Beira Private Hospital Limitada in the town of Beira in Mozambique effective 15 March 2023 . The hospital comprises a 60-bed facility and an outpatient clinic. The acquisition of this stake aligns with our strategy of expanding our group's footprint in Mozambique. With this acquisition, we are confident that we can enhance our presence in the healthcare sector in Mozambique and provide quality healthcare services.

## 8. Company Secretary

The group's designated company secretary is Mr. W.R. Somerville.

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## Directors' Report

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### 9. Independent auditors

PKF Durban, Registered Auditors, will continue in office as external auditors of the company in accordance with section 90(1) of the Companies Act of South Africa, subject to shareholder approval at the upcoming Annual General Meeting. R.C. Boulle will be the individual registered auditor who will undertake the audit.

### 10. Events after reporting date

All events subsequent to the date of the consolidated annual financial statements and for which International Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed.

The Group concluded the refinancing of its debt facilities with effect of 12 March 2024. In addition to extending the tenure of the facilities, Lenmed increased the facility amount, creating additional capacity to fund our ongoing growth strategy. The terms of the R2.5 billion debt package are:

- A term loan of R1.7 billion with a 5-year maturity and at an interest rate of 2.15% over 3-month Jibar
- A revolving credit facility of R550 million with a 5-year maturity and at an interest rate of 2.10% over 3-month Jibar
- General banking facilities of R250 million, annually renewable and at interest rate of prime less 2%;
- Original lenders include RMB, Absa, Ashburton and the IFC

### 11. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 12. Special resolutions

The following special resolutions were passed during the course of the year at the annual general meeting of shareholders:

- Approval of financial assistance in terms of section 44 and 45 of the Companies Act.
- Non-executive director fees for the 12 months following the annual general meeting.
- General authority to approve the acquisition of shares in the company.

# Lenmed Investments Limited and its subsidiaries

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Consolidated Annual Financial Statements for the year ended 29 February 2024

## Statement of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Group 2024	Group 2023
Revenue	4	4,669,628	3,972,201
Cost of sales		(1,458,762)	(1,224,669)
<b>Gross profit</b>		<b>3,210,866</b>	<b>2,747,532</b>
Other income	5	218,326	150,757
Expected credit losses raised	17.2	(105,089)	(84,691)
Operating costs	5	(2,843,526)	(2,340,119)
<b>Profit / (loss) from operating activities</b>	5	<b>480,577</b>	<b>473,479</b>
Interest income	6	13,220	11,136
Finance costs	7	(196,714)	(141,328)
Share of profit from equity accounted investments		169	2,669
<b>Profit / (loss) before tax</b>		<b>297,252</b>	<b>345,956</b>
Income tax expense	8	(73,342)	(85,363)
<b>Profit / (loss) for the year</b>		<b>223,910</b>	<b>260,593</b>
<b>Profit / (loss) for the year attributable to:</b>			
Owners of Parent		189,129	212,297
Non-controlling interest		34,781	48,296
		<b>223,910</b>	<b>260,593</b>
<b>Other comprehensive income</b>			
<b>Profit for the year</b>		<b>223,910</b>	<b>260,593</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve		29,214	104,036
Cash flow hedging reserve for interest rate hedging instrument		-	3,139
<b>Total other comprehensive income</b>		<b>29,214</b>	<b>107,175</b>
<b>Total comprehensive income</b>		<b>253,124</b>	<b>367,768</b>
<b>Total comprehensive income attributable to:</b>			
Owners of parent		213,094	318,106
Non-controlling interests		40,030	49,662
		<b>253,124</b>	<b>367,768</b>
<b>Earnings per share attributable to owners of the parent during the year</b>			
Basic and diluted earnings per share (cents)	9	26.66	29.92

# Lenmed Investments Limited and its subsidiaries

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Consolidated Annual Financial Statements for the year ended 29 February 2024

## Statements of Financial Position

Figures in R `000	Notes	Group 2024	Group 2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	3,635,557	3,185,853
Right-of-use assets	14	239,043	180,960
Goodwill	10	547,126	546,895
Intangible assets	12	42 803	37,675
Investments in associates	13	12,742	12,573
Deferred tax assets	15	96,482	73,272
		<b>4,573,753</b>	<b>4,037,228</b>
<b>Current assets</b>			
Inventories	16	119,064	98,643
Trade and other receivables	17	1,165,964	1,065,377
Current tax assets		4,392	-
Cash and cash equivalents	18	283,546	310,512
		<b>1,572,966</b>	<b>1,474,532</b>
<b>Total assets</b>		<b>6,146,719</b>	<b>5,511,760</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	19	426,006	426,006
Accumulated profits		1,943,507	1,784,320
Other reserves	20	290,816	266,851
Non-controlling interests		382,692	309,298
<b>Total equity</b>		<b>3,043,021</b>	<b>2,786,475</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	15	251,063	237,145
Lease liabilities	14	272,482	212,849
Long-term liabilities	21	1,094,918	1,470,599
Loans from non-controlling interests	22	25,421	23,206
		<b>1,643,884</b>	<b>1,943,799</b>
<b>Current liabilities</b>			
Provisions	24	128,537	127,910
Trade and other payables	23	613,417	507,269
Current tax liabilities		-	2,015
Current portion of lease liabilities	14	16,767	12,599
Current portion of long-term liabilities	21	606,228	103,288
Loans from non-controlling interests	22	9,242	6,925
Bank overdraft	18	85,623	21,480
		<b>1,459,814</b>	<b>781,487</b>
<b>Total equity and liabilities</b>		<b>6,146,719</b>	<b>5,511,760</b>

# Lenmed Investments Limited and its subsidiaries

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## Statements of Cash Flows

Figures in R `000	Notes	Group 2024	Group 2023
<b>Cash flows from operations</b>			
<b>Profit for the year</b>		<b>223,910</b>	<b>260,593</b>
Income tax		73,342	85,363
Interest income		(13,220)	(11,136)
Finance costs		196,714	141,328
Depreciation and amortisation		196,639	161,522
Income from associates		(169)	(2,669)
Bargain purchase		(12,543)	-
Loss on disposal of plant and equipment		(864)	690
<b>Working capital changes:</b>			
Increase in inventories		(10,045)	(3,448)
Increase in trade and other receivables		(58,318)	(148,305)
Increase in trade and other payables		41,223	51,654
<b>Net cash flows from operations</b>		<b>636,669</b>	<b>535,592</b>
<b>Net cash flows from investing activities</b>			
Finance costs		(191,609)	(139,431)
Interest income		13,222	11,136
Income taxes paid	25.1	(89,636)	(64,989)
<b>Net cash flows from operating activities</b>		<b>368,646</b>	<b>342,308</b>
<b>Cash flows used in investing activities</b>			
Cash flows used in obtaining control of subsidiaries or other businesses	28.2	(163,639)	(419,438)
Proceeds from sales of property, plant and equipment		20,905	10,326
Purchase of property, plant and equipment		(329,021)	(161,283)
- to maintain operating capacity		(298,237)	(143,529)
- to expand operating capacity		(79,848)	(39,162)
- instalment sale agreements (non-cash)		49,064	21,408
Purchase of intangible assets		(20,568)	(17,419)
<b>Cash flows used in investing activities</b>		<b>(492,323)</b>	<b>(587,814)</b>
<b>Cash flows from financing activities</b>			
Loans advanced	25.2	168,076	600,000
Loans repaid	25.2	(90,399)	(208,246)
Lease liabilities	14.3	(16,394)	(8,264)
Dividend paid to non-controlling interests		(6,168)	(4,302)
Dividends paid to shareholders		(29,942)	(24,834)
<b>Cash flows from financing activities</b>		<b>25,173</b>	<b>354,354</b>
<b>Net (decrease) / increase in cash and cash equivalents before effect of exchange rate changes</b>		<b>(98,504)</b>	<b>108,848</b>
Effect of exchange rate changes on cash and cash equivalents		7,394	18,065
Cash and cash equivalents at beginning of the year		289,032	162,119
<b>Cash and cash equivalents at end of the year</b>	<b>18</b>	<b>197,922</b>	<b>289,032</b>

# Lenmed Investments Limited and its subsidiaries

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## Statements of Changes in Equity

Figures in R `000	Stated capital	Foreign currency translation reserve	Cash flow hedging reserve	Accumulated profits	Attributable to owners of the parent	Non-controlling interests	Total
<b>Balance at 1 March 2022</b>	426,006	164,181	(3,139)	1,596,857	2,183,905	244,563	2,428,468
Profit for the year	-	-	-	212,297	212,297	48,296	260,593
Other comprehensive income/(loss)	-	102,670	3,139	-	105,809	1,366	107,175
Dividend recognised as distributions to shareholders	-	-	-	(24,834)	(24,834)	-	(24,834)
Dividends paid to non-controlling interests	-	-	-	-	-	(4,367)	(4,367)
Acquisition of MMHS	-	-	-	-	-	19,440	19,440
<b>Balance at 1 March 2023</b>	426,006	266,851	-	1,784,320	2,477,177	309,298	2,786,475
Profit for the year	-	-	-	189,129	189,129	34,781	223,910
Other comprehensive income	-	23,965	-	-	23,965	5,249	29,214
Dividend recognised as distributions to shareholders	-	-	-	(29,942)	(29,942)	-	(29,942)
Dividends paid to non-controlling interest	-	-	-	-	-	(6,121)	(6,121)
Acquisition of Beira	-	-	-	-	-	39,485	39,485
<b>Balance at 29 February 2024</b>	<b>426,006</b>	<b>290,816</b>	<b>0</b>	<b>1,943,507</b>	<b>2,660,329</b>	<b>382,692</b>	<b>3,043,021</b>
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# Lenmed Investments Limited and its subsidiaries

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Consolidated Annual Financial Statements for the year ended 29 February 2024

## Accounting Policies

### 1. Basis of preparation and summary of material accounting policies

These consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the IFRS Interpretations issued by the IFRS Interpretations Committee (IFRS IC), comply with SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Announcements issued by the Financial Reporting Standards Council and the Companies Act of South Africa. These policies have been consistently applied to all years presented, unless otherwise stated. They have been prepared on the historical cost basis, unless otherwise stated. The principal accounting policies incorporated are listed below.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and critical estimates made in the preparation of these consolidated annual financial statements are disclosed in note 2.

