iHealthcare Group Holdings Ltd

2022

ANNUAL REPORT

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iHealthcare Group Holdings Ltd

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Overview

Profile

iHealthcare Group Holdings Limited ('iHealthcare Holdings' or 'Company') and its subsidiaries ('iHealthcare Group' or 'Group') is invested entirely in the healthcare industry with a major focus on the ophthalmology market. Through its operating subsidiaries iHealthcare Holdings provides a range of medical-equipment, devices and surgicals, and pharmaceuticals, to its customers in the ophthalmology market.

The strategic plan of the Group is aimed at the expansion of the Group's operations into other segments within the medical industry in future reporting periods.

The Group has identified a single business segment outside of the Group Central Services segment, for the current reporting period, as follows:

- Ophthalmology segment - which comprises the supply of medical equipment, devices and surgicals as well as pharmaceutical products to hospitals and medical practices specialising in ophthalmology across Southern Africa.

Group Central Services, which is represented by the Company's operations, provides strategic direction and shared services to the Group.

iHealthcare Holdings listed on the exchange operated by CTSE Registry Services Proprietary Limited, in the Healthcare industry, on 17 January 2020. This is the third annual report published by the Group.

The head office of the Group is based in Pretoria at the Sappi Technology Centre, corners of Aaron Klug and Max Theiler Street, The Innovation Hub Persequor, Pretoria, South Africa.

About the Annual Report

The Board of Directors ('the Board') of iHealthcare realises the importance of an annual report that fully promotes transparency and accountability to reinforce its role as a responsible corporate citizen.

iHealthcare Holdings' annual report was prepared in compliance with the following:

- International Financial Reporting Standards ('IFRS');
- CTSE Listing Requirements; and
- Companies Act of South Africa (Act 71 of 2008) ('Companies Act').

Reporting Philosophy

This is our third annual report. We have adopted a reporting philosophy which will continuously strive to improve our reporting elements, alignment to relevant reporting frameworks and best practice. We seek to provide relevant and material information for investors and other stakeholders through a report that is accessible to the reader.

The annual report for the year ended 28 February 2022 addresses all businesses, which comprise the local operations, including subsidiary companies, in the financial reporting elements as well as certain additional information as required by the applicable frameworks and legislation.

This report, nevertheless, offers stakeholders a more holistic view of iHealthcare's operations and provides insight on both financial and limited non-financial matters for the year ended 28 February 2022. The Board will aim to improve disclosures and application, as deemed appropriate during every reporting cycle.

The annual report is available online at www.ihgh.co.za.

Overview

Comparatives

Most of the performance measures included in this report have comparative figures and, unless specifically stated otherwise, cover reporting periods (also referred to as financial year) of the Group.

Feedback

The Board welcomes feedback on iHealthcare Holdings' annual report for the 2022 reporting period from stakeholders. Please contact FluidRock Co Sec Proprietary Limited (represented by Crisna Erasmus), Company Secretary, on email address crisna@fluidrockgovernance.com with any questions or queries on this report.

Forward-looking Statements

Certain statements in this report are forward-looking statements, which iHealthcare Holdings believes are reasonable, and take into account information available up to the date of the report. Results could, however, differ materially from those set out in the forward-looking statements as a result of, amongst other factors, changes in economic and market conditions, changes in the regulatory environment and fluctuations in commodity prices and exchange rates.

As a result, these forward-looking statements are not guarantees of future performance and are based on numerous assumptions regarding the Group’s present and future business models, strategy and the environments in which it operates.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. iHealthcare expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based. The forward-looking statements have neither been reviewed nor audited by the Group’s external auditors, SizweNtsalubaGobodo Grant Thornton Incorporated.

Annual Declaration

Shareholders are advised that the directors of iHealthcare Holdings are aware of their responsibilities in terms of the CTSE Listings Requirements and complies with the CTSE Listings Requirements, save for the following:

Securities in public hands

iHealthcare currently has approximately 26 (2021: 22) public shareholders, which is less than the prescribed number of 100 public shareholders in accordance with paragraph 6.26 of the CTSE Listing Requirements. At listing, iHealthcare Holdings obtained dispensation from CTSE not to comply with the prescribed spread requirements, on the basis that the Company would embark on a series of capital raisings and potential acquisitions (consideration to be settled by way of iHealthcare Holdings shares) in order to achieve the required spread requirements. The Company is fully committed to complying with the abovementioned spread requirements and will embark on capital raisings during more favourable market conditions.

The increase in the number of public shareholders is a result of the finalisation of the Scheme of Arrangement during the reporting period. Refer to note 16 of the financial statements for more details.

Overview

Approval of the Annual Report

The Board acknowledges its responsibility to ensure the integrity of the annual report. The Board has accordingly applied its mind to the annual report and in the opinion of the Board the annual report addresses all material issues, and presents fairly the performance of the organisation and its impacts.

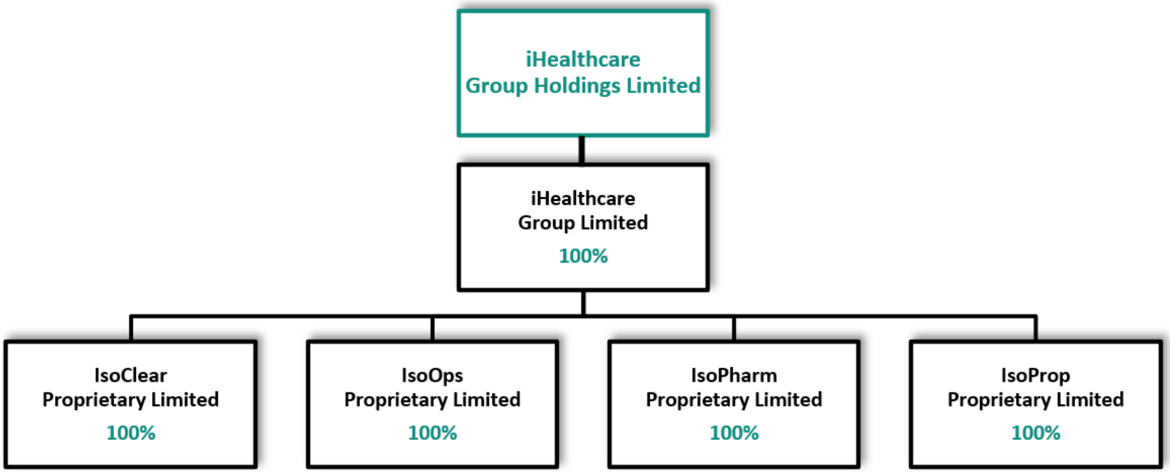
The annual report has been prepared in line with best practice to the extent possible for the reporting period under review. On 18 May 2022, the Board authorised the annual report for release on 27 May 2022.

For and behalf of the Board

DS Prinsloo
CEO

Group Structure

Group Structure as at 28 February 2022



Acquisition of Non-controlling Interests ('NCI') Without a Change in Control

iHealthcare Group Limited ('IHG')

The Company entered into a Scheme of Arrangement during the reporting period with the shareholders of IHG. On 14 February 2022, the Company issued an additional 924,184 ordinary shares with no par value in respect of this arrangement. The arrangement resulted in the acquisition of the NCI of IHG without any change in control. Subsequent to the finalisation of this arrangement, IHG was delisted from the CTSE. Refer to notes 16 and 17 of the financial statements.

The Company held a direct interest in IHG of 65.26% prior to the finalisation of the arrangement. The company is a wholly owned subsidiary at the reporting date.

The users of the Annual Report are referred to the 'Combined Offer Circular' and 'Finalisation Announcement in Respect of the Scheme of Arrangement Between IHG and IHG Holdings' announcements published on 26 November 2021 and 1 February 2022, respectively. All announcements were published on the CTSE News Service.

Operational Subsidiaries

IsoClear Proprietary Limited ('IsoClear')

IsoClear is a wholly owned South African company supplying high quality, affordable ophthalmology products and solutions into the market, with superior levels of customer service and intimacy. The company holds distributor rights in South Africa, and in some cases Africa, for a range of ophthalmology devices, surgicals and surgical consumables. The company partners only with reputable and ethical international and local manufacturers.

The company operates under the following licenses:

- License to manufacture medical devices;
- Licence to wholesale medical devices; and
- License to distribute medical devices.

The company will aim to diversify future operations to include other segments within the healthcare industry.

Group Structure

Semi-dormant Subsidiaries

IsoPharm Proprietary Limited ('IsoPharm')

The strategic plan to move the operations of IsoPharm to a new operational location in Pretoria was finalised towards the end of the current reporting period. A Responsible Pharmacist was appointed during the reporting period and the necessary regulatory inspections of the new premises and issue of the operating licence were finalised towards the end of the current reporting period. The company could not undertake operations without the appointment being finalised and this process was affected by the COVID-19 pandemic.

IsoPharm had still not commenced with any operational activities due to the outstanding licence approval being finalised during February 2022. The company will, in future, operate in terms of a wholesale pharmaceutical license.

Dormant Subsidiaries

IsoOps Proprietary Limited ('IsoOps')

The company was incorporated in the current reporting period. The strategic purpose of IsoOps is the future acquisitions and development of healthcare businesses.

IsoProp Proprietary Limited ('IsoProp')

The company was incorporated in the current reporting period. The strategic purpose of IsoProp is the future acquisition and maintenance of the properties of the Group.

Report to Shareholders

We are pleased to present the report to the shareholders of iHealthcare Holdings ('shareholders') for the 2022 reporting period.

Overview

This has been an extraordinary year for the South African economy, but also the global economy, as a result of the COVID-19 global pandemic. iHealthcare Holdings has been unable to avoid the economic fall-out that has ensued as a direct result of the events and impact of the pandemic during the reporting period.

During the national lockdown, initiated by the South African Government, iHealthcare Holdings' management had extensive discussions with employees, suppliers and customers regarding the sustainability of the Group. These interactions revealed an overwhelming support by various stakeholders towards iHealthcare Holdings. Management was encouraged with the feedback and commitment.

Global Health Pandemic

The widespread local and global uncertainty associated with the COVID-19 pandemic continued during the reporting period. On 1 May 2020, a risk-adjusted phased-in approach of economic activity was implemented and promulgated in terms of the Disaster Management Act of South Africa (Act 57 of 2002). This risk-adjusted phased-in approach continued albeit the levels of economic activity were adjusted according to the various levels instituted by the South African government throughout the reporting period.

Subsequent to the reporting date, on 05 April 2022, the South African government has lifted South Africa's national state of disaster.

It is important to note that the material operating entity of the Group, namely IsoClear Proprietary Limited ('IsoClear') was classified as an essential service provider during the entire reporting period. Operations were less restricted during the risk-adjusted phased-in approach and the previous delays in the execution of elective medical procedures started to normalise during the period resulting in a normalised operational level towards the end of the reporting period.

The Board is of the opinion that the pandemic will not have a material impact on the financial stability of the Group or the Company in the foreseeable future based on the fact that neither the Group or Company utilised any relief measures implemented by Government; customers did not request any extended terms or relief in terms of outstanding accounts; and the Group continued operations since the implementation of the risk-adjusted approach. The normalisation of elective procedures further supporting the Group's ability to operate at full capacity.

Scheme of Arrangement

The Company entered into a Scheme of Arrangement during the reporting period with the shareholders of IHG. On 14 February 2022, the Company issued an additional 924,184 ordinary shares with no par value in respect of this arrangement. The arrangement resulted in the acquisition of the NCI of IHG without any change in control. Subsequent to the finalisation of this arrangement, IHG was delisted from the CTSE. Refer to notes 16 and 17 of the financial statements.

The Company held a direct interest in IHG of 65.26% prior to the finalisation of the arrangement. The company is a wholly owned subsidiary at the reporting date.

Details of the change in the direct interest held by iHealthcare Holdings in iHealthcare Group Limited is set out in notes 10 and 17 of the financial statements.

Report to Shareholders

Segment Performance

Ophthalmology

The segment increased revenue by 37.21% and the operating profit before tax increased by 88.62%. A contributing factor to the increase in the revenue and profit before tax is the normalisation of operating levels of the Group in respect of the increase in elective procedures performed during the implementation of the risk-adjusted phased-in approach by the South African government in response to the COVID-19 pandemic. An additional contributing factor to the increase in revenue and profit before tax is the increased customer base of the Group.

Financial Results

Statement of profit or loss

Revenue increased by 37.21% during the current reporting period which can be attributed to an increased customer base and the overall increase in elective medical procedures during the risk-adjusted phased-in approach resulting in the normalisation of the significant operational entity of the Group, namely IsoClear Proprietary Limited.

Due to the relaxation of the restrictions in respect of elective medical procedures, the Group recognised a reversal of allowance for obsolete inventory in the current reporting period amounting to R 151,678 in profit or loss. No allowance was recognised in the current reporting period.

The overall exposure of the Group to the volatility of foreign currencies, caused by the pandemic, stabilised during the current reporting period. This resulted in a decrease in the loss on foreign exchange amounting to R 83,231 (2021: R 844,416) being recognised in profit or loss during the current reporting period.

The average weighted number of shares, from which earnings per share and headline earnings per share are derived, was 1,582,726 (2021: 1,541,827) shares at the reporting date. The increase in the average weighted number of shares is as a direct result of the finalisation of the Scheme of Arrangement during February 2022.

Earnings per share increased by 85.36% to 141.8 cents per share (cps) (2021: 76.5 cps) and headline earnings per share increased by 85.49% to 141.9 cents per share (cps) (2021: 76.5 cps).

Statement of financial position

During the reporting period the Group acquired additional items of property, plant and equipment amounting to R 3,113,507 (2021: R 178,911) inclusive of an amount of R 2,976,997 (2021: R nil) which was transferred from acquired inventory items and R 136,510 (2021: R 178,911) representative of externally acquired items.

The overall lease contract was cancelled and a new larger premises occupied, during the reporting period.

The working capital* of the Group stabilised at R 13,101,346 (2021: 14,317,384). The pandemic resulted in a decreased level of estimated obsolete inventory as explained above.

**The working capital includes inventories, trade and other receivables and trade and other payables.*

Report to Shareholders

Statement of cash flows

Based on the normalisation of operating levels, the total cash resources of the Group increased by 69.57% to R 8,468,352 (2021: R 4,994,093).

Cash generated by operations increased to R 5,569,287 (2021: R 4,107,223) due to the stabilisation in terms of the working capital of the Group and the increased operational activity.

Governance

Sound corporate governance is inherent in iHealthcare Holdings' values, culture, processes, functions and organisational structure. The Board is fully committed to the highest standard of governance and accountability and delivery of the outcomes of an ethical culture, good performance, effective control and legitimacy.

Composition of the Board

The Board comprised 7 (seven) directors, 1 (one) executive director and 6 (six) non-executive directors at the reporting date. The executive director is the CEO of the Group.

The Board

Director	Classification	Date appointed
AP Coetzee	Independent non-executive director	10 Oct 2019
Dr A Jacobsz	Non-executive director	10 Oct 2019
Dr TB Maleka	Independent non-executive director	20 Oct 2021
KJM Moja	Independent non-executive director, chairperson	10 Oct 2019
Dr PJL Odendaal	Non-executive director	03 Apr 2019
Dr FJ Potgieter	Independent non-executive director	20 Oct 2021
DS Prinsloo	Executive director, CEO	01 Jun 2021

Dr HD Hoffmann retired on 20 October 2021. Furthermore, Mr K Fleischhauer resigned as the chairperson of the Board on 31 May 2021 and resigned from the Board on 31 December 2021. Subsequent to the reporting date, Dr A Jacobsz resigned from the Board effectively on 07 April 2022.

The Board would like to express its gratitude to these directors for their commitment and contribution to the Group.

Mr DS Prinsloo was appointed as CEO and executive director with effect from 01 June 2021 and Mr KJM Moja was appointed as the chairperson of the Board on the same date. In addition, Drs TB Maleka and FJ Potgieter were appointed to the Board with effect from 20 October 2021.

Stakeholder Engagement

Stakeholder relationships are built on the basis of open dialogue and mutual trust as sustainable value creation depends on successful engagement with stakeholders. These engagements assist iHealthcare Holdings to understand and respond to the interests and expectations of key stakeholders. The Group strives to ensure the completeness, timeliness, objectivity, reliability and consistency of information.

Report to Shareholders

Dividends

The Company did not declare a dividend during the current or prior reporting period.

Shareholders of the Company are hereby advised that the Board has declared a gross cash dividend of 121.38564 cents per share after the reporting date. Refer to note 27 of the financial statements for further details.

Prospects

The outlook for the period ending 28 February 2023 is considered to be more stable compared to prior reporting periods. The economy remains under huge pressure with limited appetite for investment. The impact of the COVID-19 pandemic is still fresh in our memories although operating levels of the Group has normalised during the reporting period. The Board expects the overall operational levels to increase in the foreseeable future. Much needs to be done to turn around confidence in the business arena and the overall economy, both locally and internationally. Notwithstanding these factors, the Group has well-established businesses with solid, experienced management in place that contributed to the growth in the current reporting period and the implementation of the needed measures to combat the financial impact of the COVID-19 pandemic on the operations of the Group. The Group is excited about the future prospect.

Appreciation

We extend our appreciation to the management and staff across the Group for their contribution during the reporting period. The relationships with our external stakeholders, including our customers, shareholders and funders, advisors, suppliers and business associates, are critical to the sustainability of the business and we thank them for their continued support and engagement. We would also like to thank the Board for their active participation in Board and Committee meetings, and for providing valuable insight and oversight into and of the Group's operations.

KJM Moja
Chairperson

DS Prinsloo
CEO

JH Visser
CFO

iHealthcare
Group Holdings Ltd

Board of Directors

Board of Directors

Board Members

The members of the Board of Directors at the reporting date were as follows:

AP Coetzee

Chairperson of the Audit and Risk Committee, Member of the Social and Ethics Committee

Independent non-executive director

CA(SA)

Appointed: 10 October 2019

Abrie is a qualified Chartered Accountant. Abrie has 26 years of Financial Services experience of which 24 years is with Momentum Metropolitan Holdings Group in a number of management positions. He is currently appointed as the COO of the Guardrisk Group and an Exco member responsible for strategy development, mergers and acquisitions, technology and digital strategies and chairperson of a number of operational steering committees.