The financial statements are presented in South African Rand (R), the functional currency of the Group and all amounts are rounded to the nearest thousand, except where otherwise indicated. Foreign currency exchange rates used in the preparation of converting into Rands are set out below:

	29/02/2024				28/02/2023		
	BWP Pula	USD Dollar	MZN		BWP Pula	USD Dollar	MZN
Closing rate	R 1.41	R 19.23	R 0.30		R 1.37	R 17.89	R 0.29
Average rate	R 1.40	R 18.69	R 0.30		R 1.33	R 16.71	R 0.26

#### 1.1 Basis of consolidation

These financial statements are consolidated annual financial statements of Lenmed Investments Limited and its subsidiaries and associates. Control is achieved when the Group has powers over the investee, is exposed or has rights to variable returns from its investment with the investee and has the ability to use its power to affect its returns. If facts and circumstances indicate that there are changes to one or more elements of control, the Group shall reassess whether it controls the investee.

#### Subsidiaries

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets transferred, shares issued or liabilities assumed at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiaries acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

# Lenmed Investments Limited and its subsidiaries

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## Accounting Policies

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### *Basis of preparation and summary of material accounting policies continued...*

Non-controlling interests in subsidiaries are presented in the consolidated statement of financial position separately from the equity attributable to equity owners of the parent company. Non-controlling shareholders' interest may initially be measured at fair value or the non-controlling shareholders' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on each acquisition individually. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling having a deficit balance.

### **Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognised at cost and adjusted for the Group's share in the net assets of the investee after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses.

### **1.2 Revenue from contracts with customers**

Revenue for hospital and related services rendered and medical consumables sold in the ordinary course of business is recognised at the consideration received or expected to be received for providing the services or goods specified in the contract with the patient net of indirect taxes and trade discounts.

Revenue is categorised into tariff and non-tariff revenue. Tariff revenue is from accommodation, equipment rental, theatre fees, professional and ward fees and is recognised over time when the service is rendered. Non-tariff revenue is from ethicals and medical consumables and is recognised at a point in time when consumed. Invoices raised are payable on presentation.

### **1.3 Other income**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group provides management services for healthcare auxiliary operations. These services encompass a range of administrative and operational support functions. The management fees are based on the terms specified in the service agreements.

Dividends are recognised when the shareholders' right to receive payment is established.

Interest received is recognised on a time proportion basis, taking account of the principal amount outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Gains or losses on foreign currency translations of foreign subsidiary loans are recognised in profit and loss, where the loans do not form part of the net investment in the foreign operations, and in other comprehensive income when it does form part of the net investment.

### **1.4 Cost of sales**

Cost of sales includes all costs of purchase. Inventory write-downs are included in cost of sales when recognised. Trade discounts and similar costs are deducted in determining the costs of purchases. Where the Group employs doctors and recognises revenue on their professional services rendered, the cost of employing these doctors is recognised as a cost of sale.

### **1.5 Inventories**

Inventory is stated at the lower of cost or net realisable value on a weighted average basis. Cost comprises all costs of purchase and other costs which are incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.



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## Accounting Policies

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### *Basis of preparation and summary of material accounting policies continued...*

#### 1.6 Tax

##### *Current tax*

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the reporting date.

##### *Deferred tax*

Deferred tax is provided on the liability method and is computed as the difference between the tax base and carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences as well as unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. The probability of taxable profits are calculated based on business plans which includes estimates and assumptions regarding economic growth, interest and competitive forecasts. The carrying amount of the deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit.

#### 1.7 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less), leases of low value assets and variable lease payments that do not depend on an index or rate. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments; and
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed;
- The lease payments change due to changes in an index or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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## Accounting Policies

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### *Basis of preparation and summary of material accounting policies continued...*

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term (ranging between 1 and 19 years) and useful life of the underlying asset (see note 1.9). If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation is recorded from the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

### **1.8 Goodwill**

Goodwill on acquisitions comprises the excess of the aggregate of the fair value of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree over the net identifiable assets acquired and liabilities assumed at acquisition date.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in profit and loss on acquisition date.

### **1.9 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost including any costs directly attributable to bringing the assets to the location and conditions necessary for them to be fully operational and, subsequently less accumulated depreciation and any impairment losses.

The residual value represents the best estimate of the current recoverable amount of the asset at the end of its useful life.

Property, plant and equipment is depreciated to estimated residual value on a straight line basis over the asset's expected useful lives. Land is not depreciated.

The following are the current estimated useful lives:

Land	Indefinite
Buildings	50 years
Leasehold improvements	Written off over the period of lease
Plant & Equipment	5-20 years
Motor vehicles	5 years
Computer Equipment	3-8 years
Office Equipment	5-20 years
Furniture & Fittings	5-20 years

Gains or losses on disposal of assets are calculated as the fair value of the consideration received less the carrying amount at the date of sale and are recognised in profit and loss.

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## Accounting Policies

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### *Basis of preparation and summary of material accounting policies continued...*

#### **1.10 Impairment of a non-financial asset**

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated as the higher of the net selling price and value-in-use. For goodwill and intangible assets that have an indefinite useful life the recoverable amount is tested for impairment at least annually.

In assessing value-in-use, the expected future cash flows are discounted to present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses and reversals of impairment losses are separately disclosed in profit and loss.

A previously recognised impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. An impairment loss in respect of goodwill is not reversed.

#### **1.11 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and when a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflect current market assumptions of the time value of money and are risk specific where appropriate.

#### **1.12 Employee benefits**

##### *Short-term employee benefits*

The cost of all short-term benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay as a result of the employees' services provided during the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

The expected cost of profit-sharing and bonus payments is recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

##### *Retirement benefits*

The Group contribute to defined contribution funds on behalf of its employees. Contributions are charged against profit or loss as incurred.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- As a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- As an expense, except where the amount is allowed as an inclusion in the cost of an asset.

#### **1.13 Financial instruments**

The Group classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

# Lenmed Investments Limited and its subsidiaries

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## Accounting Policies

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### *Basis of preparation and summary of material accounting policies continued...*

Financial instruments are recognised in the statement of financial position at fair value when the Group becomes a party to the contractual provisions of the instrument. Direct transaction costs are included in the initial carrying value of the financial instrument except in the case of financial instruments classified at fair value through profit and loss, in which case the transaction costs are expensed as they are incurred.

The Group has divided its financial instruments into the classes based on the manner in which the financial instruments are managed and reported on for internal management purposes.

### *Cash and cash equivalents*

Cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost. In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents.

### *Working capital balances*

These include trade and other receivables and trade and other payables which arise in the normal course of the Group's business.

The constituents of the above classes of financial instruments are measured as follows:

### *Trade and other receivables*

Trade receivables are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest rate method and reduced by impairment losses.

The Group recognises lifetime Expected Credit Losses "ECL" for trade and other receivables. Under the simplified approach, the loss allowance is calculated over the lifetime of the asset. Trade receivables is disaggregated into major categories and the credit risk is assessed for each category. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Loss allowances are reviewed at the end of each reporting period.

Subsequent recoveries of amounts previously written off are recognised in profit and loss.

### *Trade and other payables*

Trade and loans payables are initially measured at fair value and subsequently measured at their amortised cost using the effective interest rate method.

### *Hedge accounting*

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- The hedging relationship consists only of eligible hedging instruments and eligible hedged items.
- At the inception of the hedge there is a formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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## Accounting Policies

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### *Basis of preparation and summary of material accounting policies continued...*

#### *Cash flow hedges*

The effective part of hedging instruments designated as a hedge of the variability in cash flows of interest rate risk arising from fixed interest rate swaps are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The Group used this contract to fix the cost of debt on some long term loans. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within finance expense or finance income.

#### *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings as interest.

### **1.14 Intangible assets**

Intangible assets are initially recognised at cost and subsequently less accumulated amortisation and any impairment losses.

Intangible assets are considered for impairment if there is any reason to believe that impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger cash-generating unit, the viability of the unit.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and remaining useful lives are reviewed at least annually. The estimation of the useful lives of intangible assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets but they are tested for impairment annually.

Management agreement acquired as part of a business combination are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over the remaining period of the agreement. In other words, they have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The assumptions regarding estimated useful lives were as follows:

Computer software	5 years
Management agreement	61 months
Hospital licences	Indefinite

### **1.15 Contingencies and commitments**

Contingent liabilities are a possible obligation whose existence will be confirmed by a future event or a present obligation which cannot be recognised because the probability of an outflow is remote or the amount cannot be measured reliably. Items are classified as commitments where the Group commits itself to future transactions, particularly in the acquisition of property, plant and equipment. Contingent liabilities are not recognised.

# Lenmed Investments Limited and its subsidiaries

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## Accounting Policies

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### *Basis of preparation and summary of material accounting policies continued...*

#### **1.16 Share incentive scheme**

The Group operates a cash-settled share incentive scheme, under which it receives services from employees as consideration for cash with the fair value of the employee services received being measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

#### **1.17 Foreign currency translation**

Items included in the financial results of each entity are translated using the functional currency of that entity.

##### *Foreign currency transactions*

Income and expenditure transactions are translated into the functional currency of the entity at the rate of exchange ruling at the transaction date. Monetary assets and liabilities are translated into the functional currency of the entity at the rate of the exchange ruling at the reporting date. Foreign exchange gains or losses resulting from the translation and settlement of monetary assets and liabilities are charged to profit or loss, except when they relate to cash flow hedging activities in which case these gains or losses are recognised in other comprehensive income and included in the cash flow hedge accounting reserve in equity.

##### *Foreign operations*

The financial results of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year. All assets and liabilities, including fair value adjustments arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognised in other comprehensive income and included in the foreign currency translation reserve in equity.

On consolidation, differences arising from the translation of the net investment in a foreign operation are recognised in other comprehensive income and included in the foreign currency translation reserve in equity.

On disposal of part or all of the investment, the proportionate share of the related cumulative gains or losses previously recognised in the foreign currency translation reserve in equity are included in determining the profit or loss on disposal of that investment charged to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at each reporting date.

#### **1.18 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of outstanding shares during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the dilutive effect of all share options granted to employees.

#### **1.19 Headline earnings per share**

Headline earnings per share are calculated on the headline earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. Headline earnings are determined in accordance with the Headline Earnings Circular issued by the South African Institute of Chartered Accountants from time to time and effective as at year end.

# Lenmed Investments Limited and its subsidiaries

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## Accounting Policies

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### 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Key sources of estimation uncertainty*

##### 2.1 *Deferred tax*

A deferred tax asset is recognised on unused tax losses adjusted for the current year to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The Group considered the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses can be utilised:

- Whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which will result in taxable amounts against which the unused tax losses can be utilised;
- Whether it is probable that the entity will have taxable profits before the unused tax losses expire; and
- Whether the unused tax losses result from identifiable causes which are unlikely to recur.

To the extent that it is not probable that taxable profits will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. To determine the probability that taxable profit will be available against which the unused tax losses can be utilised, the Group has reviewed its forecasts for the foreseeable future and compared that to its total tax losses.

##### 2.2 *Financial instruments*

###### *Impairment of financial assets*

The Group recognises lifetime Expected Credit Loss (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking factors that could affect the ability of the debtor in settling their debts.

##### 2.3 *Determination of lease terms for determining lease liability*

The lease arrangements which one of the Group's subsidiaries is a party to, contain renewal clauses which depend on the future performance of the subsidiary at that location. In determining whether the subsidiary will exercise its renewal option, management makes judgements on whether the subsidiary is likely to meet the financial conditions required in order to extend the lease term.

##### 2.4 *Residual values and useful lives of items of property, plant and equipment*

###### *Buildings*

The Group's estimate of the useful life of buildings is 50 years due to the specialised nature of the buildings. The residual value of buildings is determined by management taking into account significant judgements applied to various factors and external information available.

###### *Plant and equipment*

Due to the specialised nature of the Group's plant and equipment, the residual value attached to these assets has been estimated to be nil with useful lives of between 3 and 20 years.

##### 2.5 *Goodwill*

Goodwill is tested for impairment at each statement of financial position date. The recoverable amounts of cash-generating units have been estimated based on value-in-use calculations.

# Lenmed Investments Limited and its subsidiaries

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## Accounting Policies

### *Critical accounting estimates and judgements continued...*

#### 2.6 Share-based payments

The fair value is calculated using the Black Scholes option pricing model.

#### 3. New standards and interpretations

##### **New standards and interpretations not yet adopted**

The following standards and interpretations were in issue but not yet effective.

Standard	Financial year applicable to Lenmed	Expected impact
Supplier finance arrangements - amendment to IFRS 7 Financial Instruments: Disclosures	28 February 2025	Unlikely to be material
Lease liability in a sale and leaseback - amendment to IFRS 16 Leases	28 February 2025	Unlikely to be material
Introduces three sets of new requirements to improve companies' reporting of financial performance - new IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements	28 February 2028	Impact not yet assessed
Allows for the use of IFRS Accounting Standards with reduced disclosures - new IFRS 19 Subsidiaries without Public Accountability: Disclosures	28 February 2028	Impact not yet assessed
Classification of liabilities as current or non current and non-current liabilities with covenants - amendments to IAS 1 Presentation of Financial Statements	28 February 2025	Unlikely to be material
Supplier finance arrangements - amendment to IAS 7 Statement of Cash Flows	28 February 2025	Unlikely to be material
Lack of exchangeability - amendment to IAS 21 The Effects Changes in Foreign Exchange Rates	28 February 2026	Unlikely to be material

##### **Standards and interpretations effective and adopted in the current year**

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year:

Standard	Financial year applicable to Lenmed	Expected impact
Creates one accounting model for all insurance contracts - new IFRS 17 insurance contracts	29 February 2024	Not material
Disclosure of accounting policies - amendment to IAS 1 Presentation of Financial Statements	29 February 2024	Not material
Definition of accounting estimates - amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	29 February 2024	Not material
Deferred tax related to assets and liabilities arising from a single transaction and international tax reform - pillar two model rules - amendments to IAS 12 Income taxes.	29 February 2024	Not material



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## Notes to the Consolidated Financial Statements

Figures in R `000	Group 2024	Group 2023
<b>4. Revenue</b>		
An analysis of revenue is as follows:		
<i><b>Private healthcare services</b></i>		
Non-tariff	1,778,796	1,269,620
Tariff	2,890,832	2,702,581
<b>Total revenue</b>	<b>4,669,628</b>	<b>3,972,201</b>
There were no outstanding performance obligations at year end.		
<b>5. Profit before interest and taxation</b>		
<i>Income</i>		
Admin and management fees received	16,936	-
Bargain purchase arising on acquisition	12,543	-
Short term rental income - hospital space	105,254	84,718
<i>Expenses</i>		
Bad debts written off	16,628	11,005
Depreciation and amortisation on intangible assets, plant and equipment	175,662	140,105
Depreciation on right-of-use assets	20,977	21,417
Employee expenses - direct	852,184	720,192
Employee expenses - indirect	580,734	594,096
Loss on disposal of property, plant and equipment	(864)	690
Loss on foreign currency transactions	(2,328)	(749)
<i>Short-term leases, low value leases and leases that do not depend on an index or rate</i>		
Property	44,956	31,390
Equipment	6,743	8,649
Other	1,976	7,198
	<b>53,675</b>	<b>47,237</b>
In order to provide more useful information, employee expenses have been split into those employees that are involved in the provision of either direct or indirect medical services. The comparatives have likewise been split.		
<b>6. Interest income</b>		
Interest received	13,220	11,136
<b>7. Finance costs</b>		
Long-term loans	166,671	115,549
Lease liabilities	18,683	16,069
Instalment sales agreements	266	104
Bank overdraft	11,094	9,606
<b>Total finance costs</b>	<b>196,714</b>	<b>141,328</b>

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## Notes to the Consolidated Financial Statements

Figures in R `000	Group 2024	Group 2023
<b>8. Income tax expense</b>		
<b>8.1 Income tax recognised in profit or loss:</b>		
<b>Current tax</b>		
Current year	84,065	68,616
<b>Deferred tax</b>		
Originating and reversing temporary differences	(11,421)	17,973
Arising from prior period adjustments	698	(1,226)
<b>Total deferred tax</b>	<b>(10,723)</b>	<b>16,747</b>
<b>Total income tax expense</b>	<b>73,342</b>	<b>85,363</b>
<b>8.2 The income tax for the year can be reconciled to accounting profit / (loss) as follows:</b>		
Income tax calculated at 27% (2023: 28%)	27.00%	28.00%
Tax effect of		
Under provision in prior year	(2.83%)	(0.35%)
Disallowed expenditure	0.85%	1.23%
Tax rate change	0.00%	(1.20%)
Income not taxable	(1.66%)	0.00%
Foreign tax rate difference	(1.08%)	(2.98%)
<b>Effective tax rate</b>	<b>24.67%</b>	<b>24.70%</b>
<b>8.3 Estimated tax losses</b>		
Utilised in the deferred tax balance	383,126	338,068
Unused tax losses available for set-off against future taxable income	383,126	338,068
<b>9. Earnings per share</b>		
<b>9.1 Basic earnings per share</b>		
<b>The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:</b>		
Profit for the year attributable to owners of the company from continuing operations	189,129	212,297
<b>Weighted average number of ordinary shares used in the calculation of basic earnings per share</b>	<b>709,534</b>	<b>709,534</b>
Basic and diluted earnings per share (cents)	26.66	29.92

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Figures in R `000	Group 2024	Group 2023
<i>Earnings per share continued...</i>		
<b>9.2 Headline earnings per share</b>		
<b>Headline earnings is calculated as follows:</b>		
Profit for the year attributable to owners of the company from continuing operations	189,129	212,297
<i>Adjusted for:</i>		
(Profit)/Loss on disposal of property, plant and equipment	(864)	690
Bargain purchase arising on acquisition	(12,543)	-
Total tax effects of adjustments	233	(193)
<b>Headline earnings from continuing operations</b>	<b>175,955</b>	<b>212,794</b>
<b>Weighted average number of ordinary shares used in the calculation of headline earnings per share</b>	<b>709,534</b>	<b>709,534</b>
Headline earnings per share (cents)	24.80	29.99
<b>9.3 Dividends per share</b>		
The dividends and weighted average number of shares used in the calculation of dividends per share are as follows:		
Dividends to shareholders	29,942	24,934
Weighted average number of ordinary shares used in the calculation of dividends per share	709,534	709,534
Dividends per share (cents)	4,2	3,5

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### 10. Goodwill

#### 10.1 Reconciliation of changes in goodwill

	<b>Goodwill</b>
<b>Reconciliation for the year ended 29 February 2024</b>	
<b>Balance at 1 March 2023</b>	
At cost	557,238
Accumulated impairment	(10,343)
<b>Net book value</b>	<b>546,895</b>
<b>Movements for the year ended 29 February 2024</b>	
Acquisitions through business combinations - Beira (refer to note 28)	231
<b>Goodwill at the end of the year</b>	<b>547,126</b>
<b>Closing balance at 29 February 2024</b>	
At cost	557,469
Accumulated impairment	(10,343)
<b>Net book value</b>	<b>547,126</b>
<b>Reconciliation for the year ended 28 February 2023</b>	
<b>Balance at 1 March 2022</b>	
At cost	318,871
Accumulated impairment	(10,343)
<b>Net book value</b>	<b>308,528</b>
<b>Movements for the year ended 28 February 2023</b>	
Acquisitions through business combinations - MMHS	238,367
<b>Goodwill at the end of the year</b>	<b>546,895</b>
<b>Closing balance at 28 February 2023</b>	
At cost	557,238
Accumulated impairment	(10,343)
<b>Net book value</b>	<b>546,895</b>

Goodwill relates to the excess of the purchase price consideration over the fair value of the assets and liabilities of the following business acquisitions:

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<b>Goodwill continued...</b>		
Lenmed Health Laverna Private Hospital	5,125	5,125
Lenmed Health Shifa Private Hospital	6,939	6,939
Lenmed Health Kathu Private Hospital	10,378	10,378
Lenmed Ethekweni Hospital and Heart Centre	280,103	280,103
Howick Private Hospital	5,983	5,983
MMHS	238,367	238,367
Beira Private Hospital	231	-
	<u>547,126</u>	<u>546,895</u>

An annual impairment test is conducted on goodwill. Management determines the recoverable amounts of cash-generating units as being the higher of net selling price or value-in-use. In the absence of an active market, value-in-use is used to determine the recoverable amount. A traditional method of discounting management's best estimate of future cash flows attributable to the cash-generating-unit, taking into account appropriate growth rates, has been used to determine the value-in-use. Cash flow projections cover a 5 year period.