Dr A Jacobsz

Non-executive director

MBChB (UOFS), FC Ophth

Appointed: 10 October 2019

Dr Jacobsz is an ophthalmologist with 16 years' experience and has in-depth knowledge of ophthalmology practice and hospital management. Dr Jacobsz completed his undergraduate medical training in 1996 and shortly thereafter started his career in ophthalmology at 1 Military Hospital in Pretoria. During 2004, Dr Jacobsz completed his ophthalmology training and joined the Pretoria Eye Institute, where he still currently practises today. Dr Jacobsz was appointed to the board of the Pretoria Eye Institute in 2005, where he played a critical role in the development and implementation of integrated strategies, in collaboration with executive partners. He was later appointed as the managing director of the Pretoria Eye Institute in 2010.

Dr Jacobsz served as a director of IsoPharm Proprietary Limited Proprietary Limited, IsoOps Proprietary Limited and IsoProp Proprietary Limited at the reporting date.

Dr Jacobsz resigned as director of iHealthcare Holdings and all other group companies after the reporting date on 07 April 2022.

Dr TB Maleka

Chairperson of the Social and Ethics Committee

Independent non-executive director

MBChB, Dip Ophth, FC Ophth

Appointed: 20 October 2021

Dr Maleka obtained his MBCHB at the University of Natal in 1997 and his Diploma in Ophthalmology from the College of Medicine of South Africa (CMSA) in 2002. In 2006 he became a fellow of the College of Ophthalmologists at the CMSA. Dr Maleka was a consultant at the WITS Ophthalmology department and specialist ophthalmologist in the Retinal Clinic from 2006 to 2017. He lectured ophthalmology to undergraduates, post graduate doctors and registrars. He worked part time at the Centre of Advanced Medicine as a Specialist Ophthalmologist, which position became full time from 2018. In business, Dr Maleka is a founder and director of several medical facilities. He also holds active memberships with several councils and societies.

Board of Directors

KJM Moja

Chairperson of the Board, Member of the Audit and Risk Committee

Independent non-executive director

LLB, LLM

Appointed: 10 October 2019

Kabelo is a qualified and admitted attorney of the High Court of the Republic of South Africa. His qualifications include an LLB and Postgraduate Diploma in Tax from the University of the Witwatersrand and an LLM from the University of Pretoria. Kabelo has worked at the Public Investment Corporation SOC Limited as a senior legal advisor and periodically held an acting executive head of legal role; National Treasury of South Africa as a legal commercial director, Absa Bank Limited and at Routledge Modise Inc. trading as Hogan Lovells South Africa.

He is currently a director with Ascension Capital Partners Proprietary Limited, a private equity fund management and advisory business that specializes in making equity and quasi equity investments into various companies within Sub Saharan Africa. In addition to his current directorships, Kabelo was recently appointed as an independent non-executive director to the Southern African Venture Capital Association.

Dr PJL Odendaal

Non-executive director

MBChB, FCP

Appointed: 3 April 2019

Dr Odendaal is a healthcare practitioner specialising as an Ophthalmologist. Dr. Odendaal completed his undergraduate trading in 1994 at the University of Stellenbosch and his ophthalmology training in 2002 at University of Pretoria. Soon after, he started his career as an ophthalmologist in private practice at the Pretoria Eye Institute. Dr Odendaal has previously served on the Pretoria Eye Institute's Board of Directors and Specialised Hospital Management Groups Board of Directors where he was responsible for business development. Dr Odendaal has also served as a director to Club Surgical Centre Proprietary Limited and Club Medical Centre Proprietary Limited.

Dr FJ Potgieter

Member of the Audit and Risk Committee

Independent non-executive director

MBChB, FC(Urol)SA

Appointed: 20 October 2021

Dr Potgieter obtained his MBChB from the University of Stellenbosch in 1993. He worked as a medical officer in urology from 1994 to 1998 and became the Registrar of Urology at the University of Pretoria from 1998 to 2002. He privately practiced since 2002 and joined the Pretoria Urology Hospital from 2010 to present as a private practitioner. Dr Potgieter has been a member of the Pretoria Urology Hospital Committee since 2013 and was involved in the establishment of its Audit Committee. He had been actively involved in UMECOM Proprietary Limited and its subsequent sale to Ascendis Health Proprietary Limited. From 2014 till March 2017, he was a director at Urolocare Hospitals Proprietary Limited and PUBA Urology Hospitals Proprietary Limited also serving as member of the Audit, Risk and Social and Ethics Committees.

DS Prinsloo

Member of the Social and Ethics Committee

Executive director

BMil, BA(Hons), MBA

Appointed: 01 June 2021

Dawie Prinsloo is an MBA graduate from the University of the Free State. He has spent 10 years in the SANDF as a senior officer before entering the private sector. He has more than 20 years' experience in the healthcare industry. Dawie has excelled in various sales, marketing, and managerial roles in both the pharmaceutical and medical device industries. He has enjoyed successes in representing multinational companies at business Unit level across various therapeutic areas as well as successfully overseeing distribution operations in South Africa and the rest of Sub-Saharan Africa.

Board of Directors

Meeting Attendance

Board of Directors

		Meeting date								
Members	Description of change	14 Apr 2021	19 May 2021	07 Jul 2021	22 Sep 2021	24 Nov 2021	23 Feb 2022*	28 Feb 2022	07 Mar 2022*	18 May 2022
AP Coetzee	No change	√	√	√	√	√	√	√	√	√
K Fleischhauer	Resigned 31 Dec 2021	√	√	√	Apology	Apology	N/A	N/A	N/A	N/A
Dr HD Hoffman	Retired 20 Oct 2021	√	√	Apology	√	N/A	N/A	N/A	N/A	N/A
Dr A Jacobsz	Resigned 07 April 2022**	√	√	√	√	√	√	√	Apology	N/A
Dr TB Maleka	Appointed 20 Oct 2021	N/A	N/A	N/A	N/A	√	Apology	√	√	Apology
KJM Moja	No change	√	√	√	√	√	√	√	√	√
Dr PJL Odendaal	No change	√	√	√	√	√	√	√	√	√
Dr FJ Potgieter	Appointed 20 Oct 2021	N/A	N/A	N/A	N/A	√	√	Apology	Apology	√
DS Prinsloo	Appointed 01 Jun 2021	N/A	√	√	√	√	√	√	√	√
Invitees										
JH Visser		√	√	√	√	√	√	√	√	√
Company Secretary										
FluidRock Co Sec Proprietary Limited representative		√	√	√	√	√	√	√	√	√

**The meeting on 23 February 2022 was adjourned and continued on 07 March 2022.*

***Resigned from the Board after the reporting*

iHealthcare
Group Holdings Ltd

Social and Ethics Committee

Report of the Social and Ethics Committee

The iHealthcare Holdings Social and Ethics Committee ('the Committee') is constituted as a statutory sub-committee of the Board, in line with the CTSE Listing requirements, and reports in compliance with section 72(4) of the Companies Act read together with regulation 43 of the Companies Regulation, 2011.

Although not a statutory requirement, the Committee has started implementing processes to align its duties in terms of the recommendations of the King IV Report on Corporate Governance for South Africa, 2016 ('King IV™'). The Committee conducted its work in accordance with the Social and Ethics Committee Terms of Reference ('TOR'), which was reviewed and updated during the reporting period and approved by the Board.

Duties Assigned by the Board

In addition to the statutory requirements of the Companies Act and the recommendations of King IV™, the Board assigned additional functions for the Committee to perform. Duties were mandated by the Board-approved TOR and included the following key actions:

- exercise ongoing oversight of the management of ethics and, in particular, oversee that it results in the following:
  - application of ethical standards to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers;
  - having sanctions and remedies in place for when the ethical standards are breached;
  - the use of protected disclosure or whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately; and
  - the monitoring of adherence to the ethical standards by employees and other stakeholders, through, among others, periodic independent assessments;
- annually review the Code of Ethics and relevant ethics policies to ensure that these give effect to the Board's direction on organisational ethics and make necessary recommendations to the Board for approval;
- ensure that the Code of Ethics and ethics policies provide for arrangements that familiarise employees and other stakeholders with the Group's ethical standards, including:
  - publishing the aforementioned documents on the Company website;
  - incorporating by reference, or otherwise, the relevant codes and policies in supplier and employee contracts; and
  - including these codes and policies in employee induction and training programmes;
- review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees;
- where requested, make recommendations on any potential conflict of interest or questionable situations;
- ensure that ethics performance is adequately assessed, monitored and disclosed;
- oversee that the core purpose and values, strategy and conduct are congruent with the Company being a responsible corporate citizen;
- monitor on an ongoing basis how the consequences of the Company's activities and output affects its status as a responsible corporate citizen in the following areas:
  - workplace: employment equity; safety, health, dignity and development of employees;
  - economy: economic transformation and prevention, detection and response to fraud and corruption;
  - society: public health and safety; consumer protection; community development and protection of human rights; and
  - environment: pollution; waste disposal and protection of biodiversity;
- annually review and recommend the fraud prevention policy and plan, and any material amendments thereto, to the Board for approval;
- annually review and recommend relevant policies that address any of the above matters to the Board for approval;
- exercise ongoing oversight of the management of ethics and in particular oversee that it results in the use of protected disclosures or whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately; and
- annually review and recommend any whistleblowing policies to the Board for approval.

Report of the Social and Ethics Committee

Committee Activities and Decisions Taken During the Reporting Period

The Committee has met periodically to consider and to act upon its statutory duties and functions and the Board confirms that the Committee has, during the reporting period, performed the duties mandated to it by the Board.

Social and Economic Development

The Group is compliant with the 10 United Nations Global Compact principles. This was further formalised in the Code of Conduct which had been approved by the Board, on recommendation by the Committee, on 22 September 2021.

Pursuing Broad-based black economic empowerment ('B-BBEE') Government initiatives and compliance is a strategic objective for isoClear and will be of key importance for on-going business growth and customer compliance. To assist the Group in this endeavour, isoClear has engaged the services of SERR Synergy Business consultants to assist in evaluating the B-BBEE status. The B-BBEE workplan is in progress to achieve the required B-BBEE status.

A Human Resource ('HR') Policy is in the process of being prepared which will include the measurement of employee compliment against set targets as well as employment equity. The finalisation of the HR policy is a priority for the 2023 reporting period.

Good Corporate Citizenship

The Committee supports the Board in monitoring the Group's performance as a good and responsible corporate citizen.

Continuous engagement and communication with all stakeholders are a key focus area and as such the concept of good corporate citizenship is discussed at the sales and operational planning meeting. Through this forum, the Committee will be able to receive reports on any conducts not conductive to the ideals of good corporate citizenship. To become more proactive in managing stakeholder engagement, the Committee is focusing on developing a stakeholder engagement framework to improve and promote the management of stakeholder relationships to ensure inclusivity.

The Group acknowledges the importance of its role regarding corporate social responsibility and has a balanced approach to address economic, environmental and social issues that aim to make a positive and lasting impact on the lives of others.

The Environment, Health and Public Safety

2020 and 2021 was earmarked by the COVID-19 pandemic and the lockdown restrictions as imposed by the South African government in response thereto. During this period, management ensured that all the regulatory and government regulations pertaining to employee safety were followed.

The Group was compliant with the relevant legislation in relation to the environment, health and safety.

Consumer Relations

The Group is compliant with the relevant consumer protection laws, including but not limited to, the Protection of Personal Information Act.

Labour and Employment

The Group subscribes to the principles of the International Labour Organisation and complies with all relevant labour laws.

The Group is committed to the development and upliftment of its employees, as well as the communities in which it operates. The Group continues to actively drive and support all areas of staff development and training, encouraging a career driven culture. As such, a skills development plan will be developed to assist in this regard.

Report of the Social and Ethics Committee

Plan and Terms of Reference

The Plan of the Social and Ethics Committee was reviewed. The Plan is available for inspection at the registered office of the Company.

Composition of the Committee

The composition of the Committee at the date of the publication of the annual report was as follows:

Member	Defined roles as per the Board	Date appointed
AP Coetzee	Independent non-executive director	10 Oct 2019
Dr TB Maleka (Chairperson)	Independent non-executive director	20 Oct 2021
DS Prinsloo	Executive director, CEO	01 Jun 2021

Dr HD Hoffman retired from the Committee on 20 October 2021. Dr PJL Odendaal resigned from the Committee on 01 June 2021. The Committee members and Board would like to thank the members for their contribution to the Committee.

A brief biography of each of the directors is disclosed on pages 13 to 14 of the annual report.

Meeting Attendance

	Meeting date		
Members	13 Apr 2021	21 Sept 2021	13 Apr 2022
Dr HD Hoffman	√	√	N/A
AP Coetzee	√	√	√
Dr TB Maleka	N/A	N/A	Apology
Dr PJL Odendaal	√	N/A	N/A
DS Prinsloo	N/A	√	√

Approval

The Committee has fulfilled its mandate during the reporting period.

I wish to thank the members of the Committee and management for their contributions during the reporting period to ensure that the Committee could fulfil its mandate assigned to it by the Board.

Dr T Maleka
Chairperson of the Social and Ethics Committee

13 April 2022

iHealthcare
Group Holdings Ltd

Annual Financial Statements

Laws of Incorporation and Memorandum of Incorporation

iHealthcare Group Holdings Limited ('iHealthcare Holdings') has been established and incorporated in compliance with the provisions of the Companies Act of South Africa (Act 71 of 2008) ('Companies Act') and operates in conformity with its Memorandum of Incorporation ('MOI').

Level of Assurance

The financial statements have been audited in compliance with the applicable requirements of the Companies Act.

Auditors

SizweNtsalubaGobodo Grant Thornton Incorporated
Registered Auditors

Preparer

JH Visser CA(SA)(ANZ), CFO

Publication Date

27 May 2022

Certificate by the Company Secretary

Declaration by Company Secretary

The Company Secretary of iHealthcare Group Holdings Limited certifies that in terms of section 88(2) of the Companies Act, that the Company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act.

Furthermore, the Company Secretary confirms that all such returns are true, correct and up to date in respect of the reporting period ended 28 February 2022.

FluidRock Co Sec Proprietary Limited
Company Secretary

18 May 2022

Postal address
P O Box 25160
Monument Park
Pretoria
0105

Physical address
Unit 5
Berkley Office Park
8 Bauhinia Street
Highveld Technopark
Centurion
0169

Directors' Responsibilities and Approval

The directors are required, in terms of the Companies Act, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company as at the reporting date and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ('IFRS').

Reporting Frameworks and Regulations

The consolidated and separate financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of CTSE and in the manner required by the Companies Act, and are based on appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

Internal Financial Control System

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 Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties in order to ensure an acceptable level of risk. The internal financial 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 financial control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Going Concern Principle

The directors have reviewed the Group and Company cash flow forecasts for the next 12 months from date of approval of the consolidated and separate financial statements and, in the light of this review, taking into account the impact of the COVID-19 pandemic in South Africa and the current financial position, they are satisfied that the Group and the Company have, or have access to, adequate resources to continue in operational existence for the foreseeable future.

Events After the Reporting Period

The directors are not aware of any events after the reporting period that have a material impact on the Group or Company's cash flow forecasts for the next 12 months from date of approval of the consolidated and separate financial statements, that have not already been incorporated into these forecasts.

Directors' Responsibilities and Approval

External Assurance

The external auditors are responsible for independently examining and reporting on the consolidated and separate financial statements and their report is presented on pages 35 to 39.

Approval

The consolidated and separate financial statements for the year ended 28 February 2022, as set out on pages 40 to 109, which have been prepared on the going concern basis, were approved by the Board on 18 May 2022 and are signed on their behalf by:

KJM Moja
Chairperson

DS Prinsloo
CEO

JH Visser
CFO

Report of the Audit and Risk Committee

The iHealthcare Holdings Audit and Risk Committee ('the Committee') is constituted as a statutory sub-committee of the Board, in line with the CTSE Listings Requirements, and reports in compliance with section 94(7)(f) of the Companies Act.

Although not a statutory requirement, the Committee has continued implementing processes to align its duties in terms of the recommendations of King IV Report on Corporate Governance for South Africa, 2016 ('King IV™'). The Committee conducted its work in accordance with the Audit and Risk Committee Terms of Reference ('TOR'), which was reviewed and updated during the reporting period and approved by the Board.

The quality, integrity and reliability of audit and risk-related issues of the Group are delegated to the Committee to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting statements in compliance with all applicable legal requirements and accounting standards. Ensuring good corporate governance in the Group is also a mandate assigned to it by the Board.

Duties Assigned by the Board

In addition to the statutory requirements of the Companies Act and the recommendations of King IV™, the Board assigned additional functions for the Committee to perform. Duties were mandated by the Board-approved TOR and included the following key actions:

- ensured that the appointment of the external auditors complied with the provisions of the Companies Act and any other relevant legislation, including auditor independence, fees payable and the nature and extent of any non-audit services;
- examined the reliability and accuracy of the financial information presented to all users of such information, including the Company's going concern assertion;
- formed an integral component of the risk management process and, as such, reviewed the risk management process, resultant risk registers and action plans to mitigate all key risks. Key risks involved strategic risks, liquidity risks, financial reporting risks, fraud risks, operational risks, risks associated with information technology, legal and compliance risks and internal financial controls;
- reported to the Board on the Committee's activities and made recommendations to the Board concerning the adequacy and effectiveness of the risk policies, procedures, practices, controls or any other matters arising from the above responsibilities;
- oversaw reporting and reviewed all factors and risks that may impact on the integrity of the annual report;
- monitored relationships between all assurance providers and monitored results and actions taken to address any deficiencies;
- satisfied itself of the appropriateness, expertise, resources and experience of iHealthcare Holdings' finance function, and specifically the CFO;
- ensured that appropriate financial reporting procedures exist and are working;
- assessed the information regarding the audit firm and designated audit partner provided by the external auditors, prior to recommending them for reappointment;
- considered the most current information provided in respect of the CTSE monitoring processes and the pro-active monitoring processes of other security exchanges;
- monitored iHealthcare Holdings' implementation of the recommendations of King IV™;
- reviewed IT and fraud risks; and
- in addition to the above duties, the Committee reviewed the following:
    - annual report;
    - interim report; and
    - financial statements.