Key assumptions used in the calculation of the discount rate:

- A risk free rate derived from the R213 SA Government bond which was yielding 10.61% as at 29 February 2024 (2023: 10.12%)
- A market risk premium of 6.7% (2023: 6.7%), given the unlisted nature of the Group.
- Beta of 0.71 (2023: 0.72) is appropriate in the current environment and based on the defensive nature of the Group.

Value-in-use calculations have been based on a subjective pre-tax discount rate of between 14.1% and 18.3% depending on the specific business unit (2023: 13.8% and 17.6%).

The net present value of these forecasts support the value of goodwill indicated above. Management has based their assumptions on past experience and external sources of information.

### Sensitivity

The Group has made estimates and assumptions in respect of impairment testing of cash generating units as detailed above and had the pre-tax discount rate been increased by 1%, the recoverable amounts of the goodwill of any of the cash generating units would still exceed the carrying value.

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### 11. Property, plant and equipment

#### Balances at year end and movements for the year

	Land	Buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
<b>Reconciliation for the year ended 29 February 2024</b>									
<b>Carrying value at 1 March 2023</b>	<b>312,530</b>	<b>2,291,214</b>	<b>277</b>	<b>495,002</b>	<b>2,388</b>	<b>56,955</b>	<b>3,037</b>	<b>24,450</b>	<b>3,185,853</b>
<b>Movements for the year ended 29 February 2024</b>									
Additions from acquisitions	-	113,467	-	236,461	118	12,741	-	14,433	<b>377,220</b>
Acquisitions through business combinations	-	90,200	-	95,187	913	18,889	1,205	168	<b>206,562</b>
Increase (decrease) through net exchange differences	1,536	23,544	-	10,760	(97)	3,961	(35)	184	<b>39,853</b>
Depreciation	-	(28,338)	(32)	(103,894)	(640)	(10,187)	(421)	(12,357)	<b>(155,869)</b>
Disposals	-	(167)	-	(9,711)	(21)	(2,247)	(1,510)	(4,406)	<b>(18,062)</b>
<b>Property, plant and equipment at the end of the year</b>	<b>314,066</b>	<b>2,489,920</b>	<b>245</b>	<b>723,805</b>	<b>2,661</b>	<b>80,112</b>	<b>2,276</b>	<b>22,472</b>	<b>3,635,557</b>
<b>Closing balance at 29 February 2024</b>									
At cost	314,066	2,645,295	332	1,452,378	6,467	149,998	10,973	105,051	<b>4,684,560</b>
Accumulated depreciation	-	(155,375)	(87)	(728,573)	(3,806)	(69,886)	(8,697)	(82,579)	<b>(1,049,003)</b>
<b>Net book value</b>	<b>314,066</b>	<b>2,489,920</b>	<b>245</b>	<b>723,805</b>	<b>2,661</b>	<b>80,112</b>	<b>2,276</b>	<b>22,472</b>	<b>3,635,557</b>
<b>Reconciliation for the year ended 28 February 2023</b>									
<b>Carrying value at 1 March 2022</b>	<b>301,422</b>	<b>2,033,633</b>	<b>202</b>	<b>423,278</b>	<b>2,480</b>	<b>53,079</b>	<b>2,100</b>	<b>29,886</b>	<b>2,846,080</b>
<b>Movements for the year ended 28 February 2023</b>									
Additions from acquisitions	-	58,886	92	107,990	271	7,330	30	8,091	<b>182,690</b>
Acquisitions through business combinations	-	172,046	-	27,597	82	898	578	543	<b>201,744</b>
Increase/(decrease) through net exchange differences	18,236	43,192	-	13,804	15	8,604	800	(1,693)	<b>82,958</b>
Depreciation	-	(14,255)	(17)	(76,200)	(459)	(12,869)	(455)	(12,348)	<b>(116,603)</b>
Disposals	(7,128)	(2,288)	-	(1,467)	(1)	(87)	(16)	(29)	<b>(11,016)</b>
<b>Property, plant and equipment at the end of the year</b>	<b>312,530</b>	<b>2,291,214</b>	<b>277</b>	<b>495,002</b>	<b>2,388</b>	<b>56,955</b>	<b>3,037</b>	<b>24,450</b>	<b>3,185,853</b>

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### *Property, plant and equipment continued...*

#### **Closing balance at 28 February 2023**

At cost	312,530	2,423,008	7,763	1,172,835	5,411	129,530	10,848	107,719	<b>4,169,644</b>
Accumulated depreciation	-	(131,794)	(7,486)	(677,833)	(3,023)	(72,575)	(7,811)	(83,269)	<b>(983,791)</b>
<b>Net book value</b>	<b>312,530</b>	<b>2,291,214</b>	<b>277</b>	<b>495,002</b>	<b>2,388</b>	<b>56,955</b>	<b>3,037</b>	<b>24,450</b>	<b>3,185,853</b>

Certain property, plant and equipment have been used as security for financing facilities. Refer to note 21.

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### 12. Intangible assets

#### Reconciliation of changes in intangible assets

	Computer software	Hospital licences	Management agreement	Total
<b>Reconciliation for the year ended 29 February 2024</b>				
<b>Carrying value as at 1 March 2023</b>	<b>14,048</b>	<b>2,479</b>	<b>21,148</b>	<b>37,675</b>
<b>Movements for the year ended 29 February 2024</b>				
Additions other than through business combinations	20,568	-	-	20,568
Acquisitions through business combinations	4,120	-	-	4,120
Increase (decrease) through net exchange differences	849	-	-	849
Amortisation	(13,890)	-	(5,902)	(19,792)
Disposals	(618)	-	-	(618)
<b>Intangible assets at the end of the year</b>	<b>25,077</b>	<b>2,479</b>	<b>15,246</b>	<b>42,802</b>
<b>Closing balance at 29 February 2024</b>				
At cost or fair value	84,732	2,479	30,000	117,211
Accumulated amortisation	(59,655)	-	(14,753)	(74,408)
<b>Net book value</b>	<b>25,077</b>	<b>2,479</b>	<b>15,247</b>	<b>42,803</b>
<b>Reconciliation for the year ended 28 February 2023</b>				
<b>Carrying value as at 1 March 2022</b>	<b>14,229</b>	<b>2,479</b>	<b>27,050</b>	<b>43,758</b>
<b>Movements for the year ended 28 February 2023</b>				
Additions	17,419	-	-	17,419
Amortisation	(17,600)	-	(5,902)	(23,502)
<b>Intangible assets at the end of the year</b>	<b>14,048</b>	<b>2,479</b>	<b>21,148</b>	<b>37,675</b>
<b>Closing balance at 28 February 2023</b>				
At cost or fair value	67,692	2,479	30,000	100,171
Accumulated amortisation	(53,644)	-	(8,852)	(62,496)
<b>Net book value</b>	<b>14,048</b>	<b>2,479</b>	<b>21,148</b>	<b>37,675</b>

Intangibles are valued as per note 1.14. All intangibles are tested annually for impairment. The estimation of the indefinite useful life of hospital licences is based on historic performance as well as expectations about future use. Software relates to the Group's deployment of SAP software at its various facilities. Management agreement relates to a hospital management agreement acquired in the business combination with Halcom Management Services Limited.

The recoverable amount of the hospital licence is determined by projecting a future cash flow expected to be generated by the intangible asset. The present value of these cash flows is determined using an appropriate discount rate.



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### 13. Investment in subsidiaries and associates

#### 13.1 Composition of the group

Information about the incorporation of the Group is as follows:

Name of subsidiary	% shareholding
<b>Direct</b>	
Lenmed Health (Pty) Ltd	100%
Lenmed Health Africa (Pty) Ltd	100%
Lenmed Health Finance Company (Pty) Ltd	100%

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### *Investment in subsidiaries and associates continued...*

#### **Indirect**

Ahmed Kathrada Private Hospital (Pty) Ltd	100%
Lenmed Health Daxina Private Hospital (Pty) Ltd	100%
Lenmed Health Management Company (Pty) Ltd	100%
Lenmed Health Nursing College (Pty) Ltd	100%
Lenmed Health Properties (Pty) Ltd	100%
Lenmed Health Randfontein Private Hospital (Pty) Ltd	100%
Lenmed Health Shifa (Pty) Ltd	100%
Lenmed Health Zamokuhle (Pty) Ltd	100%
Maputo Private Hospital Limitada	100%
Mozambique Private Laboratory Limitada	100%
LMPH Real Estate, Lda	100%
Nu-Yale Trust	100%
Royal Hospital and Heart Centre (Pty) Ltd	100%
Halcom Management Services Limited	100%
Lenmed Howick Pharmacy (Pty) Ltd	100%
Cold Creek Investments 22 (Pty) Ltd	100%
Matlosana Medical Health Services (Pty) Ltd	100%
MMHS Properties (Pty) Ltd	100%
Caerus Nursing School (Pty) Ltd	100%
Wilmed Trading Trust	100%
Wilmed Property Trust	100%
Wilmed Equipment Trust	100%
Sunningdale Trust	100%
MooiMed Operating Company (Pty) Ltd	100%
MooiMed Apteek (Pty) Ltd	100%
K2022820006 (Pty) Ltd	100%
Perlucia (Pty) Ltd	64%
Daleside Day Hospital (Pty) Ltd	51%
Tech4Green (Pty) Ltd	51%
Howick Private Hospital Holdings (Pty) Ltd	99%
Howick Private Hospital (Pty) Ltd	99%
Lenmed Health Laverna (Pty) Ltd	93%
Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd	77%
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	70%
Lenmed Health Kathu Private Hospital (Pty) Ltd	67%
Lenmed Health Kathu Properties (Pty) Ltd	60%
Beira Private Hospital Limitada	60%

All the subsidiaries have a place of business within the Republic of South Africa except for Lenmed Health Bokamoso Private Hospital (Pty) Ltd (Incorporated in Botswana), Maputo Private Hospital Limitada (Incorporated in Mozambique), Mozambique Private Laboratory Limitada (Incorporated in Mozambique), LMPH Real Estate, Lda (Incorporated in Mozambique), Beira Private Hospital Limitada (Incorporated in Mozambique) and Halcom Management Services Limited (Incorporated in Seychelles).