Report of the Audit and Risk Committee

Committee Activities and Decisions Taken During the Reporting Period

The Committee has met periodically to consider and act upon its statutory duties and functions and the Board confirms that the Committee has performed the duties mandated to it by the Board during the reporting period.

External audit

In terms of section 90(1) of the Companies Act, the Committee had nominated SizweNtsalubaGobodo Grant Thornton Incorporated ('SNGGT') as the independent auditors and Mr A Philippou, a registered independent auditor, as the designated auditor, for appointment for the 2022 audit. This appointment was approved by shareholders at the Annual General Meeting ('AGM') on 20 October 2021. The Committee has satisfied itself through enquiry that the auditor of iHealthcare Holdings is independent, as defined by the Companies Act, and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the auditor that the internal governance processes within the audit firm support and demonstrate the claim to independence.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2022 reporting period. The budgeted fee was considered for appropriateness and then approved. Audit fees are disclosed in note 23 of the financial statements.

The Committee considers and approves the non-audit services rendered by the external auditor. The external auditors did not render any non-audit services during the reporting period.

Meetings were held with the auditor and no matters of concern were raised. In terms of the TOR, the external auditors have unrestricted access to the Chairperson of the Committee.

SNGGT has been iHealthcare Holdings' auditors since 2017, with Mr A Philippou being appointed as the designated auditor in 2020. The attendant risk of familiarity between management and the external auditors is mitigated through various factors, which include but are not limited to:

- balancing the benefits of maximising the knowledge gained through the utilisation of the same audit and management teams and ensuring independence and avoidance where knowledge of processes and procedures creates an environment where aspects are taken for granted;
- rotation of management and directors, not only from a statutory perspective, but also on an ongoing basis;
- the rotation of Mr NC Kyriacou after serving as designated auditor in the previous reporting periods. Mr Kyriacou was replaced by Mr A Philippou in the 2020 reporting period;
- ongoing independence evaluations; and
- rotation of the Engagement Quality Control Reviewer as per the firm policy.

As Gazetted on 5 June 2017, mandatory audit firm rotation will become effective for reporting periods commencing on or after 1 April 2023. An audit firm shall not serve as the appointed auditor of a company for more than ten consecutive reporting periods. The audit firm will only be eligible for reappointment as the auditor after the expiry of at least five reporting periods.

The Committee confirms that the auditor and designated auditor are accredited by CTSE, and was satisfied with the quality of the external audit.

Significant matters that the Committee considered included:

- the impact of the Scheme of Arrangement between the Company and iHealthcare Group Limited; and
- the impact of the COVID-19 global pandemic.

The Committee relied on assurance obtained from the detailed audit procedures performed, specifically on the above matters, by the external auditors. External IFRS consultants assisted management with the application of the above.

Report of the Audit and Risk Committee

Internal Controls

The Group maintains systems of internal control, which include financial, operational and compliance controls.

The Committee is responsible for reviewing the functioning of the internal control system, the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information. In addition, it reviews whether the Group should continue to use the services of the current external auditors, any accounting or auditing concerns identified as a result of the external audit, the Group's compliance with legal and regulatory provisions, its MOI and by-laws.

The Board is accountable for establishing appropriate risk and control policies. Executive management is responsible for monitoring, reviewing and communicating these controls and policies through the organisation. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified.

All processes have been in place for the reporting period and up to the date of the approval of the financial statements and the directors are not aware of any known material breakdown in the functioning of the internal financial controls that has occurred during the reporting period to render the control environment ineffective.

The Committee assured itself of the internal financial controls through the integrated reporting model and, specifically, reports from the external auditors. The independent assurance as well as internal inspections, which was received during the reporting period, formed the basis for reporting to the Board on the reliability thereof.

iHealthcare Holdings' overall system of internal control remains adequate and no significant deficiencies in the design, implementation or execution of internal financial controls were identified.

Evaluation of the CFO, Finance Function and Financial Reporting Structure

The Committee has satisfied itself of the appropriateness of the expertise and experience of Mr JH Visser CA(SA)(ANZ), CFO of the Group.

The Committee has considered, and has satisfied itself of, the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function. The Committee has established that iHealthcare Holdings has appropriate financial reporting procedures in place and that those procedures are operating and operated satisfactorily during the reporting period.

Financial Statements and Accounting Policies

The Committee has reviewed the accounting policies and the financial statements of the Group and the Company. It is satisfied that they are appropriate and comply with IFRS. There has been no change in the accounting policies for the period under review.

The Committee and the Board are confident that they have taken, and continue to take, all the necessary steps to execute their responsibilities in terms of the Companies Act and the principles of good governance as contemplated in King IV™.

The Committee fulfilled its mandate and recommended the financial statements for the period ended 28 February 2022 for approval to the Board. The Board approved the financial statements on 18 May 2022 and the financial statements will be open for discussion at the AGM.

Report of the Audit and Risk Committee

Going Concern

Management presented the results of the Company's and the Group's solvency and liquidity tests at each of the Committee's meetings. The Committee satisfied itself that the Company and the Group have sufficient assets to carry on with operations and that the Group was both solvent and liquid after considering the impact of the COVID-19 global pandemic. These results were reported at each of the Board meetings.

The Committee monitored liquidity throughout the national lockdown and thereafter. Further details on the actions taken relating to the COVID-19 pandemic are discussed in note 5 of the financial statements.

Reporting Process

The Committee oversaw the reporting process in accordance with its TOR and, in particular, the Committee:

- regarded all factors and risks that may impact on the integrity of the annual report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, as well as any evidence that brings into question previously published information and forward-looking statements or information;
- reviewed the financial statements;
- reviewed the disclosure of other information in annual report to ensure that it is reliable and does not conflict with the financial information; and
- recommended the annual report for approval by the Board.

Risk Management

The Board assigned oversight of the Group's risk management function to the Committee. In terms of King IV™, the Committee has reviewed the effectiveness of the risk management function and a total risk management process has been implemented.

The Committee reviewed the annual risk maturity assessment and was satisfied with the results during the reporting period. Standing Committee agenda items included risks associated with IT, financial reporting, liquidity risks, fraud, legal and regulatory compliance, litigation, insurance, reputation issues, ethics and health and safety compliance.

Fraud Prevention and Whistleblowing

The Committee is satisfied that management's anti-fraud management and controls are sufficient. During the reporting period, no instances of whistleblowing occurred and no matters were reported.

IT Risk Management

The Board assigned oversight of technology and information governance, and the risks associated therewith, to the Committee. The Committee accepts that technology has a fundamental impact on the way in which business is conducted and businesses are measured.

The Committee noted the following from the IT risk presentation at the reporting date:

- the IT strategy for the Group is in place with the main driver of the strategy being costs and efficiency;
- implementation of the new robust and updated IT infrastructure for the Group is in process; and
- all IT risks are added to the Group's risk register with mitigating strategies.

Report of the Audit and Risk Committee

The Committee confirms that:

- risks associated with the IT environment and projects are continuously evaluated and appropriate plans are in place and implemented to mitigate these risks to an acceptable level;
- IT expenditure is motivated by sound commercial principles to ensure that the business strategies and IT strategies are aligned;
- developments in the IT industry are monitored on an ongoing basis and the potential impact thereof on the Group's long-term strategy is evaluated regularly; and
- the necessary skills are in place to ensure that the internal control systems are adequately applied across the Group's entire IT environment.

Legal and Regulatory Compliance

The Committee has been assigned the responsibility for ensuring ongoing legal and regulatory compliance. This mandate has been fulfilled through regular reviews of exposure levels associated with any key non-compliances and legal disputes.

Plan and Terms of Reference

The Plan of the Audit and Risk Committee was reviewed. The Plan is available for inspection at the registered office of the Company. As included in the TOR, the appointment of external auditors for non-audit services was approved by the Committee.

Financial Statements

Following the review by the Committee of the consolidated and separate financial statements of iHealthcare Holdings for the period ended 28 February 2022, the Committee is of the view that, in all material aspects, it complies with the relevant provisions of the Companies Act and IFRS and fairly presents the financial position at that date and the results of its operations and cash flows for the period.

In conjunction with the Board, the Committee has also satisfied itself as to the integrity of the remainder of the annual report.

Having achieved its objectives for the reporting period, the Committee recommended the consolidated and separate financial statements and annual report for the year ended 28 February 2022 for approval to the Board on 17 May 2022.

Composition of the Committee

The composition of the Committee at the date of the publication of the annual report was as follows:

Member	Defined roles as per the Board	Date appointed
AP Coetzee	Independent non-executive director	10 Oct 2019
KJM Moja (Chairperson)	Independent non-executive director, chairperson	10 Oct 2019
Dr FJ Potgieter	Independent non-executive director	20 Oct 2021

Dr HD Hoffman retired from the Committee on 20 October 2021. The Committee members and Board would like to thank Dr Hoffmann for his contribution to the Committee.

A brief biography of each of the directors is disclosed on pages 13 to 14 of the annual report.

Report of the Audit and Risk Committee

Meeting Attendance

	Meeting date				
Members	18 May 2021	06 Jul 2021	23 Nov 2021	01 Feb 2022	17 May 2022
AP Coetzee	√	√	√	√	√
Dr HD Hoffman	√	Apology	N/A	N/A	N/A
KJM Moja	√	√	√	√	√
Dr FJ Potgieter	N/A	N/A	√	√	√

Approval

The Committee has fulfilled its mandate during the reporting period and accordingly the financial statements have been approved for recommendation to the Board. The Board has subsequently approved the financial statements on 18 May 2022 which will be open for discussion at the AGM.

I wish to thank the members of the Committee and management for their contributions during the reporting period to ensure that the Committee could fulfil its mandate assigned to it by the Board.

AP Coetzee
Chairperson of the Audit and Risk Committee

17 May 2021

Directors' Report

The directors take pleasure in presenting their report for the reporting period ended 28 February 2022.

Directors' Responsibility

The Company's directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

iHealthcare Holdings' Business

iHealthcare Holdings is listed on the CTSE in the Healthcare industry. A description of iHealthcare Holdings' business profile and Group structure is set out in the overview section of the annual report.

Financial Results

The operating results and the state of affairs of the Company and the Group are discussed in the Report to Shareholders on pages 8 to 11 of the annual report.

The Group generated a profit of R 3,334,601 (2021: R 1,751,503). The financial statements on pages xx to xx details the Group's and the Company's financial performance, position and cash flow for the reporting period.

Segment Analysis

A detailed segment analysis of the Group's performance is disclosed in note 35 of the financial statements.

Stated Capital

On 14 February 2022, the Company issued 924,184 ordinary shares with no par value in respect of the Scheme of Arrangement to acquire the non-controlling interests of iHealthcare Group Limited. This share-for-share transaction was concluded during the reporting period.

A detailed analysis of the movements in stated capital is set out in note 16 of the financial statements.

Rights Attaching to Shares

Each ordinary iHealthcare Holdings share is entitled to identical rights in respect of voting, dividends, profits and a return of capital. The variation of rights attaching to iHealthcare Holdings shares requires the approval of shareholders of at least 65% (sixty five percent) of the voting rights exercised on the resolution in accordance with the MOI and CTSE Listing Requirements or the sanction of a special resolution passed at a general meeting of the holders of the iHealthcare Holdings shares of that class.

Any issue of iHealthcare Holdings shares is subject to shareholder approval.

Directors and Prescribed Officer's Interest and Shareholding

Directors' and the prescribed officer's interests and shareholding as at 28 February 2022 are included in note 32 of the financial statements.

There has been no change in directors' interests from the reporting date until the approval of the iHealthcare Holdings annual report on 18 May 2022. The directors have no non-beneficial shareholdings.

Directors' Report

Shareholders other than Directors

An analysis of shareholders is set out in note 38 of the financial statements.

Major shareholders

Pursuant to section 56(7) of the Companies Act, the Group has no shareholder with a beneficial interest in excess of 5% of the issued share capital.

Dividend Policy

The Company did not declare a dividend during the current or prior reporting period.

Shareholders of the Company are hereby advised that the Board has declared a gross cash dividend of 121.38564 cents per share after the reporting date. Refer to note 27 of the financial statements for further details.

Service Contracts with Directors

iHealthcare Holdings complies with relevant legislation when determining minimum terms and conditions for the appointment of executive directors. Unless stated otherwise in the contract of employment, there are no fixed terms of employment. Employment ceases on the resignation or dismissal of the director upon notice of two months (other than during the first six months of employment), and the notice period may be waived at the discretion of the Board of iHealthcare Holdings. All recently contracted employment agreements with management include a restraint of trade clause to protect iHealthcare Holdings' proprietary interests and to ensure that the business is not prejudiced in any way or form.

Systems of Internal Control

The Group maintains systems of internal control, which include financial, operational and compliance controls. The Audit and Risk Committee is responsible for reviewing the functioning of the internal control system, the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information.

In addition, the Audit and Risk Committee reviews whether the Group should continue to use the services of the current external auditors, any accounting or auditing concerns identified as a result of the external audit, the Group’s compliance with legal and regulatory provisions, its MOI and by-laws.

The Board is accountable for establishing appropriate risk and control policies. Executive management is responsible for monitoring, reviewing and communicating these controls and policies through the organisation. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified.

All processes have been in place for the reporting period and up to the date of the approval of the financial statements and the directors are not aware of any known material breakdown in the functioning of the internal financial controls that has occurred during the reporting period to render the control environment ineffective.

iHealthcare Holdings' overall system of internal control remains adequate and no significant deficiencies in the design, implementation or execution of internal financial controls were identified.

Directors' Report

External Audit and Independence

SizweNtsalubaGobodo Grant Thornton Incorporated ('SNGGT') acts as external auditors of the Company, and has indicated their willingness to continue in office for the ensuing year.

The Audit and Risk Committee has satisfied itself of the independence of SNGGT and the designated auditor, Mr A Philippou, as required by section 90 of the Companies Act. The Board concurs with the Audit and Risk Committee's assessment.

The proposed audit fee to be paid to SNGGT for the independent audit of the iHealthcare Holdings Group entities for the reporting period ended 28 February 2022 amounts to R 1,054,750 (2021: R 1,000,000).

Composition of the Board

The Board comprised 7 (seven) directors, 1 (one) executive director and 6 (six) non-executive directors at the reporting date. The executive director is the CEO of the Group.

The Board

Director	Description of change	Date appointed	Date of resignation	Date of role change
AP Coetzee^	None	10 Oct 2019	N/A	N/A
K Fleischhauer^	Resigned as Chairperson of the Board and director	10 Oct 2019	31 Dec 2021	31 May 2021
Dr HD Hoffman^	Retired from the Board	10 Oct 2019	20 Oct 2021	N/A
Dr A Jacobsz	Changed from executive to non-executive	10 Oct 2019	07 Apr 2022*	01 Jun 2021
Dr TB Maleka^	Appointed as independent non-executive director	20 Oct 2021	N/A	N/A
KJM Moja^	Appointed as Chairperson of the Board	10 Oct 2019	N/A	01 Jun 2021
Dr PJL Odendaal	Changed from executive to non-executive	03 Apr2019	N/A	01 Jun 2021
DS Prinsloo	Appointed as executive director and CEO	01 Jun 2021	N/A	N/A
Dr FJ Potgieter^	Appointed as independent non-executive director	20 Oct 2021	N/A	N/A

^Independent non-executive director.
***Resigned from the Board after the reporting date.*

Audit and Risk Committee

Director	Description of change	Date appointed	Date of resignation	Date of role change
AP Coetzee	None	10 Oct 2019	N/A	N/A
Dr HD Hoffman	Retired as committee member	10 Oct 2019	20 Oct 2021	N/A
KJM Moja	None	10 Oct 2019	N/A	N/A
Dr FJ Potgieter	Appointed as committee member	20 Oct 2021	N/A	N/A

Social and Ethics Committee

Director	Description of change	Date appointed	Date of resignation	Date of role change
Dr HD Hoffman	Retired as Chairperson and committee member	10 Oct 2019	20 Oct 2021	N/A
AP Coetzee	None	10 Oct 2019	N/A	N/A
Dr TB Maleka	Appointed as committee member and Chairperson	20 Oct 2021	N/A	24 Nov 2021
Dr PJL Odendaal	None	03 Apr2019	N/A	N/A
DS Prinsloo	Appointed as committee member	01 Jun 2021	N/A	N/A

A brief biography of each of the directors is disclosed on pages 13 to 14 of the annual report.

Directors' Report

State Affairs of the Group - Material Considerations

Borrowing powers

The MOI imposes no restrictions on the borrowing powers of the Company or its directors. The Company does, however, have in place a formal delegation of authority imposing limitations in terms of transaction value and nature, which is fully operational and reviewed on an ongoing basis by the Board.

Transactions with non-controlling interests ('NCI') without change in control

Details of the change in the direct interest held by iHealthcare Holdings in iHealthcare Group Limited is set out in notes 10 and 17 of the financial statements.

Investments in subsidiaries

Details of interests in subsidiaries held are disclosed in note 10 of the financial statements.

Directors' interest in contracts

No director of the Company had any interest in any contract of significance during the reporting period.

Contingent liabilities

The directors are not aware of any contingent liabilities that existed at 28 February 2022, or at the date of this report.

Litigation statement

The Board is not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have a material effect on the Group's financial position.

Related party transactions

The related party transactions entered into in the ordinary course of business are disclosed in note 33 of the financial statements.

Insurance

The Group has placed cover in the South African traditional insurance markets to ensure that all categories of risk are covered adequately. Additional cover on a per risk basis has been purchased, where appropriate.