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*Investment in subsidiaries and associates continued...*

### 13.2.1 Summarised financial information for subsidiaries with material non-controlling interests before inter-company eliminations

	Lenmed Ethekekwini Hospital and Heart Centre (Pty) Ltd	Lenmed Health Bokamoso Private Hospital (Pty) Ltd
% of interest and voting rights held by non-controlling interests	23%	30%
<b>At 29 February 2024</b>		
<i>Extract from statement of financial position</i>		
Non-current assets	1,008,122	305,178
Current assets	235,538	451,750
Non-current liabilities	(189,615)	225,981
Current liabilities	(102,794)	205,313
Accumulated non-controlling interests at the end of the reporting period	(223,721)	99,517
<i>Extract from statement of comprehensive income</i>		
Revenue	975,867	606,786
Profit or loss	121,655	48,287
Profit for the year allocated to non-controlling interests	27,981	14,486
<i>Extract from statement of cash flows</i>		
Cash inflow from operating activities	220,515	14,238
Cash outflow from investing activities	(125,343)	60,403
Cash (outflow)/inflow from financing activities	(78,739)	5,809
<b>Net cash inflow</b>	<b>16,433</b>	<b>80,450</b>
<b>At 28 February 2023</b>		
<i>Extract from statement of financial position</i>		
Non-current assets	909,888	257,788
Current assets	233,966	439,569
Non-current liabilities	(183,627)	(216,257)
Current liabilities	(100,236)	(198,066)
Accumulated non-controlling interests at the end of the reporting period	(195,740)	(89,329)
<i>Extract from statement of comprehensive income</i>		
Revenue	822,790	625,383
Profit or loss	101,025	69,354
Profit for the year allocated to non-controlling interests	23,326	20,806

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Figures in R `000	Group 2024	Group 2023
<i>Investment in subsidiaries and associates continued...</i>		
<i>Extract from statement of cash flows</i>		
Cash inflow from operating activities	81,483	75,828
Cash outflow from investing activities	(30,242)	(33,968)
Cash outflow from financing activities	(23,992)	(7,361)
<b>Net cash (outflow)/inflow</b>	<b>27,249</b>	<b>34,499</b>

### 13.2 Investment in associates

The Group's investment in Lenasia Renal Care (Pty) Ltd and Renal Care Holdings (Pty) Ltd are accounted for under the equity method of accounting.

#### *Lenasia Renal Centre (Pty) Ltd.*

The Group owns 30% of Lenasia Renal Care Centre (Pty) Ltd, a renal dialysis unit situated adjacent to Ahmed Kathrada Private Hospital.

Opening balance	3,155	2,713
Share of associate earnings	70	442
Closing balance	<b>3,225</b>	<b>3,155</b>

#### *Renal Care Holdings (Pty) Ltd*

The Group owns 40% of Renal Care Holdings (Pty) Ltd, a renal dialysis holding company.

Opening balance	9,418	7,184
Share of associate earnings	99	2,234
Closing balance	<b>9,517</b>	<b>9,418</b>

<b>Investment in associates</b>	<b>12,742</b>	<b>12,573</b>
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#### *Kitmar (Pty) Ltd*

The Group acquired 30% of Kitmar (Pty) Ltd a radiology business in South Africa.

The directors are of the opinion that the fair value of the above investments exceeds their carrying value.

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<b>14. Lease liabilities</b>		
<b>14.1 Amounts recognised in the statements of financial position</b>		
<b>Right-of-use assets</b>		
Buildings	301,664	236,181
Accumulated depreciation	(62,621)	(55,221)
	<b>239,043</b>	<b>180,960</b>
<i>Reconciliation of right-of-use asset:</i>		
Opening carrying value	180,960	185,168
Additions	65,820	12,911
Depreciation	(20,977)	(21,418)
Reassessment of lease contract	-	(248)
Foreign currency exchange difference	13,240	4,547
Carrying value	<b>239,043</b>	<b>180,960</b>
<b>Lease liabilities</b>		
Non-current lease liability	272,482	212,849
Current portion of lease liability	16,767	12,599
	<b>289,249</b>	<b>225,448</b>
Lease liabilities represent the present value of future minimum lease payments discounted at a rate of between 6.5% and 9.5% (2023: 6.5% and 9.5%) after taking the lease term ranging between 1 and 19 years into account.		
<i>Maturity analysis of future lease payments outstanding at the reporting date:</i>		
<b>Total</b>	<b>289,249</b>	<b>225,448</b>
Total future lease payments	472,383	343,922
Due within 1 year	35,710	27,015
Due between 2 and 5 years	100,631	79,373
Greater than 5 years	336,042	237,534
Total future finance costs	183,134	118,474
Due within 1 year	18,943	14,416
Due between 2 and 5 years	48,515	38,226
Greater than 5 years	115,676	65,832
Total lease liability	<b>289,249</b>	<b>225,448</b>
Due within 1 year	16,767	12,599
Due between 2 and 5 years	52,116	41,147
Greater than 5 years	220,366	171,702

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Figures in R `000	Group 2024	Group 2023
<b>Lease liabilities continued...</b>		
<i>Reconciliation of lease liabilities</i>		
Opening carrying value	225,448	216,667
Additions	65,820	11,351
Lease payments	(16,394)	(8,264)
Foreign currency exchange difference	14,375	5,694
Carrying value	<u>289,249</u>	<u>225,448</u>

### 14.2 Amounts recognised in the statements of profit or loss and other comprehensive income

#### Depreciation

Buildings	<u>20,977</u>	<u>21,417</u>
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#### Other expenses and gains

Interest expense	18,683	16,069
Short-term lease expenses	<u>53,675</u>	<u>48,248</u>

### 14.3 Amounts recognised in the statements of cash flows

Cash flow from operations		
- Interest paid	(18,683)	(16,069)
Cash flow from financing activities		
- Lease liabilities	<u>(16,394)</u>	<u>(8,264)</u>

## 15. Deferred tax

### 15.1 The analysis of deferred tax assets and deferred tax liabilities is as follows:

#### Deferred tax assets:

- Deferred tax assets to be recovered	96,482	73,272
	<u>96,482</u>	<u>73,272</u>

#### Deferred tax liabilities:

- Deferred tax liability to be paid	(251,063)	(237,145)
	<u>(251,063)</u>	<u>(237,145)</u>

<b>Net deferred tax (liabilities) / assets</b>	<u><b>(154,581)</b></u>	<u><b>(163,873)</b></u>
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*Deferred tax continued...*

### 15.2 Reconciliation of deferred tax asset

	Property, plant and equipment	Provisions	Assessed losses	Other*	Lease liability	Prepaid expense	Cash flow hedging reserve	Total
<b>Opening balance at 1 March 2023</b>	(62,527)	64,865	81,030	(13,718)	9,856	(6,234)	-	<b>73,272</b>
(Charged) / credited to profit or loss	(4,513)	(9,263)	9,047	20,341	1,414	2,731	-	<b>19,757</b>
Exchange difference	-	3,453	-	-	-	-	-	<b>3,453</b>
<b>Closing balance at 29 February 2024</b>	<b>(67,040)</b>	<b>59,055</b>	<b>90,077</b>	<b>6,623</b>	<b>11,270</b>	<b>(3,503)</b>	<b>-</b>	<b>96,482</b>
<b>Opening balance at 1 March 2022</b>	(68,252)	48,082	111,643	(14,376)	7,022	(4,648)	1,220	<b>80,691</b>
(Charged) / credited to profit or loss	5,293	13,454	(30,759)	658	2,834	(1,573)	-	<b>(10,093)</b>
Credited to other comprehensive income	-	-	-	-	-	-	(1,220)	<b>(1,220)</b>
Acquisition through business combinations	432	193	146	-	-	(13)	-	<b>758</b>
Exchange difference	-	3,136	-	-	-	-	-	<b>3,136</b>
<b>Closing balance at 28 February 2023</b>	<b>(62,527)</b>	<b>64,865</b>	<b>81,030</b>	<b>(13,718)</b>	<b>9,856</b>	<b>(6,234)</b>	<b>-</b>	<b>73,272</b>

### Reconciliation of deferred tax liability

	Property, plant and equipment	Provisions	FV in Step acquisition	Lease smoothing adjustment	Assessed loss	Prepaid expense	Other*	Total
<b>Opening balance at 1 March 2023</b>	(213,026)	12,895	(46,817)	-	10,620	(631)	(186)	<b>(237,145)</b>
(Charged) / credited to profit or loss	(15,044)	2,366	-	-	3,034	8	602	<b>(9,034)</b>
Acquisition through business combinations	(5,731)	847	-	-	-	-	-	<b>(4,884)</b>
<b>Closing balance at 29 February 2024</b>	<b>(233,801)</b>	<b>16,108</b>	<b>(46,817)</b>	<b>-</b>	<b>13,654</b>	<b>(623)</b>	<b>416</b>	<b>(251,063)</b>
<b>Opening balance at 1 March 2022</b>	(202,546)	12,011	(46,817)	-	10,148	(925)	(2,362)	<b>(230,491)</b>
Credited/ (charged) to profit or loss	(10,480)	884	-	-	472	294	2,176	<b>(6,654)</b>
<b>Closing balance at 28 February 2023</b>	<b>(213,026)</b>	<b>12,895</b>	<b>(46,817)</b>	<b>-</b>	<b>10,620</b>	<b>(631)</b>	<b>(186)</b>	<b>(237,145)</b>

\*Other comprises of foreign currency translation on loan.