Impact of the COVID-19 pandemic

The COVID-19 pandemic has had a significant impact in South Africa and across the world. The first impact was noted in the Group in March 2020 when all major markets were similarly impacted by the pandemic. Subsequent to the reporting date, on 05 April 2022, the South African government has lifted South Africa's national state of disaster. Based on the magnitude of the pandemic and its potential impact on the financial statements, management has conducted a review of all possible financial effects the virus could have on the measurement, presentation and disclosure provided. The results of this assessment are disclosed in note 5 of the financial statements.

Going Concern Statement

Following due consideration of the operating budgets, an assessment of Group's debt covenants and funding requirements, solvency and liquidity, the key risks, outstanding legal, insurance and tax issues, the impact of the COVID-19 pandemic and other pertinent matters presented by management, the directors have recorded that they have reasonable expectations that the Company and the Group have adequate resources and the ability to continue in operations for the foreseeable future. For these reasons, the financial statements have been prepared on the going concern basis.

Events After the Reporting Period

Other than as disclosed in note 37 of the financial statements, there were no events material to the understanding of the financial statements that occurred after the reporting date and the authorisation date of the financial statements.

Independent Auditor's Report

To the Shareholders of iHealthcare Group Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of iHealthcare Group Holdings Limited (the group and company) set out on pages 40 to 107, which comprise the consolidated and separate statements of financial position as at 28 February 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of iHealthcare Group Holdings Limited as at 28 February 2022, and its consolidated and separate financial performance and consolidated and separate 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 and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identified Key Audit matter	Audit response
Change in holdings (Investment in IHG by IHGH) During the reporting period, the Company purchased additional shares in its subsidiary I Healthcare Group Ltd and in doing so effectively acquiring the full extent of the Non-Controlling Interest of the the subsidiary (34.74%). At the reporting period the Company owns 100% of said subsidiary.This transaction was concluded by virtue of a share swop arrangement.	• We obtained an understanding of the methodology applied by management and whether said methodology was in line with the accounting policies and IFRS. • The independent valuations performed on both the company and the subsidiary were assessed in line with acceptable valuation techniques as per IFRS. • The verification of the approval processes undertaken to facilitate the execution of the transaction • Verification of compliance against the Cape Town Stock Exchange listing requirements related to transactions of this nature. • The assessment and review of the accounting treatment of the transaction given the fact that transactions of this nature do not occur frequently. • Verification of the mathematical accuracy of the applied share exchange ratio.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "iHealthcare Group Holdings Limited Annual Report 2022", and in the document titled "iHealthcare Group Holdings Limited Annual Financial Statements 2022", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by the Company Secretary, as required by the Companies Act of South Africa. The other information further comprises the Analysis of Shareholding note on pages 108 and 109. The other information does not include the consolidated and separate financial statements and our audit report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied..

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton Inc. has been the auditor of iHealthcare Group Holding Limited for three years.

Alex Philippou

SizweNtsalubaGobodo Grant Thornton Inc.

Engagement Director

Registered Auditor

26 May 2022

221 Garstfontein Road

De Beers

Pretoria

Gauteng

0181

Statements of Financial Position

as at 28 February 2022

Figures in R	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Assets					
Non-current assets					
Property and equipment	8	5,753,912	4,755,502	-	-
Goodwill	9	-	-	-	-
Investments in subsidiaries	10	-	-	67,700,524	41,564,600
Deferred tax assets	11	1,209,455	958,416	27,359	27,749
Total non-current assets		**6,963,367**	**5,713,918**	**67,727,883**	**41,592,349**
Current assets					
Inventories	12	10,476,774	14,307,658	-	-
Trade and other receivables	13	6,078,917	4,432,685	30,000	125,000
Current tax assets	29	-	8,179	-	-
Loan receivable	14	-	112,409	-	-
Cash and cash equivalents	15	8,468,352	4,994,093	3,269,204	189,970
Total current assets		**25,024,043**	**23,855,024**	**3,299,204**	**314,970**
Total assets		**31,987,410**	**29,568,942**	**71,027,087**	**41,907,319**
Equity and liabilities					
Equity					
Stated capital	16	67,867,660	41,731,736	67,867,660	41,731,736
Retained earnings		(41,251,825)	(26,879,562)	1,776,963	(1,229,778)
Total equity attributable to owners of the Company		26,615,835	14,852,174	69,644,623	40,501,958
Non-controlling interests	17	-	8,429,060	-	-
Total equity		**26,615,835**	**23,281,234**	**69,644,623**	**40,501,958**
Liabilities					
Non-current liabilities					
Cash-settled share-based payment liability	32	1,112,196	-	-	-
Lease liability	19	-	374,113	-	-
Contract liabilities	18	588,525	652,050	-	-
Total non-current liabilities		**1,700,721**	**1,026,163**	**-**	**-**
Current liabilities					
Trade and other payables	20	3,454,345	4,422,959	98,334	123,495
Current tax liabilities	29	152,984	78,303	5,759	3,495
Lease liability	19	-	696,758	-	-
Loan from group company	21	-	-	1,278,371	1,278,371
Contract liabilities	18	63,525	63,525	-	-
Total current liabilities		**3,670,854**	**5,261,545**	**1,382,464**	**1,405,361**
Total liabilities		**5,371,575**	**6,287,708**	**1,382,464**	**1,405,361**
Total equity and liabilities		**31,987,410**	**29,568,942**	**71,027,087**	**41,907,319**

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 28 February 2022

Figures in R	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Revenue	22	38,982,168	28,409,946	3,531,942	453,000
Cost of sales		(15,727,026)	(11,568,353)	-	-
Gross profit		**23,255,142**	**16,841,593**	**3,531,942**	**453,000**
Other income		**-**	**341,295**	**-**	**-**
Sub-lease rental income	19	-	96,386	-	-
Gain on early termination of lease	19	-	34,296	-	-
Reversal of accrual for operating lease expense		-	92,939	-	-
Reversal of impairment loss on trade receivables	31	-	35,725	-	-
Recovery of trade receivables written off	31	-	1,349	-	-
Reversal of share-based payment expense	32	-	80,600	-	-
Operating expenses		**(18,362,438)**	**(14,459,769)**	**(488,586)**	**(393,260)**
Impairment loss on trade receivables	31	(17,149)	-	-	-
Loss on disposal of property and equipment		(3,087)	-	-	-
Loss on foreign exchange		(83,231)	(844,416)	-	-
Employee benefit expense		(8,989,666)	(6,985,033)	(74,200)	(30,100)
Share-based payment expense	32	(1,112,196)	(56,220)	-	-
Administrative expenses*		(2,255,982)	(2,515,109)	(110,931)	(133,107)
Other expenses*		(5,901,127)	(4,058,991)	(303,455)	(230,053)
Operating profit before interest	**23**	**4,892,704**	**2,723,119**	**3,043,356**	**59,740**
Finance income	24	145,083	64,740	-	-
Finance costs	25	(26,708)	(94,460)	-	-
Profit before tax		**5,011,079**	**2,693,399**	**3,043,356**	**59,740**
Income tax expense	26	(1,676,478)	(941,896)	(36,615)	(53,263)
Profit for the period		**3,334,601**	**1,751,503**	**3,006,741**	**6,477**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the period		**3,334,601**	**1,751,503**	**3,006,741**	**6,477**
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		2,244,207	1,179,799		
Non-controlling interests**		1,090,394	571,704		
		3,334,601	**1,751,503**		
Earnings per ordinary share	27				
-Basic earnings per ordinary share (cents)		141.8	76.5		
-Diluted earnings per ordinary share (cents)		141.8	76.5		

**Refer to note 23 of the financial statements for significant contributing expenses to this category.*

***The profit attributable to the NCI is included for the period until the date on which the share-for-share transaction was concluded (refer to notes 16 and 17).*

Statements of Changes in Equity - Group

for the year ended 28 February 2022

Figures in R		Stated capital	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
Balance at 1 March 2020		41,564,720	(28,337,554)	13,227,166	7,420,950	20,648,116
Profit for the period		-	1,179,799	1,179,799	571,704	1,751,503
Total comprehensive profit for the period		-	1,179,799	1,179,799	571,704	1,751,503
Issue of ordinary shares		167,016	-	167,016	-	167,016
Transactions with NCI without a change in control		-	278,193	278,193	436,406	714,599
Balance at 28 February 2021		**41,731,736**	**(26,879,562)**	**14,852,174**	**8,429,060**	**23,281,234**
Balance at 1 March 2021		41,731,736	(26,879,562)	14,852,174	8,429,060	23,281,234
Profit for the period		-	2,244,207	2,244,207	1,090,394	3,334,601
Total comprehensive income for the period		-	2,244,207	2,244,207	1,090,394	3,334,601
Issue of ordinary shares		26,135,924	-	26,135,924	-	26,135,924
Acquisition of NCI without a change in control		-	(16,616,470)	(16,616,470)	(9,519,454)	(26,135,924)
Balance at 28 February 2022		**67,867,660**	**(41,251,825)**	**26,615,835**	**-**	**26,615,835**
	Notes	**16**			**17**	

Statements of Changes in Equity - Company

for the year ended 28 February 2022

Figures in R	Note	Stated capital	Retained earnings	Total
Balance at 1 March 2020		41,564,720	(1,236,255)	40,328,465
Profit for the period		-	6,477	6,477
Total comprehensive profit for the period		-	6,477	6,477
Issue of ordinary shares		167,016	-	167,016
Balance at 28 February 2021		**41,731,736**	**(1,229,778)**	**40,501,958**
Balance at 1 March 2021		**41,731,736**	**(1,229,778)**	**40,501,958**
Profit for the period		-	3,006,741	3,006,741
Total comprehensive income for the period		-	3,006,741	3,006,741
Issue of ordinary shares		26,135,924	-	26,135,924
Balance at 28 February 2022		**67,867,660**	**1,776,963**	**69,644,623**
	Note	**16**		

Statements of Cash Flows

for the year ended 28 February 2022

Figures in R	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Cash generated from operations	**28**	**5,569,287**	**4,107,222**	**113,196**	**(39,025)**
Dividends received	22	-	-	3,000,000	-
Finance cost paid	25	(26,708)	(94,460)	-	-
Finance income received	24	145,083	64,740	-	-
Income tax (paid)/refunded	29	(1,844,657)	(1,396,247)	(33,962)	(25,649)
Net cash from/(used in) operating activities		**3,843,005**	**2,681,255**	**3,079,234**	**(64,674)**
Cash flows from investing activities					
Proceeds from disposal of property and equipment		1,565	-	-	-
Acquisition of property and equipment	8	(136,510)	(178,911)	-	-
Advances on loans receivable	14	-	(112,409)	-	-
Repayment from loans receivable	14	112,409	206,518	-	-
Net cash used in investing activities		**(22,536)**	**(84,802)**	**-**	**-**
Cash flows from financing activities					
Proceeds from issue of shares to NCI	17	-	714,600	-	-
Proceeds from issue of ordinary shares	16	-	167,016	-	167,016
Repayment of lease liability	19	(346,210)	(847,287)	-	-
Proceeds from loans from group companies	21	-	-	-	87,628
Payment of cash-settled share-based liability	32	-	(481,600)	-	-
Net cash (used in)/from financing activities	30	**(346,210)**	**(447,271)**	**-**	**254,644**
Net increase in cash and cash equivalents		**3,474,259**	**2,149,182**	**3,079,234**	**189,970**
Cash and cash equivalents at 1 March	15	4,994,093	2,844,911	189,970	-
Cash and cash equivalents at 28 February	**15**	**8,468,352**	**4,994,093**	**3,269,204**	**189,970**

Notes to the Financial Statements

for the year ended 28 February 2022

1. Reporting Entity

iHealthcare Group Holdings Limited ('iHealthcare Holdings') is incorporated and domiciled in South Africa. The address of its registered office is Sappi Technology Centre, The Innovation Hub, Cnr Aaron Klug and Max Theiler Street, Persequor, 0020. The consolidated financial statements of the Company as at and for the period ended 28 February 2022 comprise the Company and its subsidiaries (together referred to as the Group).

The principal operations of the Group have been disclosed in the Directors' Report on page 31.

2. Statement of Compliance

The consolidated and separate financial statements ('the financial statements') have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the CTSE Listings Requirements and the Companies Act of South Africa (Act 71 of 2008) ('Companies Act').

The financial statements were authorised for issue by the Board on 18 May 2022 and are subject to the approval of the shareholders at the AGM.

3. Basis of Preparation

The financial statements are prepared as a going concern on a historical cost basis except for the cash-settled share-based payment liability, which are stated at fair value, as applicable. The accounting policies, inclusive of reasonable judgements and assessments, have been consistently applied for all reporting periods presented and comply with IFRS.

The financial statements are presented in South African Rand, which is the functional currency of the Group. Amounts are rounded to the nearest South African Rand, except where another rounding measure has been indicated in the financial statements.

4. Significant Estimates and Judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying the accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

Judgements	Related note
COVID-19 impact: going concern assessment	36

Notes to the Financial Statements
for the year ended 28 February 2022

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties, at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next reporting period is included in the following notes:

Assumptions and estimation uncertainties	Related note
Impairment of goodwill: key assumptions underlying recoverable amounts	9
Deferred tax: availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised	11
Measurement of expected credit losses: key assumptions in determining the loss rates and credit ratings	31
COVID-19 impact on measurement of expected credit losses: assessment of forward-looking information	31
Share-based payment arrangement: key inputs into the appropriate valuation model	32

5. COVID-19 pandemic

The widespread local and global uncertainty associated with the COVID-19 pandemic continued during the reporting period. On 1 May 2020, a risk-adjusted phased-in approach of economic activity was implemented and promulgated in terms of the Disaster Management Act of South Africa (Act 57 of 2002). This risk-adjusted phased-in approach continued albeit the levels of economic activity were adjusted according to the various levels instituted by the South African government throughout the reporting period.

Subsequent to the reporting date, on 05 April 2022, the South African government has lifted South Africa's national state of disaster.

It is important to note that the material operating entity of the Group, namely IsoClear Proprietary Limited ('IsoClear') was classified as an essential service provider during the entire reporting period. Operations were less restricted during the risk-adjusted phased-in approach and the previous delays in the execution of elective medical procedures started to normalise during the period resulting in a normalised operational level towards the end of the reporting period.

Staff members worked remotely but started to return to the offices of the Group resulting in the limited disruption of the overall demand of customers throughout the reporting period.

The COVID-19 pandemic has had a significant impact across the world, negatively affecting the lives of the Group's customers and its employees. Based on the magnitude of the pandemic and its potential impact on the financial statements, management has conducted a review of the possible financial effects the pandemic could have on the measurement, presentation and disclosure provided.

Notes to the Financial Statements

for the year ended 28 February 2022

The following table addresses items, other than going concern, which has been assessed by management as having a potential impact greater than insignificant.

Consideration	Assessment	Impact	Related note
Foreign currency exchange rates	The foreign currency exposure of the Group is directly related to the importation of goods. The pandemic continued to cause significant movements in currencies to which the Group is exposed. The overall risk associated with foreign exchange exposure continued to normalise during the reporting period as a result of pro-active measures implemented by management in the prior reporting periods. The Group does not currently utilise foreign exchange contracts to mitigate the Group's exposure to foreign creditors. The Group has, however, obtained a pre-settlement facility from its bankers to utilise foreign exchange contracts in future periods.	Low	31
Going concern	The operations of the Group have stabilised and returned to normalised operating levels, with minimal disruptions. The Group maintains a level of solvency and liquidity with effective management of the cash position of the Group. Furthermore, the Group did not utilise any Government implemented debt relief schemes, which are indicators of a reduced impact of COVID-19 on the going concern of the Group. As part of the implemented pandemic responses by management, the Group implemented pro-active cost-saving mechanisms which have been successfully implemented. The overall continuation of elective medical during reporting period, resulted in the working capital of the Group stabilising to more favourable conditions.	Insignificant	36

The Board is of the opinion that the pandemic will not have a material impact on the financial stability of the Group or the Company in the foreseeable future based on the fact that neither the Group or Company utilised any relief measures implemented by Government; customers did not request any extended terms or relief in terms of outstanding accounts; and the Group continued operations since the implementation of the risk-adjusted approach. The normalisation of elective procedures further supporting the Group's ability to operate at full capacity.

Going forward, the extent of the impact of COVID-19 remains uncertain and cannot be predicted. The financial position and operating results of the Group and Company may, to a certain extent, depend on future developments.

Notes to the Financial Statements
for the year ended 28 February 2022

6. Significant Accounting Policies

6.1 Basis of consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Transaction costs are recognised as an expense as incurred.

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all investees controlled by the Company which are classified as subsidiaries. The results of subsidiaries are included in the consolidated financial statements from the effective date that control commences until the date on which control ceases.

The Company measures, in its separate financial statements, its investments in subsidiaries at cost less impairment, if any.

Non-controlling interests ('NCI')

NCI are initially measured at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a combination-by-combination basis.

Where there is a change in the interest in a subsidiary that does not result in a loss of control, the difference between the fair value of the consideration transferred or received and the amount by which the NCI is adjusted, is recognised as an equity transaction directly in equity.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

6.2 Goodwill

Goodwill arising on acquisition of a business represents the excess of the cost of a business combination over the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is recognised as an intangible asset with any impairment losses recognised in profit or loss.

Notes to the Financial Statements

for the year ended 28 February 2022

6.3 Property and equipment

All items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The right-of-use asset represents property leased by the Group. The property comprises administrative and warehouse space. Demo units are classified as property and equipment. These units are usually utilised for a period exceeding one year and the Group has no intention of selling these units in the normal course of business.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write-off the cost of all items of property and equipment over their estimated useful lives to their residual values, using the straight-line method. Depreciation is recognised in profit or loss. Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The estimated useful lives for current and comparative periods are as follow:

Category	Useful live
Right-of-use asset: Building	Remaining lease term
Machinery	5 years
Fixtures and fittings	6 years
Office equipment	6 years
Computer equipment	2-3 years
Demo units	6 years

The residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

6.4 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group, as lessee, leases a property for administrative and warehouse purposes under a single lease agreement.

The Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is tested for impairment when appropriate, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset subject to the lease.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease entered into by the Group does not have residual value guarantees or any purchase options.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. It is remeasured if there is a change in assessment of whether the Group will exercise an extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' in the statement of financial position.

Short-term leases

The Group has elected not to recognise a right-of-use asset or lease liability for the short-term leases related to the property leased for administrative and warehouse purposes and exhibition space. The Group recognises the lease payments associated with this lease as an expense in profit or loss over the lease term.

Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group, as lessor, has entered into a sub-lease over a portion of the property recognised as a right-of-use asset (included in property and equipment). The sub-lease has been classified as an operating lease with reference to the right-of-use asset. The rental income from the sub-lease is recognised in profit or loss on a straight-line basis over the lease term as part of 'other income'.

In addition, the Group, as lessor, has entered into a lease over equipment (included in property and equipment). The lease has been classified as an operating lease. The rental income from the lease in relation to equipment, is recognised in profit or loss on a straight-line basis over the lease term as part of 'revenue'.

Notes to the Financial Statements
for the year ended 28 February 2022

6.5 Inventories

Inventories consist of inventory on hand and goods in transit and are initially recognised at cost. Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Group.

When inventories are sold, the carrying amount is recognised as an expense and included in cost of sales in the period in which the related revenue is recognised.

An allowance for obsolete or damaged inventory is maintained by the Group. The level of the allowance for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at the reporting date. Movements in this allowance are recognised in profit or loss.

6.6 Financial Instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Classification

On initial recognition, a financial asset is classified as subsequently measured at:

- amortised cost;
- fair value through other comprehensive income ('FVOCI') – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group’s financial assets comprise only financial assets at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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for the year ended 28 February 2022

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group assessed its various financial assets in relation to the various considerations of the business model and concluded that all the financial assets are held by the Group with the main objective of collecting the contractual cash flows and that the contractual terms give rise to cash flows that are solely payments of principal and interest. Other factors considered by the Group that support the assessment include the fact that the portfolios of these financial instruments are assessed on the collectability of the portfolio and the fact that the Group does not have a history of selling these types of financial instruments.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Any gain or loss on derecognition is recognised in profit or loss.

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Financial liabilities

Classification

Financial liabilities are classified as subsequently measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Group's financial liabilities comprise only financial liabilities at amortised cost.

Subsequent measurement

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

6.7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill is tested annually for impairment.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

Where an impairment loss subsequently reverses, other than goodwill which never reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior reporting periods. A reversal of an impairment loss is recognised in profit or loss.

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6.8 Impairment of financial assets

The Group recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, which includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers any intergroup financial assets to have a low credit risk when the related Group company has the ability to settle the outstanding balance, has no default history, has no increased credit risk based on the review of financial performance, budgets and related forward-looking information of the Group company, and has financial support from the parent of the Group. Furthermore, the Group considers any loan with a senior level employee to have a low credit risk based on the recovery of the loans by means of the payroll function as a salary deduction and the fact that the Group has no default history on these loans.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL's

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective assets.

Write-off

The Group writes off the gross carrying amount of a financial asset when there is information and evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 150 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice, where appropriate. Any recoveries made are recognised in profit or loss.

6.9 Stated capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of ordinary shares or share options are recognised in equity as a deduction, net of tax from the proceeds.

6.10 Foreign currency

Foreign currency transactions

Transactions in foreign currency are translated into ZAR at the exchange rates ruling when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated into ZAR at the exchange rate at the reporting date. Foreign currency differences are recognised in profit or loss.

6.11 Contract liabilities

Option to acquire additional goods

The Group, in certain cases, provides an option to customers to acquire additional goods. This option provides a material right to the customer to purchase equipment at a future date at a discounted price. The revenue that relates to this option is deferred and recognised when the customer exercises its option to purchase the new machines at the discounted prices or when the option lapses.

Service contracts

Revenue that relates to service contracts contracted for a five-year period is deferred and recognised on a systematic basis over the remainder period of the contract in terms of services rendered.

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6.12 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit;
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The Group does not offset deferred tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable of prior periods.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

The Group does not offset current tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.

6.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts to be collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer.

Revenue from goods is recognised at a point in time, which is generally on delivery of the goods and when no further performance obligations are required. Goods include consumable products related to the ophthalmology industry.

Revenue relating to services is recognised over the period which the service is performed and when control is transferred. Services include service elements of equipment sold. Revenue from leases related to equipment is recognised on a straight-line basis over the period of the leases.

Refer to note 22 for details on the Group's accounting policies relating to contracts with customers.

Notes to the Financial Statements

for the year ended 28 February 2022

6.14 Finance income

Interest income on investments is accrued on a time basis, using the effective interest method, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Interest and dividend income received in relation to investments held are classified as revenue in profit or loss for the Company, based on its primary activities.

6.15 Finance costs

All finance costs are recognised in profit or loss using the effective interest method in the period in which they are incurred. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the amortised cost of the financial liability.

6.16 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense in profit or loss during the reporting period in which the employee renders the related service.

Liabilities 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 employee services provided during the reporting period.

Share-based payment arrangements

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

6.17 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance costs, finance income and income tax expense.

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for the year ended 28 February 2022

7. New Standards and Interpretations

New and revised standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are applicable to the Group and are not expected to have a significant impact on the financial statements:

Standard and/or Interpretation	Details of amendment	Effective date
Reference to the Conceptual Framework (Amendments to IFRS 3)	The amendment updates an outdated reference to the Conceptual Framework in IFRS 3 without changing the requirements in the standard.	Effective for periods beginning on or after 1 January 2022.
Annual Improvements to IFRS Standards 2018–2020	Makes amendments to the following standard: IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	Effective for periods beginning on or after 1 January 2022.
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Effective for periods beginning on or after 1 January 2023.
Disclosure of Accounting Policies (Amendments to IAS 1)	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	Effective for periods beginning on or after 1 January 2023.
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements or recognising the effect of change in accounting prospectively remain unchanged.	Effective for periods beginning on or after 1 January 2023.

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Standard and/or Interpretation	Details of amendment	Effective date
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items. The Group applies the proposed amendment in respect of the recognition of deferred tax and therefore there will be no impact when the amendments becomes effective.	Effective for periods beginning on or after 1 January 2023.

All applicable new and revised standards and interpretations will be adopted at the effective date as disclosed.

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8. Property and Equipment

Reconciliation of movements within the carrying amounts of property, plant and equipment

	Right-of-use asset: Building*	Machinery	Fixtures and fittings	Office equipment	Computer equipment	Demo units	Total
Group							
At cost	1,394,929	106,791	227,828	25,398	187,295	4,364,316	**6,306,557**
Accumulated depreciation and impairment losses	(348,732)	(10,674)	(51,891)	(14,696)	(117,979)	(1,007,083)	**(1,551,055)**
Balance at 1 March 2021	**1,046,197**	**96,117**	**175,937**	**10,702**	**69,316**	**3,357,233**	**4,755,502**
Movements during the reporting period							
Additions	-	63,340	52,649	-	64,089	2,933,429	**3,113,507**
Depreciation	(321,536)	(22,404)	(33,198)	(3,214)	(52,961)	(952,471)	**(1,385,784)**
Disposals	-	-	(4,618)	-	(34)	-	**(4,652)**
Lease reassessment (refer to note 19)	(724,661)	-	-	-	-	-	**(724,661)**
Balance at 28 February 2022	**-**	**137,053**	**190,770**	**7,488**	**80,410**	**5,338,191**	**5,753,912**
At cost	-	170,131	273,885	18,109	230,182	7,297,746	**7,990,053**
Accumulated depreciation and impairment losses	-	(33,078)	(83,115)	(10,621)	(149,772)	(1,959,555)	**(2,236,141)**
Balance at 28 February 2022	**-**	**137,053**	**190,770**	**7,488**	**80,410**	**5,338,191**	**5,753,912**

**The Group leased a property for administrative and warehouse purposes. This lease was terminated in August 2021 and replaced with a new lease which has been classified as a short-term lease. Refer to note 19.*

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	Right-of-use asset: Building*	Machinery	Fixtures and fittings	Office equipment	Computer equipment	Demo units**	Total
Group							
At cost	1,813,102	-	219,883	18,100	140,196	4,354,538	**6,545,819**
Accumulated depreciation and impairment losses	(988,965)	-	(22,900)	(4,098)	(67,641)	(280,844)	**(1,364,448)**
Balance at 1 March 2020	**824,137**	**-**	**196,983**	**14,002**	**72,555**	**4,073,694**	**5,181,371**
Movements during the reporting period							
Additions	1,394,930	106,791	7,945	7,298	47,099	9,779	**1,573,842**
Depreciation	(843,215)	(10,674)	(28,991)	(10,598)	(50,338)	(726,240)	**(1,670,056)**
Derecognised on early termination of lease (refer to note 19)	(329,655)	-	-	-	-	-	**(329,655)**
Balance at 28 February 2021	**1,046,197**	**96,117**	**175,937**	**10,702**	**69,316**	**3,357,233**	**4,755,502**
At cost	1,394,929	106,791	227,828	25,398	187,295	4,364,316	**6,306,557**
Accumulated depreciation and impairment losses	(348,732)	(10,674)	(51,891)	(14,696)	(117,979)	(1,007,083)	**(1,551,055)**
Balance at 28 February 2021	**1,046,197**	**96,117**	**175,937**	**10,702**	**69,316**	**3,357,233**	**4,755,502**

**The Group leased a property for administrative and warehouse purposes. Refer to note 19.*

***The operating lease was cancelled during the prior reporting period. No equipment held was subject to an operating lease at the prior reporting date. Refer to note 19.*

Figures in R

Right-of-use assets

Property lease entered into during the current period

As lessee, the Group has entered into a new lease in respect of property during the current reporting period. This lease has been classified as a short-term lease. Refer to note 19.

Property lease terminated during the current period

During the current reporting period, the previous lease in respect of property terminated. At the prior reporting date, property and equipment included a right-of-use assets with a carrying amount of R 1,046,197, in respect of this lease. Refer to note 19.

Demo units

In terms of the ophthalmology industry, it is standard practice for the Group to perform demonstrations to prospective clients in the form of either on-site demonstrations or placement of units at a customer's premises for an agreed-upon period. The sole purpose of these identified units are to facilitate demonstrations and none of these units have been sold to a customer.

Useful lives and residual values

No changes to the useful lives or residual values of property and equipment were made based on the current period review.

Impairment

No indicators of impairment were present based on the current period review and, therefore, no impairment loss was recognised.

Contractual commitments

No current contractual commitments exist to purchase items of property and equipment.

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9. Goodwill

	2022	2021
Reconciliation of movements within the carrying amount of goodwill		
Group		
At cost	600,372	600,372
Accumulated impairment losses	(600,372)	(600,372)
Balance at 1 March	-	-
At cost	600,372	600,372
Accumulated impairment losses	(600,372)	(600,372)
Balance at 28 February	-	-

Cash-generating unit and goodwill allocation

Cash-generating unit	Segment	2022	2021
Group			
IsoPharm Proprietary Limited ('IsoPharm')	Ophthalmology	-	-
• Cost		600,372	600,372
• Accumulated impairment losses		(600,372)	(600,372)
		-	-

Impairment

Method of testing for impairment

The Group calculated the recoverable amount using the value-in-use method. Discounted cash flow forecasts for a five-year period, with the application of a terminal growth rate, were used to determine the recoverability of the goodwill.

The strategic plan to move the operations of IsoPharm to a new operational location in Pretoria was finalised towards the end of the current reporting period. A Responsible Pharmacist was appointed during the reporting period and the necessary regulatory inspections of the new premises and issue of the operating licence were finalised towards the end of the current reporting period. The company could not undertake operations without the appointment being finalised and this process was affected by the COVID-19 pandemic.

At the reporting date, IsoPharm had still not commenced with any operational activities due to the outstanding licence approval being finalised during February 2022. Management believes that IsoPharm will commence with operations during the next reporting period.

Due to the lack of operational activity and the coupled uncertainty of the readiness of the new premises in terms of regulations and inspections, management identified significant uncertainty in terms of the inputs of the value-in-use model. Due to management not being able to perform a reliable estimate of the recoverable amount, the goodwill was still considered to be impaired as disclosed in the balances brought forward.

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10. Investments in subsidiaries

	2022	2021
Company		
Investment held in iHealthcare Group Limited	67,700,524	41,564,600
	67,700,524	**41,564,600**

Analysis of direct and indirect interests in subsidiaries

Subsidiary	Country of incorporation	Principle operating industry	Interest classification	Issued share capital 2022	Issued share capital 2021	% of proportion of ownership interest 2022	% of proportion of ownership interest 2021	% of voting rights held 2022	% of voting rights held 2021
iHealthcare Group Limited ('IHG')	South Africa	Investment holding	Direct	4,313,996	4,313,996	100.00	65.26	100.00	65.26
IsoClear Proprietary Limited	South Africa	Ophthalmology industry	Indirect	2	2	100.00	65.26	100.00	65.26
IsoOps Proprietary Limited	South Africa	Dormant*	Indirect	120	120	100.00	65.26	100.00	65.26
IsoPharm Proprietary Limited ('IsoPharm')	South Africa	Dormant**	Indirect	3	3	100.00	65.26	100.00	65.26
IsoProp Proprietary Limited	South Africa	Dormant*	Indirect	120	120	100.00	65.26	100.00	65.26

**These companies were dormant at the reporting date.*

***IsoPharm ceased operations during the 2020-reporting period. Management expect that IsoPharm will recommence operations in the next reporting period. Refer to note 9.*

Changes in NCI

Acquisition of NCI

All of the NCI of the directly held subsidiary was acquired during the current reporting period which resulted in the subsidiary, namely IHG, becoming a wholly owned subsidiary. Refer to note 17 .

Issue of shares to NCI

Additional shares were issued to NCI during the prior reporting period which reduced the voting rights and proportionate share of ownership interest held as illustrated in the table above. Refer to note 17 of the financial statements.

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11. Deferred Tax

	2022	2021
Group		
Deferred tax assets and liabilities		
Deferred tax asset based on nature of temporary difference		
Assessed loss available for future set-off against taxable income	251,946	131,192
Temporary differences	1,038,001	1,139,963
• Income received in advance	182,574	200,361
• Equipment	8,053	-
• Loss allowance	5,533	32,429
• Accruals	841,841	607,329
• Lease liability	-	299,844
	1,289,947	1,271,155
Deferred tax liabilities based on nature of temporary difference		
Temporary differences	(80,492)	(312,739)
• Prepayments	(80,492)	(19,804)
• Right-of-use asset	-	(292,935)
	1,209,455	**958,416**

Off-setting

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. The deferred tax assets and deferred tax liabilities have, therefore, been off-set and presented in the statement of financial position as follows:

	2022	2021
Deferred tax assets	1,209,455	958,416
	1,209,455	**958,416**

Reconciliation of the movements in the carrying amounts of deferred tax

	2022	2021
Balance at 1 March	958,416	916,499
Assessed losses available for set-off against future taxable income	120,754	(315,144)
Temporary differences	130,285	357,061
• Income received in advance	(17,787)	(35,574)
• Equipment	8,053	-
• Accruals	234,512	411,022
• Loss allowance	(26,896)	10,976
• Lease liability	(299,844)	51,434
• Prepayments	(60,688)	(18,621)
• Right-of-use asset	292,935	(62,176)
Balance as at 28 February	**1,209,455**	**958,416**

Unrecognised deferred tax asset

	2022	2021
Assessed losses available for set-off against future taxable income	60,062	37,022
Temporary differences		
• Accruals	5,066	5,064
	65,128	**42,086**

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	2022	2021
Company		
Deferred tax assets and liabilities		
Deferred tax asset based on nature of temporary difference		
Temporary differences		
• Accruals	27,359	27,749
	27,359	**27,749**

Reconciliation of the movements in the carrying amounts of deferred tax

	2022	2021
Balance at 1 March	27,749	51,868
Assessed losses available for set-off against future taxable income	-	(51,868)
Temporary differences		
• Accruals	(390)	27,749
Balance as at 28 February	**27,359**	**27,749**

Recognition of deferred tax asset

Medium-term forecasts are prepared and reviewed by management on a bi-annual basis which include estimates and assumptions regarding economic growth, interest rates, inflation and applicable factors. Management exercises judgement in determining whether forecasts are likely to be achieved and in turn whether the deferred tax assets will be recoverable. Management expects sufficient future taxable income in from the relevant operations to utilise the unutilised tax losses and deductible temporary differences as at the reporting date.

However, where there is an indication that the future taxable income will not be sufficient to utilise the unutilised tax losses at the reporting date, the Group does not recognise a deferred tax asset in respect of the unutilised tax losses. These unutilised tax losses are disclosed as unrecognised deferred tax assets.

12. Inventories

	2022	2021
Group		
Finished goods	10,476,774	14,206,582
Goods in transit*	-	252,754
Allowance for obsolete inventory	-	(151,678)
	10,476,774	**14,307,658**

**Goods in transit represented delayed international shipments due to the various lockdown regulations implemented in response to the COVID-19 pandemic. The overall shipment backlog was cleared during the current reporting period.*

During the current reporting period, management assessed the allowance for obsolete inventory to be R nil (2021: R 151,678) with a corresponding effect in cost of sales recognised in profit or loss.

Right to returned goods

The Group did not recognise a right to returned goods asset for the current or prior reporting periods.

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13. Trade and other receivables

	2022	2021
Group		
Trade receivables	5,083,534	3,919,592
Loss allowance	(56,392)	(39,243)
	5,027,142	3,880,349
Prepayments in respect of operational expenses	505,133	181,101
Deposits	63,241	62,153
Prepayments on inventory	483,401	309,082
	6,078,917	**4,432,685**
Company		
Trade receivables	-	100,000
Prepayments in respect of operational expenses	30,000	25,000
	30,000	**125,000**

Financial risk

No loss allowance was recognised on the trade receivables recognised by the Company as the associated credit risk is considered to be low as the amount is receivable from a Group company.