Deferred tax balances were remeasured in FY2023 as a result of the change in the tax rate from 28% to 27%.

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Figures in R `000	Group 2024	Group 2023
<i>Deferred tax continued...</i>		
<b>15.3 Deferred tax assets where utilisation is dependent on future taxable profits</b>		
Amount of the deferred tax asset raised where utilisation is dependent on future taxable profits	103,731	91,651
Deferred tax assets not recognised because of uncertainty of availability of future taxable profits amounts to nil (2023: nil)		
<b>16. Inventories</b>		
<b>Inventories comprise:</b>		
Merchandise	122,631	99,690
Allowance for obsolete stock	(3,567)	(1,047)
	<b>119,064</b>	<b>98,643</b>
<b>Allowance for obsolete stock</b>		
Balance at beginning of year	1,047	1,054
Allowance raised	2,520	-
Stock written off	-	(7)
<b>Balance at end of year</b>	<b>3,567</b>	<b>1,047</b>
<b>17. Trade and other receivables</b>		
<b>17.1 Trade and other receivables comprise:</b>		
Trade receivables	1,281,202	1,113,168
Allowance for expected credit loss	(282,930)	(190,954)
<b>Trade receivables - net</b>	<b>998,272</b>	<b>922,214</b>
Sundry debtors	82,141	61,264
Doctors rental	41,020	40,033
Allowance for expected credit loss	(15,287)	(23,447)
<b>Sundry debtors - net</b>	<b>107,874</b>	<b>77,850</b>
RAF prefunding	33,381	39,027
Allowance for expected credit loss	(9,917)	(10,879)
<b>RAF prefunding - net</b>	<b>23,464</b>	<b>28,148</b>
Prepaid expenses	23,977	26,231
Deposits	12,377	10,934
<b>Total trade and other receivables</b>	<b>1,165,964</b>	<b>1,065,377</b>

The carrying value of trade and other receivables approximated their fair value due to the short-term nature of these receivables.



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<i>Trade and other receivables continued...</i>		
<b>17.2 Movements in allowance for expected credit loss</b>		
At the beginning of the year	225,280	259,387
Impairment raised	105,089	84,691
Written off during the year	(16,628)	(127,859)
Acquisition through business combination	(5,607)	9,061
<b>At the end of the year</b>	<b>308,134</b>	<b>225,280</b>

The Group determines the trade receivables and RAF prefunding expected credit loss allowance using the provision matrix approach. The provision rates are based on days past due for groupings of various customer categories with similar loss patterns (mainly by customer type). The customer types are Medical Aid funders, Government, Workmen's Compensation, Private patients and the Road Accident Fund. Credit risk per category is determined using past information and experience with debtors as well as expectations of the future recoverability of amounts due from debtors. The Group determines the sundry debtors expected credit loss using the simplified approach. The approach uses historical credit loss experience adjusting for forward looking information. Trade and other receivables are written off when there is no reasonable expectation of recovery. Debtors written off are subject to enforcement activities under the Group's debtor collection procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The loss allowance is summarised as:

### Group

*Allowance for expected credit losses for trade receivables and RAF prefunding:*

Less than 30 days	14,596	11,985
30-59 days	7,483	7,242
60-89 days	7,681	6,922
90-119 days	10,071	8,126
120 days and over	253,016	167,558
	<b>292,847</b>	<b>201,833</b>

*Weighted average allowance for expected credit losses rate for trade receivables and RAF prefunding:*

Less than 30 days	2 %	2 %
30-59 days	9 %	7 %
60-89 days	17 %	8 %
90-119 days	25 %	12 %
120 days and over	53 %	48 %
	<b>24 %</b>	<b>18 %</b>

## 18. Cash and cash equivalents

### 18.1 Cash and cash equivalents included in current assets:

#### Cash

Cash on hand	338	1,000
Balances with banks	283,208	309,512
	<b>283,546</b>	<b>310,512</b>

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Figures in R `000	Group 2024	Group 2023
<i>Cash and cash equivalents continued...</i>		
<b>18.2 Overdrawn cash and cash equivalents included in current liabilities</b>		
Bank overdrafts	(85,623)	(21,480)
Current assets	283,546	310,512
Current liabilities	(85,623)	(21,480)
	<b>197,923</b>	<b>289,032</b>

Favourable cash balances to the value of R106.848 million (2023: R100.829 million) have been ceded to Rand Merchant Bank as security for facilities provided.

## 19. Issued capital

### Authorised and issued share capital

#### Authorised

1 000 000 000 (2023: 1 000 000 000) ordinary shares at no par value.

#### Issued

709 533 909 ordinary shares at no par value (2023: 709 533 909 ordinary shares)	426,006	426,006
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The directors are authorised, in terms of the company's Memorandum of Incorporation, to issue and allot any of the unissued share capital for any purpose and upon such terms and conditions as they deem fit.

## 20. Reserves

Foreign currency translation reserve	290,816	266,851
<b>Total reserves</b>	<b>290,816</b>	<b>266,851</b>

#### Foreign currency translation reserve

This reserve exists due to exchange differences arising on translation of assets and liabilities of the Group's foreign subsidiaries. Refer to note 13.1 for the list of foreign subsidiaries.

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Figures in R `000	Group 2024	Group 2023
<b>21. Long term liabilities</b>		
<b>21.1 Secured loans</b>		
<i>Rand Merchant Bank</i>	1,630,000	1,470,000
<p>These loans are secured by a first ranking mortgage bond over the Group's land and buildings with a carrying amount of R2.156 billion (2023: R1.949 billion) and a notarial bond of movable assets with a carrying value of R684.756 million (2023: R365.017 million). Interest has been charged at rates linked to JIBAR. The Group increased its debt during the year to maintain funding and liquidity headroom following the acquisition of Mooimed and Beira and is split in 4 facilities. Facility A is a 5 year term loan with 2 years remaining and with a balance outstanding of R150 million. Interest repayable quarterly and capital repayable every 6 months. Facility B is a 5 year term loan with 2 years remaining and with a balance outstanding of R650 million. Interest is payable quarterly with no capital repayments until the end of the term where the full capital is due to be repaid. Facility E is a 5 year term loan with 3 years remaining and with a balance outstanding of R330 million. Interest is payable quarterly with no capital repayments until the end of the term where the full capital is due to be repaid. Facility F is an 18 month term loan with its term ending in March 2024 and a balance outstanding of R500m. Interest is payable quarterly with no capital repayments until the end of the term where the full capital is due to be repaid. These loans were refinanced subsequent to year end. Refer to note 34.</p>		
<i>First National Bank Limited</i>	8,430	15,441
<p>These loans from First National Bank are secured by land and buildings with a carrying amount of R47.585 million (2023: R90.399 million) (refer to note 11). Interest has been charged at rates linked to prime. This loan is repayable in monthly instalments of R0.151 million (2023: R1.355 million).</p>		
<i>Aryan Benevolent Home Council</i>	-	49,000
<p>This loan bore interest at 8.5% per annum and was secured by land and buildings with a book value of R50 million. This loan was repaid during the financial year.</p>		
	1,638,430	1,534,441
<b>21.2 Instalment sales agreements</b>		
<i>Wesbank, a division of FirstRand Bank Ltd</i>	62,716	39,446
<p>Repayable in monthly instalments of R2.775 million (2023: R2.130 million). Interest has been charged at rates of interest linked to the prime lending rate. Secured by plant and equipment with a book value of R97.680 million (2023: R63.319 million).</p>		
	1,701,146	1,573,887
Non-current portion of long term liabilities	1,094,918	1,470,599
Current portion of long term liabilities	606,228	103,288
	<b>1,701,146</b>	<b>1,573,887</b>

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Figures in R `000	Group 2024	Group 2023
<b>22. Loans from non-controlling interests</b>		
<b>Loans from non-controlling interests comprise:</b>		
<i>ATM Healthcare (Pty) Ltd</i>	24,706	22,041
The loan is unsecured, has no fixed terms of repayment but will not be paid within the next 12 months and bears interest at prime rate.		
<i>Howick Private Hospital non-controlling shareholders</i>	715	1,165
The loan is unsecured, has no fixed terms of repayment but will not be paid within the next 12 months and bears no interest.		
<i>Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd non-controlling shareholders</i>	295	6,282
These loans are unsecured, bear no interest and are expected to be repaid within 12 months.		
<i>Tech4Green (Pty) Ltd non-controlling shareholders</i>	639	643
The loan is unsecured, has no fixed terms of repayment but are expected be repaid within the next 12 months and bears no interest.		
<i>Beira Private Hospital non-controlling shareholders</i>	8,308	-
The loan is unsecured, has no fixed terms of repayment but are expected be repaid within the next 12 months and bears no interest.		
	<u>34,663</u>	<u>30,131</u>
Non-current liabilities	25,421	23,206
Current liabilities	9,242	6,925
	<u><b>34,663</b></u>	<u><b>30,131</b></u>

## 23. Trade and other payables

### 23.1 Trade and other payables comprise:

Trade creditors	539,800	478,069
Cash settled share based payments	9,016	11,939
Other payables	56,366	7,442
Value added tax	8,235	9,819
<b>Total trade and other payables</b>	<u><b>613,417</b></u>	<u><b>507,269</b></u>

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## Notes to the Consolidated Financial Statements

Figures in R `000	Group 2024	Group 2023
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### *Trade and other payables continued...*

#### **23.2** *Cash-settled share based payments*

This is made up of three allocations of share appreciation rights (SARs):

##### *1) Nil (2023: 8.350 million) SARs*

9.650 million SARs were issued on 1st of August 2020 to two executive directors and twenty two members of senior management, at a price of R2.73 each. As at 29 February 2024, the rights had vested (2023: 8.350 million SARs were in issue).