Information about the Group's exposure to credit risk and impairment of trade receivables is included in note 31.

14. Loan Receivable

	2022	2021
Group		
At amortised cost		
Shareholders		
P de Witt	-	112,409
This loan was unsecured, interest free and was settled during the current reporting period.		
	-	**112,409**

Financial risk

No loss allowance was recognised on the loan receivable as the associated credit risk was considered to be low as the amount is receivable from a senior level employee.

Information about the Group's exposure to credit risk and impairment of the loan receivable is included in note 31.

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15. Cash and cash equivalents

	2022	2021
Group		
Balances with banks	8,468,352	4,994,093
	8,468,352	**4,994,093**
Company		
Balances with banks	3,269,204	189,970
	3,269,204	**189,970**

All bank accounts are denominated in South African Rand.

Banking facilities

The Group, through its subsidiary, IsoClear Proprietary Limited ('IsoClear') obtained the following banking facilities during the prior reporting period:

Description of facility	Limit
Short-term direct facility (overdraft and card)	1,100,000
Pre-settlement facility (foreign denominated balances)	500,000
Guarantee facility	3,000,000

The following security and conditions are applicable to the banking facilities:

- the cession of accounts with favourable balances of IsoClear up to a maximum amount of R 3,000,000, held by the bankers; and
- the direct facility to be covered by a deed of cession, whereby IsoClear cedes all of its rights, title and interest of 50% of its good ceded debtors book up to a maximum amount of R 2,000,000.

The following imposed covenant is directly linked to the facilities:

- The total equity of IsoClear will not reduce to below R 6,000,000. If this requirement is not met, the facilities will be reduced in line with the equity.

Credit rating

All cash resources are placed with reputable financial institutions. The credit ratings in terms of Standard and Poor's rating agency for First National Bank, a division of FirstRand Bank Limited were za.AA in terms of the long-term outlook and za.A-1+ in terms of the short-term outlook for the local currency division within South Africa. The financial institution had an overall stable rating.

Financial risk

Information about the Group's exposure to credit and market risks, and impairment of cash and cash equivalents is included in note 31.

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16. Stated Capital

	Group 2022	Group 2021	Company 2022	Company 2021
Authorised share capital				
500,000,000 ordinary no par value shares				
Issued share capital				
2,471,462 ordinary no par value shares (2021: 1,547,278 ordinary no par value shares)	67,867,660	41,731,736	67,867,660	41,731,736
	67,867,660	**41,731,736**	**67,867,660**	**41,731,736**

Reconciliation of issued shares

Description of transaction	Group Number of shares 2022	Group Number of shares 2021	Company Number of shares 2022	Company Number of shares 2021
Balance at 1 March	1,547,278	1,540,120	1,547,278	1,540,120
Issue of shares for cash	-	7,158	-	7,158
Issue of shares in respect of acquisition of NCI of iHealthcare Group Limited	924,184	-	924,184	-
Balance at 28 February	**2,471,462**	**1,547,278**	**2,471,462**	**1,547,278**

On 14 February 2022, the Company issued 924,184 ordinary shares with no par value at R 28,28 per share in respect of the Scheme of Arrangement to acquire the non-controlling interests of iHealthcare Group Limited. The issue of shares formed part of a share-for-share transaction as outlined in the 'Combined Offer Circular' and 'Finalisation Announcement in Respect of the Scheme of Arrangement Between IHG and IHG Holdings' announcements published on 26 November 2021 and 1 February 2022, respectively. All announcements were published on the CTSE News Service.

The aggregate subscription consideration, in the form of the share-for-share transaction, amounted to R 26,135,924. As a result of the Scheme of Arrangement, iHealthcare Group Limited is a wholly owned subsidiary at the reporting date. Refer to note 10.

The above transactions were executed in terms of specific authorities granted by shareholders at the Special General Meeting held on 13 January 2022.

During the prior reporting period, the Company issued 7,158 ordinary shares with no par value at R 23.33 per share to selected private investors who were invited to submit offers to subscribe for Company shares. The aggregate subscription consideration was R 167,016. The listed share price at the date of the transaction was R 26.99. Proceeds of the placement were utilised by the Company for working capital purposes. These transactions was executed in terms of specific and general authorities granted by shareholders at the AGM.

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17. Non-controlling Interests

	2022	2021
Reconciliation of non-controlling interests ('NCI')		
Balance at 1 March	8,429,060	7,420,950
Issue of additional shares to NCI (refer to table below)	-	436,406
Profit allocated to NCI	1,090,394	571,704
Acquisition of NCI without a change in control - transfer to retained earnings	(9,519,454)	-
Balance at 28 February	**-**	**8,429,060**

Transactions with NCI

Acquisition of NCI without a change in control

During February 2022, the Company acquired the entire NCI from shareholders in terms of a Scheme of Arrangement. The effective date of the transaction was 14 February 2022. Refer to note 16.

Issue of shares to NCI

In December 2020, iHealthcare Group Limited ('IHG') issued an additional 29,675 ordinary shares for a total consideration amounting to R 714,600 which increased the NCI of the Group from 33.91% to 34.74%. The issue of these additional shares did not result in a change in control. The carrying amount of IHG's net assets in the Group's consolidated financial statements on the date of the issue of shares amounted to R 22,669,479. The issue of these shares include the issue of 20,000 ordinary shares by IHG to participants of the group's share-based payment arrangement (refer to note 32).

	Group Impact on NCI
Increase in NCI due to the issue of additional shares	248,252
Increase in NCI carrying amount on issue of additional shares	188,154
Decrease in equity attributable to owners of the Company	436,406

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Summary of financial information of subsidiary with material NCI

	IHG 2021
Non-controlling percentage (%)	**34.74**
Non-current assets	312,826
Current assets	5,063,244
Non-current liabilities	-
Current liabilities	(1,226,811)
Net assets	**4,149,259**
Net assets attributable to NCI	**1,441,453**
Revenue	4,051,273
Loss for the period	(28,355)
Total comprehensive loss for the period	**(28,355)**
Total comprehensive loss attributable to NCI for the period	**(9,851)**
Cash flows used in operating activities	(41,440)
Cash flows from investing activities	531,721
Cash flows from financing activities	714,360
Net movements in cash and equivalents	**1,204,641**

The financial information in respect of the subsidiary, which had a material NCI, has not been included for the current reporting period since the subsidiary was wholly owned at reporting date based on the share-for-share transaction (refer to note 16).

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18. Contract Liabilities

	2022	2021
Group		
Option to acquire additional goods	525,000	525,000
Service contracts	127,050	190,575
	652,050	**715,575**
Non-current liabilities	588,525	652,050
Current liabilities	63,525	63,525
	652,050	**715,575**

Option to acquire additional goods

The Group provided a customer with the option to acquire additional goods in the form of a material right to purchase equipment at a discounted price in the future. The option is exercisable after 60 months from the contract date (which was concluded in a prior reporting period) and management estimated and continues to estimate, that this option will be exercised by the specific customer. Refer to note 22.

Service contracts

In certain contracts, the Group sells a service element to customers. The service element was purchased by a single customer in a prior reporting period and the service period is 60 months from contract date. The customer paid in advance for the service element. Refer to note 22.

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19. Leases

	2022	2021
Group		
Leases as lessee		
Lease liability	-	1,070,871
	-	**1,070,871**
Non-current liabilities	-	374,113
Current liabilities	-	696,758
	-	**1,070,871**

The Group, through its subsidiary, IsoClear Proprietary Limited ('IsoClear') leases a building for administrative and warehouse space purposes.

Property lease entered into during the current period

The lease was entered into on 1 September 2021. The lease payments amounted to R 71,548 per month. The contractual lease term was stipulated as 18 months with a renewal option for an additional 18 months in the lease agreement.

In terms of the lease agreement, the lessor and lessee reserve the unconditional right to terminate the lease with a notice period of 3 months. Management assessed the penalties associated with such a cancellation to be insignificant. The lease is no longer considered to be enforceable beyond the date on which the contract can be terminated. This lease is a short-term lease for which the Group has elected not to recognise a right-of-use asset and lease liability.

Property lease terminated during the current period

The lease was entered into on 1 September 2020 and terminated on 31 August 2021. The lease term was determined at the commencement date to be 24 months including the 12-month renewal option as it was management's intention to exercise the renewal option. During June 2021, management identified a new lease premises and gave notice to the landlord that the renewal option would not be exercised. This is representative of a lease reassessment amounting to R 724,661. The reassessment did not result in any gain or loss recognised in profit or loss.

Right-of-use-asset

The right-of-use asset for the building, in respect of the terminated lease, is included in property and equipment as disclosed in note 8.

In addition, the Group, through its subsidiary IsoClear, leases storage space for exhibition materials on a month-to-month basis. This lease is a short-term lease, for which the Group has elected not to recognise a right-of-use asset and lease liability.

Leases as lessor

The Group, through its subsidiary IsoClear, sub-leased a portion of its right-of-use asset over buildings on a monthly basis to third parties. This lease was cancelled during the prior reporting period. The lease was classified as an operating lease.

In addition, the Group entered into a lease with a single customer in respect of certain equipment on a month-to-month basis. This lease was cancelled during the prior reporting period. The lease was classified as an operating lease.

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Maturity analysis of lease payments*

The Group's specific maturity analysis of the lease liability, based on contractual undiscounted cash flows, at the reporting date, was as follows:

2021	Less than 3 months	Between 3 to 12 months	1-2 years	Total
Lease liability	186,459	570,566	384,106	1,141,131

**The property lease entered into during the current period is classified as a short-term lease. The information presented relates to the property lease which was terminated on 31 August 2021.*

Amounts recognised in statement of cash flows

	Group	
	2022	2021
Interest on lease liability (included in net cash flows from operating activities)	(26,708)	(83,266)
Repayment of capital portion of lease liability (included in net cash flows from financing activities)	(346,210)	(847,287)
Short-term lease expense (included in net cash flows from operating activities)	(400,039)	(17,234)
Sub-lease rental income (included in net cash flows from operating activities)	-	96,386
Operating lease income (included in net cash flows from operating activities)	-	72,554
Total cash outflow for leases	**(772,957)**	**(778,847)**

Amounts recognised in profit or loss

	Group	
	2022	2021
Short-term lease expense (included in other expenses)	(400,039)	(17,234)
Interest on lease liability (included in finance costs)	(26,708)	(83,266)
Sub-lease rental income (included in other income)	-	96,386
Operating lease income (included in revenue)	-	72,554
Depreciation: right-of-use asset (included in other expenses)	(321,536)	(843,215)
Gain on derecognition of lease (included in other income)	-	34,296
	(748,283)	**(740,479)**

The annualised contractual short-term lease commitment amounts to R 858,581 per annum.

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20. Trade and other payables

	2022	2021
Group		
Trade creditors	963,253	1,803,233
Leave pay accrual	205,867	200,157
Bonus accrual	413,740	505,646
Employee-related accruals	275,198	182,360
Accrued audit fee	1,054,750	1,184,000
Operating cost accruals	250,970	349,259
Value-Added Tax payable	290,567	198,304
	3,454,345	**4,422,959**
Company		
Trade creditors	624	15,509
Accrued audit fee	50,000	57,500
Operating cost accruals	47,710	50,486
	98,334	**123,495**

Leave pay accrual

An accrual is recognised for leave pay due to the employees based on the accumulated leave days multiplied by the daily remuneration rate.

Bonus accrual

Accrued bonuses are determined annually at the reporting date for qualifying employees.

Financial risk

Information about the Group's exposure to liquidity risk for trade payables is included in note 31.

21. Loan from Group Company

	2022	2021
Company		
At amortised cost		
Subsidiaries		
iHealthcare Group Limited	1,278,371	1,278,371
This loan is unsecured, bears no interest and is repayable on demand.		
	1,278,371	**1,278,371**

Financial risk

Information about the Group's exposure to liquidity risk for the loan from a group company is included in note 31.

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22. Revenue

The Group generates revenue primarily from the sale of consumable products related to the ophthalmology industry and the servicing of equipment. Another source of revenue for the Group included rental income from operating leases entered into with customers. The Company earns revenue from management fees and dividend income.

	Group		Company	
	2022	2021	2022	2021
Revenue from contracts with customers	38,982,168	28,337,392	-	-
Other revenue	-	72,554	3,531,942	453,000
• Dividend income	-	-	3,000,000	-
• Management fees	-	-	531,942	453,000
• Revenue related to leases	-	72,554	-	-
Total revenue	**38,982,168**	**28,409,946**	**3,531,942**	**453,000**

Disaggregation of revenue

In the following tables, revenue from contracts with customers is disaggregated by timing of revenue recognition and major service offering. All revenue is earned in Southern Africa. The tables also include a reconciliation of the disaggregated revenue with the Group's reportable segments (refer to note 35).

	Group	
	Ophthalmology segment	
	2022	2021
Timing of revenue recognition		
At a point in time	38,918,643	28,273,867
Over a period of time	63,525	63,525
Revenue from contracts with customers	38,982,168	28,337,392
Other revenue	-	72,554
Total revenue	**38,982,168**	**28,409,946**
Major service offering		
Consumable products	38,918,643	28,273,867
Servicing of equipment	63,525	63,525
Revenue from contracts with customers	38,982,168	28,337,392
Other revenue	-	72,554
Total revenue	**38,982,168**	**28,409,946**

The Group recognised revenue amounting to R 2,820 (2021: R 247,532) from customers in Namibia. All other revenue from contracts with customers originated in South Africa.

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Contract balances

	Group 2022	Group 2021
Receivables		
The following table provides information about receivables from contracts with customers. Refer to note 13.		
Receivables classified as trade receivables	5,083,534	3,919,592
Loss allowance	(56,392)	(39,243)
	5,027,142	**3,880,349**

Contract liabilities

The contract liabilities relate to payments received in advance for service contracts (applicable to some equipment) and the option which gives a customer the material right to purchase equipment at a discounted price in the future. Refer to note 18.

	2022	2021
Revenue recognised in respect of service contracts	**63,525**	**63,525**

The remaining performance obligations for the service element that have an expected duration of one year or less amounts to R 63,525 (2021: R 63,525). The remaining performance obligations for the service element that have an expected duration of more than one year amounts to R 63,525 (2021: R 127,050). The Group did not have any other remaining performance obligations at the current or prior reporting dates.

Major customers

Information regarding the major customers of the Group is set out below:

Contribution to revenue

	Group		Group	
	Contribution to revenue in value		Contribution to revenue %	
Major customer	2022	2021	2022	2021
Customer A*	16,625,937	7,733,261	42.65	27.29
Customer B*	14,752,339	12,759,860	37.84	45.03
	31,378,276	**20,493,121**	**80.49**	**72.32**

Receivable balances

	Group		Group	
	Balance of trade receivables		Balance of trade receivables %	
Major customer	2021	2021	2021	2021
Customer A*	-	-	-	-
Customer B*	4,194,014	2,920,422	82.50	74.51
	4,194,014	**2,920,422**	**82.50**	**74.51**

**The identification of the customers is considered to be confidential competitive information.*

There is no indication that these customers will not transact with the Group in future periods.

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Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service offering	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Consumable product sales	The Group sells consumables for the ophthalmology industry. These goods include general surgical and equipment consumables. These products may only be sold to a hospital, pharmacy or medical practitioners in terms of applicable regulations under the license agreement held.	Revenue is recognised at a point in time when control passes to the specific customer. Revenue is recognised when the goods are delivered and have been accepted by the customers at their premises.
	Customers obtain control of these products when the goods are delivered to and have been accepted at their premises.	
	Invoices are generated at that point in time. Invoices are usually payable within 30-60 days which indicates that no financing is provided to customers.	
	The Group provides discounts on specific deals and contracts but not as a standard term or condition.	Where a discount is provided, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Accumulated experience is used to estimate the discounts and the probability, leading to a significant reversal of revenue. At each reporting date, management estimated that no reversal of revenue will be recognised in relation to discounts provided.
	Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods, i.e., no cash refunds are offered except under very exceptional circumstances. The return policy is rarely exercised by customers.	A refund liability (included in trade and other payables) and a right to the returned goods (included in inventories) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed and updated at each reporting date. No refund liability or right to the returned goods asset was recognised at the reporting date.

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Type of product/ service offering	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Servicing of equipment	The Group sells a separately identified service contract to certain customers to perform an annual service of the equipment over a contractually determined period. Invoices in this regard is generated at the point in time as described above with the same payment terms as described above.	Revenue is recognised over time as the customer receives and consumes the service when delivered. The output method is used to recognise the service element over a period of time whereby a completed services in comparison to remaining services are used as the basis.
	The customer pays in advance for the service contract.	Payments received in advance are included in contract liabilities.