##### *2) 9.650 million SARs (2023: 9.900 million) SARs*

11.200 million SARs were issued on 1st of August 2021 to two executive directors and twenty three members of senior management, at a price of R2.77 each. As at 29 February 2024, 9,650 million (2023: 9.900 million) SARs were in issue. The reduction from the prior is due to the senior management attrition during the year.

##### *3) 12.800 million SARs (2023: 13.300 million) SARs*

13.300 million SARs were issued on 1st of August 2022 to two executive directors and twenty three members of senior management, at a price of R3.18 each. As at 29 February 2024, 12.800 million (2023: 13.300 million) SARs were in issue. The reduction from the prior is due to the senior management attrition during the year.

##### *4) 21.100 million SARs*

21.100 million SARs were issued on 1st of August 2023 to two executive directors and twenty four members of senior management, at a price of R3.90 each.

The Group has determined that the allocation should be accounted for as a cash-settled share-based payment transaction. The fair value of the SARs was calculated using the Black Scholes option pricing model. The amount recognised in the annual financial statements for the current year, in accordance with IFRS 2: Share-based payments, is an expense reversal of R2.923 million (2023: (8.930 million — expense accrual)).

*The assumptions used in determining the fair value of the SARs granted are summarised below:*

	2	3	4
Last determined price as at 29 February 2024	R 3.23	R 3.23	R 3.23
Last determined price as at 28 February 2023	R 3.34	R 3.34	R 3.34
Risk-free rate	10.61%	10.61%	10.61%
Volatility	12 %	12 %	12 %
Dividend yield	1 %	1 %	1 %
Long-term inflation	6 %	6 %	6 %

The risk-free rate of 10.61% (2023: 10.11%) has been assumed based on the prevailing return on a five-year RSA Government Bond as at year end.

The volatility of 12% (2023: 17%) was determined based on the historic volatility of the Group's share price over the previous year.

#### **23.3** *Trade and other payables*

The medical legal claims against the Group were previously disclosed under other payables. It has now been reclassified to Provisions in note 24. The comparative amounts have been reclassified.

The carrying value of trade and other payables approximated their fair value due to the short-term nature of these payables.

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### 24. Provisions

#### 24.1 Provisions comprise:

Provisions for employee benefits	84,548	90,538
Other provisions	43,989	37,372
	<b>128,537</b>	<b>127,910</b>

#### 24.2 Reconciliation for provisions

	Leave pay provision	Bonus Provision	Other provisions	Total
<b>Balance at 1 March 2023</b>	<b>50,636</b>	<b>39,902</b>	<b>37,372</b>	<b>127,910</b>
Increase in existing provisions	169,764	51,354	42,298	263,416
Acquisitions through business combinations	696	-	-	696
Increase (decrease) through net exchange differences	835	375	15	1,225
Provisions utilised	(169,562)	(59,452)	(35,696)	(264,710)
<b>Balance at 29 February 2024</b>	<b>52,369</b>	<b>32,179</b>	<b>43,989</b>	<b>128,537</b>
<b>Balance at 1 March 2022</b>	<b>40,922</b>	<b>56,243</b>	<b>11,965</b>	<b>109,130</b>
Increase in existing provisions	37,234	41,173	56,130	134,537
Acquisitions through business combinations	7,507	3,199	13,492	24,198
Provisions utilised	(35,027)	(60,713)	(44,215)	(139,955)
<b>Balance at 28 February 2023</b>	<b>50,636</b>	<b>39,902</b>	<b>37,372</b>	<b>127,910</b>

Included in other provisions are provisions for medical legal claims of R33.300 million (2023: R16.687 million).

### 25. Notes to statement of cashflows

#### 25.1 Income tax paid

Amounts (payable)/ receivable at the beginning of the year	(2,015)	7,952
Amounts (receivable)/ payable at the end of the year	(4,392)	2,015
Taxation (expense)/credit	(73,342)	(85,363)
Acquisition of MMHS	-	(4,750)
Less deferred tax included in taxation expense	(10,723)	16,747
Foreign exchange movements	836	(1,590)
	<b>(89,636)</b>	<b>(64,989)</b>

#### 25.2 Movement in long term loans

Opening balance	1,604,018	1,182,740
Loans advanced	168,076	600,000
Loans repaid	(90,399)	(208,246)
Non-cash item	54,585	23,042
FCTR	(710)	6,482
Closing balance	<b>1,735,570</b>	<b>1,604,018</b>

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Figures in R `000	Group 2024	Group 2023
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### 26. Related parties

#### 26.1 Related parties transactions

Transactions and balances between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

The Group paid rentals to a related party property company amounting to R1.517 million (2023: R1.675 million). The directors consider this rental to be market-related.

The remuneration and benefits received by the directors are disclosed in note 26.2

Entity name	Relationship	Transaction	2024	2023
Central City Investments (Pty) Ltd	Common director	Rental paid	1,517	1,675

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Figures in R `000

*Related parties continued...*

### 26.2 Compensation paid to or receivable by directors and prescribed officers

Name	Fees paid	Salaries and guaranteed remuneration	Bonuses	Share appreciation rights	Consulting fees	Total remuneration
<b>2024</b>						
Mr P Devchand	-	2,558	-	-	-	2,558
Mr A Devchand	-	7,000	3,500	3,656	-	14,156
Mr F J Meiring	-	4,500	2,250	1,463	-	8,213
Mr M G Meehan	660	-	-	-	-	660
Mr V E Firman	549	-	-	-	483	1,032
Ms B Harie	684	-	-	-	-	684
Prof B D Goolab	663	-	-	-	-	663
Ms NV Simamane	642	-	-	-	-	642
Dr G Goolab	594	-	-	-	-	594
<b>Total compensation paid to or receivable by directors and prescribed officers</b>	<b>3,792</b>	<b>14,058</b>	<b>5,750</b>	<b>5,119</b>	<b>483</b>	<b>29,202</b>

\*



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Figures in R `000

*Related parties continued...*

**2023**

Mr P Devchand	-	2,400	-	2,500	-	4,900
Mr A Devchand	-	5,450	4,131	1,667	-	11,248
Mr F J Meiring	-	3,900	2,956	-	-	6,856
Mr M G Meehan	658	-	-	-	-	658
Mr V E Firman	512	-	-	-	113	625
Ms B Harie	572	-	-	-	-	572
Prof B D Goolab	513	-	-	-	-	513
Ms NV Simamane	563	-	-	-	-	563
Dr G Goolab	486	-	-	-	-	486
<b>Total compensation paid to or receivable by directors and prescribed officers</b>	<b>3,304</b>	<b>11,750</b>	<b>7,087</b>	<b>4,167</b>	<b>113</b>	<b>26,421</b>

\* The bonuses disclosed are based on the performance for the period ended 29 February 2024 but paid after the financial year end.

# The bonuses disclosed are based on the performance for the period ended 28 February 2023 but paid after the financial year end.

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Figures in R `000	Group 2024	Group 2023
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### 27. Contingent liabilities

Certain Compensation for Occupational Injuries and Diseases (COID) debtors are factored between 84% and 85% of their original value. The factoring houses have recourse should they not be able to recover the debt. The total funds received but still open to recourse amounted to R58.397 million as at reporting date (2023: R24.055 million).

Within the framework of the annual review of contingent liabilities, medical malpractice contingent liabilities for a total amount of R39.026 million (2023: R39.223 million) have been identified at 29 February 2024. The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised. A provision has been created of R33.300 million (2023: R16.687 million) for current and pending legal cases and reflected within other provisions (note 24). The Group is not aware of any other current or pending legal cases that would have a material adverse effect on the Group.

### 28. Business combinations

#### 28.1 Details of acquisition

Name of acquiree	Principal activity	Date of acquisition	Proportion of voting equity interests acquired
			%
Beira Private Hospital	Hospital	15/03/2023	60.00
MooiMed	Hospital group	01/10/2023	100.00

During the current year, the Group acquired two businesses:

- The Group acquired 100% of MooiMed Operating Company (Pty) Ltd ("MooiMed"), an 87 bed acute private hospital in Potchefstroom effective 1 October 2023. This aligns with our strategies of growth and diversification across geographies. It is our second acquisition in the North West province of South Africa.
- The Group acquired 60% in Beira Private Hospital Limitada in the town of Beira in Mozambique effective 15 March 2023. The hospital comprises a 60-bed facility and an outpatient clinic. The acquisition of this stake aligns with our strategy of expanding our group's footprint in Mozambique. With this acquisition, we are confident that we can enhance our presence in the healthcare sector in Mozambique and provide quality healthcare services.

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Figures in R `000

*Business combinations continued...*

### 28.2 Assets acquired and liabilities recognised at the date of acquisition

	Beira Private Hospital	MooiMed	Total
<b>Non-current assets</b>	<b>98,714</b>	<b>130,984</b>	<b>229,698</b>
Property, plant and equipment	94,594	111,968	206,562
Intangible assets	4,120	-	4,120
Deferred tax assets	-	1,079	1,079
Other non-current financial assets	-	15,954	15,954
Restricted cash	-	1,983	1,983
<b>Current assets</b>	<b>-</b>	<b>55,317</b>	<b>55,317</b>
Current inventories	-	9,150	9,150
Trade and other current receivables	-	13,199	13,199
Current tax assets	-	3,441	3,441
Cash and cash equivalents	-	29,527	29,527
<b>Non-current liabilities</b>	<b>-</b>	<b>8,020</b>	<b>8,020</b>
Deferred tax liabilities	-	4,884	4,884
Provisions	-	3,136	3,136
<b>Current liabilities</b>	<b>-</b>	<b>32,032</b>	<b>32,032</b>
Trade and other current payables	-	14,743	14,743
Current tax liabilities	-	159	159
Provisions	-	860	860
Shareholders for dividends	-	16,270	16,270
<b>Assets acquired and liabilities recognised at the date of acquisition</b>	<b>98,714</b>	<b>146,249</b>	<b>244,963</b>
Goodwill/(bargain purchase) arising on acquisition.	231	(12,543)	
Non-controlling interest	(39,485)	-	
Consideration transferred	59,460	133,706	
Cash and cash equivalents at acquisition	-	(29,527)	
<b>Cash outflow on acquisition</b>	<b>59,460</b>	<b>104,179</b>	

### 28.3 Impact of acquisitions on the results of the group

	Beira Private Hospital	MooiMed
Revenue since acquisition included in results	48,538	57,753
Profit or loss since acquisition included in results	(11,945)	5,157
Group revenue had the business combination been included for the full year	4,669,628	4,753,295
Group profit or loss had the business combination been included for the full year	223,910	229,677

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### 29. Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's financial liabilities comprise long-term liabilities, short-term liabilities, trade and other payables and bank overdrafts. These financial liabilities were used to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. These risks are managed as follows:

#### 29.1 Interest rate risk

Interest rate risk is the risk that changes in the interest rate will affect the Group's income or value of its financial instruments. The Group is exposed to interest rate risk through its commitments in interest bearing borrowings, lease liabilities, cash and cash equivalents and instalment sale agreements.

Interest risk table

The following table demonstrates the sensitivity of profit before tax (through the impact on floating rate borrowings) to a possible change in interest rates, with all other variables held constant.

#### **Group**

Interest bearing secured loans	1,638,430	1,534,441
Instalment sale liabilities	62,716	39,446
Loans from non-controlling interests	24,706	22,041
Bank overdraft	85,623	21,480
	<b>1,811,475</b>	<b>1,617,408</b>

#### **Sensitivity analysis**

Increase of 100 basis points would result in a reduction in profit before tax of	(18,115)	(16,174)
Decrease of 100 basis points would result in an improvement in profit before tax of	18,115	16,174

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### *Financial risk management continued...*

#### **29.2 Credit risk**

Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations.

The Group deposits surplus cash with major reputable banks with high credit standing and between various financial institutions to limit the exposure to any one counterparty.

The Group evaluates credit risk relating to customers using credit verification and independent rating procedures. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of revenue over a period of more than 12 months and the corresponding historical credit losses experienced within the same period. The historical cost rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the patients to settle the receivables. The maximum exposure is the carrying amount as disclosed in trade and other receivables note 17.

#### **29.3 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate un-utilised borrowing facilities are available. In addition, the Group maintains a strong business relationship with its bankers.

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*Financial risk management continued...*

### 29.3.1 Maturities of financial liabilities

The tables below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
<b>Year ended 29 February 2024</b>						
Trade and other payables excluding non-financial liabilities (Note 23)	605,182	-	-	-	<b>605,182</b>	<b>605,182</b>
Lease liabilities (Note 14)	35,710	100,631	336,042	-	<b>472,383</b>	<b>289,249</b>
Secured loans (Note 21)	605,508	165,690	911,434	-	<b>1,682,632</b>	<b>1,638,430</b>
Instalment sale agreements	720	918	61,763	-	<b>63,401</b>	<b>62,716</b>
Loans from non-controlling interests (Note 22)	9,242	-	-	25,421	<b>34,663</b>	<b>34,663</b>
Bank overdraft (Note 18)	85,623	-	-	-	<b>85,623</b>	<b>85,623</b>
<b>Total</b>	<b>1,341,985</b>	<b>267,239</b>	<b>1,309,239</b>	<b>25,421</b>	<b>2,943,884</b>	<b>2,715,863</b>

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### *Financial risk management continued...*

#### **year ended 28 February 2023**

Trade and other payables excluding non-financial liabilities (Note 23)

497,450	-	-	-	<b>497,450</b>	<b>497,450</b>
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Lease liabilities (Note 14)

27,015	79,373	237,534	-	<b>343,922</b>	<b>225,448</b>
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Secured loans (Note 21)

222,486	726,225	917,123	-	<b>1,865,834</b>	<b>1,534,441</b>
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Instalment sale agreements

25,047	14,032	3,267	-	<b>42,346</b>	<b>39,446</b>
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Loans from non-controlling interests (Note 22)

6,925	25,575	-	-	<b>32,500</b>	<b>30,131</b>
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Bank overdraft (Note 18)

21,480	-	-	-	<b>21,480</b>	<b>21,480</b>
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**Total**

<b>800,403</b>	<b>845,205</b>	<b>1,157,924</b>	<b>-</b>	<b>2,803,532</b>	<b>2,348,396</b>
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### *Financial risk management continued...*

#### 29.4 Capital management

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefit for other stakeholders.

The Group manages the capital structure in light of changes in business activities and economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors risk to capital on the basis of the interest bearing debt to capital ratio. This ratio is calculated as net interest bearing debt divided by capital. Net interest bearing debt is calculated as total bank interest bearing debt excluding lease liabilities less cash and cash equivalents. Capital comprises all components of equity (i.e. ordinary shares, minority interest, retained earnings and other reserves).

The debt to capital ratio at year end is as follows:

Secured loans	1,638,430	1,534,441
Instalment sale agreements	62,716	39,446
Total interest bearing debt	1,701,146	1,573,887
Cash and cash equivalents	(197,923)	(289,032)
<b>Net interest bearing debt</b>	<b>1,503,223</b>	<b>1,284,855</b>
 <b>Total capital</b>	 <b>3,043,022</b>	 <b>2,786,475</b>
 <b>Debt to capital ratio</b>	 <b>49 %</b>	 <b>46 %</b>

#### 29.5 Foreign currency risk

The Group is exposed to foreign currency risk through its offshore subsidiaries, Maputo Private Hospital SA (Maputo hospital), Lenmed Health Bokamoso Private Hospital (Pty) Ltd (Bokamoso hospital), Beira Private Hospital Limitada and Halcom Management Services Limited (HMS) which have different functional currencies. The Group does not formally hedge its foreign currency risk.

<b>Foreign Currency Translation Reserve</b>	<b>290,816</b>	<b>266,851</b>
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*Refer to Note 1 for the exchange rates used to translate its foreign operations.*

#### 30. Financial assets

##### 30.1 Carrying amount of financial assets by category

	At amortised cost	Total
<b>Year ended 29 February 2024</b>		
Trade and other receivables excluding non-financial assets (Note 17)	1,141,987	<b>1,141,987</b>
Cash and cash equivalents (Note 18)	283,546	<b>283,546</b>
	<b>1,425,533</b>	<b>1,425,533</b>



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Figures in R `000	Group 2024	Group 2023
<i>Financial assets continued...</i>		
	At amortised cost	Total
<b>year ended 28 February 2023</b>		
Trade and other receivables excluding non-financial assets (Note 17)	1,039,146	<b>1,039,146</b>
Cash and cash equivalents (Note 18)	310,512	<b>310,512</b>
	<b>1,349,658</b>	<b>1,349,658</b>

### 31. Financial liabilities

#### Carrying amount of financial liabilities by category

	At amortised cost	Total
<b>Year ended 29 February 2024</b>		
Lease liabilities (Note 14)	289,249	<b>289,249</b>
Secured loans (Note 21)	1,638,430	<b>1,638,430</b>
Instalment sale agreements	62,716	<b>62,716</b>
Loans from non-controlling interests (Note 22)	34,663	<b>34,663</b>
Trade and other payables excluding non-financial liabilities (Note 23)	605,182	<b>605,182</b>
Bank overdraft (Note 18)	85,623	<b>85,623</b>
	<b>2,715,862</b>	<b>2,715,862</b>
<b>Year ended 28 February 2023</b>		
Lease liabilities (Note 14)	225,448	<b>225,448</b>
Secured loans (Note 21)	1,534,441	<b>1,534,441</b>
Instalment sale agreements	39,446	<b>39,446</b>
Loans from non-controlling interests (Note 22)	30,131	<b>30,131</b>
Trade and other payables excluding non-financial liabilities (Note 23)	497,450	<b>497,450</b>
Bank overdraft (Note 18)	21,480	<b>21,480</b>
	<b>2,348,396</b>	<b>2,348,396</b>

### 32. Commitments

#### Capital commitments

The construction, renovation and upgrading of hospital buildings	44,232	60,824
The acquisition of plant and equipment	96,363	65,673
Acquisition of Beira Private Hospital	-	59,460
	<b>140,595</b>	<b>185,957</b>

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### 33. Segment information

#### 33.1 General information

Consistent with the Group's internal reporting, the chief operating decision maker, being the Executive Committee, views the Group's operating results as a single segment and makes decisions about resources to be allocated and assesses performance accordingly.

The IFRS 8 required information about the Group as a single segment for the profit or loss, including specified revenues and expenses, and assets and liabilities have already been disclosed elsewhere in these consolidated annual financial statements.

The revenue from external customers for groups of similar products and services are disclosed in note 4.

The following geographical information is reported on:

#### Revenues from external customers

South Africa	(3,491,750)	(2,906,544)
Outside of South Africa	(1,177,878)	(1,065,657)
<b>Group total revenues from external customers</b>	<b>(4,669,628)</b>	<b>(3,972,201)</b>

#### Non-current assets other than financial instruments and deferred tax assets

South Africa	3,507,521	3,211,160
Outside of South Africa	969,750	752,796
<b>Group total non-current assets other than financial instruments and deferred tax assets</b>	<b>4,477,271</b>	<b>3,963,956</b>

### 34. Events after the reporting date

All events subsequent to the date of the consolidated annual financial statements and for which the applicable financial reporting framework which require adjustment or disclosure have been adjusted or disclosed.

The Group concluded the refinancing of its debt facilities with effect of 12 March 2024. In addition to extending the tenure of the facilities, Lenmed increased the facility amount, creating additional capacity to fund our ongoing growth strategy. The terms of the R2.5 billion debt package are:

- A term loan of R1.7 billion with a 5-year maturity and at an interest rate of 2.15% over 3-month Jibar
- A revolving credit facility of R550 million with a 5-year maturity and at an interest rate of 2.10% over 3-month Jibar
- General banking facilities of R250 million, annually renewable and at interest rate of prime less 2%;
- Original lenders include RMB, Absa, Ashburton and the IFC

The directors are not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Group other than described above.