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23. Operating Profit/(Loss)

	Group		Company	
	2022	2021	2022	2021
Operating profit/(loss) includes:				
Sub-lease rental income (refer to note 19)	-	96,386	-	-
Gain on early termination of lease (refer to note 19)	-	34,296	-	-
Reversal of accrual for operating lease expense*	-	92,939	-	-
Reversal of impairment loss on trade receivables	-	35,725	-	-
Recovery of trade receivables written off	-	1,349	-	-
Reversal of share-based payment expense	-	80,600	-	-
Employee benefit expense	(8,989,666)	(6,985,033)	(74,200)	(30,100)
Share-based payment expense	(1,112,196)	(56,220)	-	-
Impairment loss on trade receivables	(17,149)	-	-	-
Loss on foreign exchange on trade payables	(83,231)	(844,416)	-	-
Included in administrative expenses				
Auditor's remuneration	(892,952)	(1,196,500)	(50,000)	(65,000)
• Audit services	(892,952)	(1,196,500)	(50,000)	(65,000)
Secretarial fees	(494,920)	(499,397)	(11,149)	(12,221)
Included in other expenses				
Consulting fees	(1,094,179)	(711,887)	(24,288)	(32,129)
Depreciation	(1,385,784)	(1,670,056)	-	-
• Right-of-use asset: Building	(321,536)	(843,215)	-	-
• Workshop equipment	(22,404)	(10,674)	-	-
• Fixtures and furniture	(33,198)	(28,991)	-	-
• Office equipment	(3,214)	(10,598)	-	-
• Computer equipment	(52,961)	(50,338)	-	-
• Demo units	(952,471)	(726,240)	-	-
Legal expenses	(172,481)	(117,082)	-	-
Listing fees	(157,786)	(82,929)	(96,613)	(38,224)
Corporate advisor fee	(108,001)	(43,043)	-	-
Leases (refer to note 19)				
• Short-term lease expense	(400,039)	(17,234)		

**The reversal related to lease expenses accrued in the 2020-reporting period which were not incurred during the prior reporting period.*

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24. Finance Income

	Group 2022	Group 2021	Company 2022	Company 2021
Banks	145,083	64,740	-	-

25. Finance Costs

	Group 2022	Group 2021	Company 2022	Company 2021
Lease liability (refer to note 19)	26,708	83,266	-	-
Current tax liabilities	-	11,046	-	-
Banks	-	148	-	-
	26,708	**94,460**	**-**	**-**

26. Income Tax (Expense)/Benefit

	Group 2022	Group 2021	Company 2022	Company 2021
Recognised in profit or loss				
Current tax				
Current year	(1,933,195)	(907,576)	(36,226)	(29,144)
Changes in estimates related to prior periods	5,678	(76,237)	-	-
	(1,927,517)	(983,813)	(36,226)	(29,144)
Deferred tax				
Originating and reversing temporary differences	213,482	81,391	(389)	1,714
Recognition of previously unrecognised taxable and deductible temporary differences	37,557	(39,474)	-	(25,833)
	251,039	41,917	(389)	(24,119)
	(1,676,478)	**(941,896)**	**(36,615)**	**(53,263)**

Reconciliation of income tax expense

	Group 2022	Group 2021	Company 2022	Company 2021
Profit before tax	5,011,079	2,693,399	3,043,356	59,740
Income tax expense calculated at 28.0% (2021: 28.0%)	1,403,102	754,152	852,140	16,727
Tax effect of:				
Exempt income				
• Dividends	-	-	(840,000)	-
Non-deductible expenses				
• Penalties paid	-	3,275	-	-
• Listing and legal expenses - capital nature	292,704	41,642	24,475	10,703
• Loss on disposal of equipment	865	-	-	-
Unrecognised deferred tax asset	23,042	27,116	-	-
Prior period adjustments	(43,235)	115,711	-	25,833
	1,676,478	**941,896**	**36,615**	**53,263**
Effective tax rate for the period (%)	33.46	34.97	1.20	89.16

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Substantively enacted tax rate

The Minister of Finance announced the change in the corporate tax rate from 28% to 27% for years of assessment commencing on or after 31 March 2023 in the Budget Speech on 23 February 2022. As announced by the Minister of Finance, the changes to tax rates and tax laws are intended to be done in a tax revenue-neutral manner. Thus, any benefit derived from the reduction in the corporate tax rate is intended to be offset by limitations placed on interest deductions and the use of assessed income tax losses and other proposed changes.

The following was considered by management in determining whether the new tax rate has been substantively enacted at reporting date:

- the tax base broadening measures have been addressed in detail and enacted into law during January 2022 and the impact of the changes in these tax laws and the corresponding effects on taxable income are clear;
- the announcement of the reduced corporate income tax rate has been considered by Parliament during this year and is incorporated in the 2022 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill;
- there is an expectation that the announced changes would be promulgated in a substantially unchanged manner.

Management considers the change in tax rate to be substantively enacted at the reporting date as any uncertainty that existed from the previous year's Budget Speech announcement related to the reduction in the corporate tax rate and other changes to tax law was clarified during the 2022 Budget Speech announcement which is now expected to be promulgated in an unchanged manner.

Management have assessed the nature of the originating temporary differences applicable at the reporting date and identified that the differences that could potentially be affected by the rate change and the impact of the change itself would be insignificant. For this reason, no change in respect of the substantively enacted tax rate is recognised.

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27. Earnings and Headline Earnings per Share and Dividends Paid

Earnings and headline earnings per ordinary share

Basic and diluted earnings per ordinary share

Basic and diluted earnings per ordinary share have been calculated using the following:

	Group 2022	Group 2021
Profit for the period	3,334,601	1,751,503
NCI*	(1,090,394)	(571,704)
Earnings attributable to ordinary shareholders	2,244,207	1,179,799
Weighted number of ordinary shares in issue	1,582,726	1,541,827
Weighted number of ordinary shares in issue for purpose of dilution	1,582,726	1,541,827
Basic earnings per ordinary shares (cents)	**141.8**	**76.5**
Diluted earnings per ordinary share (cents)	**141.8**	**76.5**

Headline and diluted headline earnings per ordinary share**

Headline and diluted headline earnings per ordinary share have been calculated using the following:

	Group 2022	Group 2021
Earnings/(loss) attributable to ordinary shareholders	2,244,207	1,179,799
Loss on disposal of property and equipment	2,223	-
• Loss on disposal of property and equipment	3,087	-
• Tax impact	(864)	-
Headline earnings for the period	2,246,430	1,179,799
Weighted number of ordinary shares in issue	1,582,726	1,541,827
Weighted number of ordinary shares in issue for purpose of dilution	1,582,726	1,541,827
Headline earnings per ordinary shares (cents)	**141.9**	**76.5**
Diluted headline earnings per ordinary share (cents)	**141.9**	**76.5**

**The profit attributable to the NCI is included for the period until the date on which the share-for-share transaction was concluded (refer to notes 16 and 17).*

***Although headline earnings is not required by the CTSE Listing Requirements this represents a measure reviewed by management and is based on the requirements of the SAICA Circular 1/2021.*

Reconciliation of weighted average number of shares in issue

	2022		2021	
	Actual	Weighted	Actual	Weighted
Shares in issue at 1 March	1,547,278	1,547,278	1,540,120	1,540,120
Issue of shares for cash	-	-	7,158	1,707
Issue of shares - acquisition of NCI (refer to note 16).	924,184	35,448	-	-
Weighted number of ordinary shares in issue for purpose of dilution at 28 February	**2,471,462**	**1,582,726**	**1,547,278**	**1,541,827**

Dividends paid

The Company did not declare any dividends during the current or prior reporting periods.

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Declaration of ordinary cash dividend

Shareholders of the Company are hereby advised that the Board has declared a gross cash dividend of 121.38564 cents per share.

The dividend will be payable to shareholders who are recorded as such in the Company's share register on the record date as set out in the timetable below. The number of ordinary shares in issue as at the date of declaration of the dividend is 2,471,462.

The salient dates and times applicable to the dividend are as follows:

Declaration Date	Friday, 27 May 2022
Finalisation Date	Tuesday, 31 May 2022
Last day to trade cum dividend	Friday, 10 June 2022
Record Date	Friday, 10 June 2022
Shares commence trading ex-dividend	Monday, 13 June 2022
Payment date	Monday, 13 June 2022

In accordance with paragraph 11.49 and 11.50 of the CTSE Listing Requirements, the following additional information is disclosed in regard to the dividends:

- the local dividend withholding tax rate is 20% (twenty percent) and applicable to shareholders not exempted as such;
- shareholders holding their ordinary share from a foreign jurisdiction might be subject to a different withholding tax rate;
- the dividends will be paid from equity;
- the gross dividend amount to be used in determining the dividends tax is 121.38564 cents per iHealthcare Holdings ordinary share. The dividend amount is payable in full to shareholders exempt from dividends tax;
- the dividends tax to be withheld by the Company is equal to 24.27713 cents per iHealthcare Holdings ordinary share;
- the net dividends amount is 97.10851 cents per iHealthcare Holdings ordinary share for shareholders not exempt from dividends tax;
- the Company has 2,471,462 ordinary shares in issue; and
- the Company has no treasury shares.

iHealthcare Holdings' income tax reference number is: 9125/314/24/6.

To the extent that shareholders are in any doubt as to the tax implications of the dividends, such shareholders are encouraged to consult their professional advisors for individual advice.

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28. Cash Generated from Operations

	Group		Company	
	2022	2021	2022	2021
Profit before tax	**5,011,079**	**2,693,399**	**3,043,356**	**59,740**
Adjusted for				
Dividends received (included in 'revenue')	-	-	(3,000,000)	-
Finance income	(145,083)	(64,740)	-	-
Finance costs	26,708	94,460	-	-
Non-cash items				
Depreciation	1,385,785	1,670,056	-	-
Gain on early termination of lease	-	(34,296)	-	-
Reversal of share-based payment expense	-	(80,600)	-	-
Share-based payment expense	1,112,196	56,220	-	-
Impairment loss/(reversal) on trade receivables	17,149	(35,725)	-	-
Loss on foreign exchange on trade payables	-	2,111	-	-
Loss on disposal of property and equipment	3,087	-	-	-
Reversal of accrual for operating lease expense	-	(92,939)	-	-
Changes in working capital				
Decrease in inventories	853,887	424,214	-	-
(Increase)/decrease in trade and other receivables	(1,663,381)	1,713,292	95,000	(125,000)
Decrease in trade and other payables	(968,615)	(2,174,705)	(25,160)	26,235
Decrease in contract liabilities	(63,525)	(63,525)	-	-
Net cash flows from operations	**5,569,287**	**4,107,222**	**113,196**	**(39,025)**

29. Income Tax Paid

	Group		Company	
	2022	2021	2022	2021
Net tax payable 1 March	(70,124)	(482,558)	(3,495)	-
Net tax payable at 28 February	152,984	70,124	5,759	3,495
Income tax expense recognised in profit or loss	(1,676,478)	(941,896)	(36,615)	(53,263)
Less: deferred tax included in income tax expense	(251,039)	(41,917)	389	24,119
	(1,844,657)	**(1,396,247)**	**(33,962)**	**(25,649)**

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30. Cash Flows from Financing Activities Analysis

The changes in the Group's cash flows from financing activities can be categorised as follows:

		Group		
2022	**Note**	**Non-cash movements**	**Cash movements**	**Total**
Repayment of lease liability	19	-	(346,210)	(346,210)
		-	**(346,210)**	**(346,210)**
2021				
Proceeds from issue of ordinary shares	16	-	167,016	167,016
Proceeds from issue of shares to NCI	17	-	714,600	714,600
Repayment of lease liability	19	-	(847,287)	(847,287)
Payment of cash-settled share-based liability	32	-	(481,600)	(481,600)
		-	**(447,271)**	**(447,271)**

The changes in the Company's cash flows from financing activities can be categorised as follows:

		Company		
2021		**Non-cash movements**	**Cash movements**	**Total**
Proceeds from issue of ordinary shares	16	-	167,016	167,016
Proceeds from loans from group companies		-	87,628	87,628
		-	**254,644**	**254,644**

The Company did not have any cash flows relating to financing activities in the current reporting period.

31. Financial Instruments - Fair Value and Risk Management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. In order to maintain or adjust the capital structure of the Group, the Board may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. This strategy has remained unchanged from the prior reporting period.

The Group is only exposed to externally imposed capital requirements in respect of the banking facilities as set out in note 15.

The debt-to-equity ratio of the Group is 10.25% (2021: 36.99%). Total debt for the Group excludes contract liabilities, deferred tax and current tax liabilities when performing this calculation. The main contributing factor to the change in this ratio is the acquisition of the NCI of iHealthcare Group Limited. Total comprehensive income for the period resulted in an increase in equity.

Classification and fair values of financial instruments

The following summarises the valuation methods and assumptions used in estimating the fair values of financial instruments reflected in the tables below.

Financial assets at amortised cost

The carrying amount of financial assets at amortised cost with a remaining life of less than 12 months reasonably approximates fair value due to the short-term period to maturity.

Financial liabilities at amortised cost

The carrying amount of financial liabilities with a maturity of less than 12 months reasonably approximates fair value due to their short-term nature.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the financial assets or financial liabilities of the Group are measured at fair value.

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The following table shows the fair values of financial assets and financial liabilities, where applicable. The carrying amount of all financial instruments is a reasonable approximation of fair value. The financial instruments represent financial instruments which are not measured at fair value on a recurring basis.

Financial assets - Group

2022	At amortised cost	Total
Trade and other receivables	5,027,142	5,027,142
Cash and cash equivalents	8,468,352	8,468,352
	13,495,494	**13,495,494**

2021		
Trade and other receivables	3,880,349	3,880,349
Loans receivable	112,409	112,409
Cash and cash equivalents	4,994,093	4,994,093
	8,986,851	**8,986,851**

Financial liabilities - Group

2022	At amortised cost	Total
Trade and other payables	2,268,973	2,268,973
	2,268,973	**2,268,973**

2021		
Trade and other payables	3,336,492	3,336,492
	3,336,492	**3,336,492**

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Financial assets - Company

2022	At amortised cost	Total
Cash and cash equivalents	3,269,204	3,269,204
	3,269,204	**3,269,204**

2021		
Trade and other receivables	100,000	-
Cash and cash equivalents	189,970	-
	289,970	**-**

Financial liabilities - Company

2022	At amortised cost	Total
Trade and other payables	98,334	98,334
Loan from group company	1,278,371	1,278,371
	1,376,705	**1,376,705**

2021		
Trade and other payables	123,495	123,495
Loan from group company	1,278,371	1,278,371
	1,401,866	**1,401,866**

Amounts disclosed in the tables above are exclusive of all statutory amounts payable or refundable from a legislative nature in relation to Value-Added Tax receivables or payables, prepayments and accruals that are not considered to be financial instruments.

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Financial risk management objectives

Risks and related mitigating procedures are assessed by executives with assistance from line managers and employees on a continuous basis to ensure the safeguarding of the Group, its people, its assets and its businesses.

The Group has exposure to the following risks from its financial instruments:

- market risk (including interest rate and currency risk);
- credit risk; and
- liquidity risk.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and procedures for measuring and managing risk. Further quantitative disclosures are included in the note relating to the relevant financial instrument.

The Group’s objective is to effectively manage each of the above risks associated with its financial instruments, in order to limit the Group’s exposure as far as possible to any financial loss associated with these risks.

The Board is ultimately responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks. The Board has established the Audit and Risk Committee, which is responsible for monitoring the Group’s risk management policies.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s business activities. The Group, through training and management standards and procedures, aims to develop a disciplined and structured control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign exchange rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk management

The Group's exposure to interest rate risk is on a floating rate basis. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is set out in the table below. The Group's exposure to the fluctuations in interest rates is closely monitored and instruments will be utilised when appropriate to mitigate this risk. The exposure to interest rate risk is considered insignificant because the Group does not have significant assets and liabilities that are exposed to interest rate risk.

	Group	
	2022	2021
Cash and cash equivalents	8,468,352	4,994,093
	8,468,352	**4,994,093**

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Cash flow sensitivity linked to interest rate risk

An increase of 50 (2021: 150) basis points in interest rates at the reporting date would have increased profit or loss by the amounts shown below. This analysis assumes that the other variables remain constant and is based on closing balances compounded annually.

	Group	
	2022	2021
Impact on profit or loss for the reporting period*	42,342	74,911

**Effect on equity is equal to the effect on profit or loss (excluding tax effects thereon).*

The Company's exposure to interest rate risk is on a floating rate basis. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is set out in the table below. The Company's exposure to the fluctuations in interest rates is closely monitored and instruments will be utilised when appropriate to mitigate this risk. The exposure to interest rate risk is considered insignificant because the Company does not have significant assets and liabilities that are exposed to interest rate risk.

	Company	
	2022	2021
Cash and cash equivalents	3,269,204	189,970
	3,269,204	**189,970**

Cash flow sensitivity linked to interest rate risk

A change of 50 (2021: 150) basis points in interest rates at the reporting date would have increased profit or loss by the amounts shown below. This analysis assumes that the other variables remain constant and is based on closing balances compounded annually.

Impact on profit or loss for the reporting period*	16,346	2,850

**Effect on equity is equal to the effect on profit or loss (excluding tax effects thereon).*

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Foreign currency risk management

The Group is exposed to foreign currency risk through the importation of products and equipment. The Group's exposure to the fluctuations in foreign currency is closely monitored and instruments will be utilised when appropriate to mitigate this risk.

The Group did not utilise forward exchange contracts during the current or prior reporting periods to mitigate the risk of the significant movements in foreign currency. The Group has, however obtained a pre-settling facility (refer to note 15) from its bankers to utilise forward exchange contracts in future periods to mitigate the Group's exposure to foreign currency risk.

The foreign currencies to which the Group is exposed are the US Dollar and Euro.

Foreign currency sensitivity analysis

The following table indicates the Group’s sensitivity at reporting date to the indicated movements in foreign exchange on financial instruments. The rates of sensitivity are the rates used when reporting the currency risk to the Group and represents management’s assessment of the possible change in reporting foreign currency exchange rates. Based on the risk profile of the Group at the reporting date, the foreign currency sensitivity is performed only in relation to the Euro as this is the main foreign currency to which the Group has significant exposure.

			Group	
2022	**EUR 1:**	**R 15.21**	**R 18.20**	**R 19.71**
Impact on profit or loss in relation to foreign exchange*		(69,557)	(83,231)	(90,136)

			Group	
2021	**EUR 1:**	**R 16.20**	**R 18.20**	**R 20.70**
Impact on profit or loss in relation to foreign exchange*		(751,623)	(844,416)	(960,407)

**Effect on equity is equal to the effect on profit or loss (excluding tax effects thereon).*

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Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit risk is concentrated in the Group's trade receivables, loans receivable and cash and equivalents.

The carrying amounts of financial assets represent the maximum credit exposure.

Summary of impairment losses and write-offs recognised in profit or loss

The following table provides a summary of the impairment losses and write-offs recognised in profit or loss during the reporting period:

	Group	
	2022	2021
Impairment loss/(reversal of impairment loss) on trade receivables	17,149	(35,725)
Recovery of trade receivables written off	-	1,349
	17,149	**(34,376)**

The Group did not recognise any impairment losses on other financial assets in the current or prior reporting periods owing to the assessed level of low credit risk by management as discussed below.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the default risk associated with the industry of the customer.

New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes financial statements, credit agency information and in some cases bank references. Sale limits are established for each customer and reviewed regularly by management. Any sales exceeding those limits require approval in respect of the delegation of authority policy established by the Group.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of between 30 and 60 days for customers. In limited instances, the standard payment period may be extended with specific approval.

The Group has a history of limited exposure to write-offs in respect of customer accounts. More so, although the Group is continuously expanding its footprint and client base, the Group has credit histories for many of the significant customers dealing with the Group on a recurring basis. Based on the limited exposure to historical write-offs, the Group does not insure its debtors.

The Group transacts with customers in Namibia and South Africa. The Namibian economy is not considered to be volatile or unstable.

The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Based on the Group's credit approval process, the Group does not have any trade receivables which are regarded to have been credit-impaired on initial recognition.

The Company considers all of the indicators within the ECL model when determining the credit risk associated with intergroup debtors. The assessment indicated that these debtors generally have a low credit risk based on the financial performance of the related Group company, the financial performance and ability of the related Group company to settle the outstanding balance, the historical default information as well as forward-looking information such as budgets and forecasts. Based on the assessment, the likelihood of default in respective of the intergroup debtor is considered to be insignificant.

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Expected credit loss ('ECL') assessment

The Group allocates a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are internally defined using qualitative and quantitative factors that are indicative of the risk of default.

Due to the fact that the majority of the Group's customers fall within the South African ophthalmology medical industry, exposures within each credit risk grade are assigned by the customer ageing. An ECL rate is calculated for each ageing based on delinquency status and actual credit loss experience of that specific ageing in the form of a provision matrix.

ECL rates are based on actual credit loss experience over the past two years in combination with similar key role-players within the ophthalmology medical industry. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

The following tables present the ECL rates of the Group having applied all factors as discussed above.

Loss ratings model 2022

	Ageing			
	0 - 30 days ECL rate %	31 - 60 days ECL rate %	61 - 90 days ECL rate %	In excess of 90 days ECL rate %
ECL rates at 28 February 2021	0.81	2.15	4.30	37.58
Forward-looking adjustment	0.00	0.01	0.02	0.21
ECL rates as at 28 February 2022	**0.81**	**2.16**	**4.32**	**37.79**

The loss ratings at the previous reporting date were adjusted for forward-looking information by increasing these ratios with a factor of 0.56%. This factor was determined using macro-economic factors and a weighting as indicated below.

Macro-economic factors considered

Factors considered	Weighting assigned	Weighted adjustment
Inflation*	30.00	2.22
Interest rates*	30.00	(7.14)
Moody's ratings**	15.00	5.00
GDP growth**	15.00	1.90
COVID-19 pandemic***	10.00	10.00
Forward-looking factor		**0.56**

**Direct impact on operations in terms of product prices and spend of customers.*

***Indirect impact as this is representative of the economy as a whole.*

****Adjusted indirect impact as a result of the COVID-19 pandemic.*

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Loss ratings model 2021

	Ageing			
	0 - 30 days ECL rate %	31 - 60 days ECL rate %	61 - 90 days ECL rate %	In excess of 90 days ECL rate %
ECL rates at 29 February 2020	0.80	2.13	4.26	37.30
Forward-looking adjustment	0.01	0.02	0.04	0.28
ECL rates as at 28 February 2021	**0.81**	**2.15**	**4.30**	**37.58**

The loss ratings at the previous reporting date were adjusted for forward-looking information by increasing these ratios with a factor of 0.77%. This factor was determined using macro-economic factors and a weighting as indicated below.

Macro-economic factors considered

Factors considered	Weighting assigned	Weighted adjustment
Inflation*	28.00	(2.20)
Interest rates*	28.00	(10.00)
Moody's ratings**	15.00	5.00
GDP growth**	15.00	2.40
COVID-19 pandemic***	15.00	20.00
Forward-looking factor		**0.77**

**Direct impact on operations in terms of product prices and spend of customers.*
***Indirect impact as this is representative of the economy as a whole.*
****Adjusted indirect impact as a result of the COVID-19 pandemic.*

Summary of applied ECL ratings to trade receivables

Group Ageing	2022 Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit-impaired
Current	0.81	4,978,229	40,315	No
31 - 60 days beyond terms	2.14	3,125	67	No
61 - 90 days beyond terms	4.32	67,534	2,917	No
90 days + beyond terms	37.79	34,646	13,093	Yes
		5,083,534	**56,392**	

Group Ageing	2021 Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit-impaired
Current	0.80	3,888,416	31,197	No
31 - 60 days beyond terms	2.14	10,358	222	No
61 - 90 days beyond terms	0.00	-	-	No
90 days + beyond terms	37.58	20,818	7,824	Yes
		3,919,592	**39,243**	

Based on the ageing, 98% (2021: 99%) of the trade receivable balances is current and within terms. This supports the effectiveness of the credit approval policy implemented by the Group.

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Movements in the loss allowance

The movement in the loss allowance in respect of trade receivables during the reporting period was as follows:

Description	Group 2022	Group 2021
Balance as at 1 March	39,243	74,968
Net remeasurement of loss allowance	17,149	(35,725)
Balance as at 28 February	**56,392**	**39,243**

The increase in the loss allowance is attributable to the increase in the gross amount of trade receivables at the reporting date compared to the previous reporting date.

Loans receivable

Impairment of the loans has been measured using lifetime ECLs.

The Group considers all of the indicators within the ECL model when determining the credit risk associated with any loans. The Group's assessment indicated that the loans generally have a low credit risk based on the financial performance of the related Group company or shareholder as well as the financial performance and ability of the related Group company or shareholder to settle the outstanding balance. The Group also considers the historical default information as well as forward-looking information such as budgets and forecasts.

Due to the considerations above and the application of these considerations in the ECL model, the Group did not recognise an impairment loss on the loans in the current or prior reporting periods.

Cash and cash equivalents

ECLs of cash and cash equivalents has been measured on a 12-month ECL basis and reflects the short maturities of the exposures in terms of the general approach adopted by management. The Group considers all of the indicators within the ECL model when determining the credit risk associated with cash and cash equivalents.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the relevant financial institution combined with the fact that the institution is reputable within the economic environment (refer to note 15) and the fact that none of the other indicators, considered in terms of the ECL model indicated an increased credit risk. For this reason, no loss allowance has been recognised in respect of cash and cash equivalents at the current or prior reporting dates.

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Liquidity risk

The liquidity risk of the Group is managed by the Audit and Risk Committee which monitors the repayment and settlement terms of all internally and externally funded debt. From a Group perspective, financial assistance is available to Group companies to ensure that all repayment terms outside of the Group are adhered to by each company. Any internal funding is repayable to the intergroup lender only when funds are available.

The maturity analysis of financial liabilities at each reporting date is set out in the table below. These amounts are gross and undiscounted, and include contractual interest payments. The Group, as indicated below, has no liabilities for which the maturity analysis exceeds 12 months.

	Group			
2022	Total	Up to 3 months	Between 3 to 12 months	Carrying amount
Trade and other payables*	2,268,973	2,268,973	-	2,268,973
	2,268,973	**2,268,973**	**-**	**2,268,973**
2021				
Trade and other payables*	3,336,492	3,336,492	-	3,336,492
	3,336,492	**3,336,492**	**-**	**3,336,492**

	Company			
2022	Total	Up to 3 months	Between 3 to 12 months	Carrying amount
Trade and other payables*	98,334	98,334	-	98,334
Loan from group company	1,278,371	-	1,278,371	1,278,371
	1,376,705	**98,334**	**1,278,371**	**1,376,705**
2021				
Trade and other payables*	123,495	123,495	-	123,495
Loan from group company	1,278,371	-	1,278,371	1,278,371
	1,401,866	**123,495**	**1,278,371**	**1,401,866**

The maturity analysis of lease liabilities is disclosed in note 19.

**Accrued expenses that are not financial liabilities are not included.*

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32. Directors and Prescribed Officer

Directors' interest in the share capital of the Company

2022	Direct number	Indirect number	Total number	Total %
Executive directors				
DS Prinsloo^	-	-	-	-
Non-executive directors				
AP Coetzee	-	-	-	-
K Fleischhauer^^	-	-	-	-
Dr HD Hoffman^^^	-	-	-	-
Dr A Jacobsz^^^^	-	103,825	103,825	4.20
Dr TB Maleka^^^^^	-	-	-	-
KJM Moja	-	-	-	-
Dr FJ Potgieter^^^^^	-	-	-	-
Dr PJL Odendaal^^^^	103,945	-	103,945	4.21
Prescribed officer				
JH Visser	56,376	-	56,376	2.28
	160,321	**103,825**	**264,146**	**10.69**

^Appointed as an executive director and Chief Executive Officer ('CEO') on 01 June 2021.
^^Resigned as director on 31 December 2021.
^^^Retired as director on 20 October 2021.
^^^^Changed from executive to non-executive on 01 June 2021.
^^^^^Appointed as non-executive director on 20 October 2021.

2021	Direct number	Indirect number	Total number	Total %
Executive directors				
Dr A Jacobsz	-	70,000	70,000	4.52
Dr PJL Odendaal	70,120	-	70,120	4.53
Non-executive directors				
AP Coetzee	-	-	-	-
K Fleischhauer	-	-	-	-
Dr HD Hoffman				
KJM Moja				
Prescribed officer				
JH Visser	-	-	-	-
	70,120	**70,000**	**140,120**	**9.05**

There have been no changes between the reporting date and the date of this report. The directors have no non-beneficial shareholdings.

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Remuneration

2022	Directors' fees	Basic salary	Bonuses	Allowances and contributions*	Total
Executive directors					
DS Prinsloo[1] **	-	1,035,000	206,787	145,125	1,386,912
Non-executive directors* **					
AP Coetzee	14,000	-	-	-	14,000
K Fleischhauer[2]	7,000	-	-	-	7,000
Dr HD Hoffman[3]	3,500	-	-	-	3,500
Dr A Jacobsz[4] [6]	10,500	-	-	-	10,500
Dr TB Maleka[5]	3,500	-	-	-	3,500
KJM Moja	14,000	-	-	-	14,000
Dr FJ Potgieter[5]	3,500	-	-	-	3,500
Dr PJL Odendaal[4]	10,500	-	-	-	10,500
Prescribed officer					
JH Visser**	-	1,208,548	241,710	142,861	1,593,119
	66,500	**2,243,548**	**448,497**	**287,986**	**3,046,531**

1 Appointed as an executive director and Chief Executive Officer ('CEO') on 01 June 2021.
2 Resigned as director on 31 December 2021.
3 Retired as director on 20 October 2021.
4 Changed from executive to non-executive on 01 June 2021.
5 Appointed as non-executive director on 20 October 2021.
6 Resigned as executive director on 07 April 2022.

**Allowances include cellphone and other similar allowances.*
***The remuneration of the director and prescribed officer was paid by a subsidiary, iHealthcare Group Limited.*
****The reason for the variances in the fees paid to directors is a result of the VAT status of the specific director.*

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2021	Directors' fees	Basic salary	Bonuses	Allowances and contributions*	Total
Executive directors					
Dr A Jacobsz	-	-	-	-	-
Dr PJL Odendaal	-	-	-	-	-
Non-executive directors**					
AP Coetzee	7,000	-	-	-	7,000
K Fleischhauer	8,050	-	-	-	8,050
Dr HD Hoffman	7,000	-	-	-	7,000
KJM Moja	8,050	-	-	-	8,050
Prescribed officer					
JH Visser***	-	1,143,375	71,910	135,157	1,350,442
	30,100	**1,143,375**	**71,910**	**135,157**	**1,380,542**

**Allowances include cellphone and other similar allowances.*

***The reason for the variances in the fees paid to directors is a result of the VAT status of the specific director.*

****The remuneration of the prescribed officer was paid by a subsidiary, iHealthcare Group Limited.*

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Share-based payment arrangements

Phantom share scheme

During the reporting period, a phantom share scheme was introduced by the Board as an incentive scheme. The effective date of the scheme is 1 March 2021. The Board allocated a total of 117,000 ordinary shares to the overall scheme. The Board has the discretion to change the number of allocated shares of the scheme in future periods.

The Board has the sole discretion to allocate a specific number of the allocated ordinary shares of the scheme to each reporting period for distribution to participants. During the current reporting period, the Board allocated a total of 39,328 ordinary shares to the scheme which will be allocated to participants based on the overall performance reviews conducted by the Board and audited financial results of the Group and its operating subsidiary, namely IsoClear Proprietary Limited ('IsoClear').

The participants of the scheme at the reporting date are:

Name of participant	Role and responsibility	Company within the Group
D Prinsloo	Executive director and CEO	iHealthcare Group Holdings Limited
JH Visser	Prescribed officer	iHealthcare Group Holdings Limited
PJ Fouché	Executive director and CEO	IsoClear Proprietary Limited

Based on the outcome of the performance reviews and audited financial results of the Group and IsoClear, the Board, at its discretion, will allocate the available ordinary shares to each of the participants. The allocated shares will vest with each participant after 24 months from the reporting date. If the participant resigns before the 24-month period, the shares allocated to the participant will be forfeited.

The scheme has been classified as a cash-settled share-based payment arrangement.

Valuation method

The Group used the quoted share price as valuation method for the arrangement.

The inputs used in calculating the carrying amount of the arrangement at reporting date are as follows:

	Group
	2022
• Number of shares applicable for vesting period	39,328
• Share price as at 28 February	R28.28
Cash-settled share-based payment liability as at 28 February	**1,112,196**

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Historic share-based payment scheme

During the 2017 reporting period, two employees of IsoClear Proprietary Limited ('IsoClear'), were granted long-term incentives in the form of shares in the subsidiary, iHealthcare Group Limited. The shares awarded were subject to both a service and performance condition and would vest in two tranches. The details of the incentive awards are as follows:

	P de Witt (Financial manager)	CD Landsberg (CEO and executive director)*
Number of shares	30,000 ordinary shares in iHealthcare Group Limited	50,000 ordinary shares in iHealthcare Group Limited
Date of issue	20 November 2017	1 February 2017
Vesting - Tranche 1	20,000 ordinary shares after 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)	30,000 ordinary shares after 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)
Vesting - Tranche 2	10,000 ordinary shares after a further 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)	20,000 ordinary shares after a further 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)
Dividends	Dividends are accrued and paid out at the vesting dates adjusted for interest foregone after taking Dividend Tax into effect.	Dividends are accrued and paid out at the vesting dates adjusted for interest foregone after taking Dividend Tax into effect.
Other	All non-dilution mechanisms enjoyed by existing shareholders are available to the participant.	All non-dilution mechanisms enjoyed by existing shareholders are available to the participant.

**This employee resigned in the 2020 reporting period and forfeited the shares in respect of Tranche 2.*

Valuation method

At the prior reporting date, management could not reliably estimate the fair value of the services received due to the short historical information related to the listing of the Company on the CTSE. The valuation of the share-based payment scheme was estimated with reference to the fair value of the quoted market price of the ordinary shares of the Company. The inputs used in calculating the carrying amount of the arrangement at the reporting date were as follows:

	Group 2021
• Number of shares applicable for vesting period	3,000
• Share price as at 28 February	R 26.99
• Dividend Tax rate	20%
• Accrued net dividend per share	R -
Cash-settled share-based payment liability as at 28 February	-

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Management was of the opinion, based on detailed forecasts and budgets and actual results, that the non-market performance condition of Tranche 2's shares, would not be met. Applying all of the inputs into the valuation model, with reference to the fair value of the quoted market price of the ordinary shares of the Company, the estimate amounted to R nil. Based on this estimate, no cumulative share-based payment cost has been recognised in profit or loss in respect of Tranche 2.

Vesting of Tranche 1: P de Witt

During the prior reporting period, Tranche 1 of the share-based payment scheme vested with this participant. The participant received 20,000 ordinary shares. IsoClear purchased these shares and the shares were issued at a price of R 24.08 per share determined by management. This resulted in an increase in NCI of the Group amounting to R 481,600 as set out in note 17.

The total vested amount of Tranche 1 was recognised as a decrease in the cash-settled share-based payment liability. The remaining cash-settled share-based payment liability amounting to R 80,600 was recognised in profit or loss on vesting date.

In addition to the shares received, the participant received a cash-settled bonus to the equivalent of the accrued dividend inputs as disclosed. The bonus amounted to R 48,508.

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33. Related Parties

Identification

The subsidiaries of the Company are included in note 10. The directors of the Company are included in note 32.

	Group		Company	
	2022	2021	2022	2021
Related party balances				
Loans to/(from) related parties				
Subsidiary				
iHealthcare Group Limited	-	-	(1,278,371)	(1,278,371)
	-	**-**	**(1,278,371)**	**(1,278,371)**
Trade receivables - related parties				
Subsidiaries				
iHealthcare Group Limited	-	-	-	100,000
Directors				
Dr A Jacobsz	-	2,047	-	-
Dr PJL Odendaal	5,376	5,324	-	-
Entity related to T Maleka*				
Safesight Proprietary Limited	161,504	-	-	-
	166,880	**7,371**	**-**	**100,000**

All outstanding balances are expected to be settled with cash resources.

Related party transactions

	Group		Company	
	2022	2021	2022	2021
Revenue from related parties				
Subsidiary				
iHealthcare Group Limited	-	-	3,531,942	453,000
Directors				
Dr A Jacobsz	14,022	27,771	-	-
Dr PJL Odendaal	30,818	48,747	-	-
Entity related to T Maleka*				
Safesight Proprietary Limited	276,447	-	-	-
Entity related to PJL Odendaal**				
Club Surgical Centre Proprietary Limited	-	402,353	-	-
	321,287	**478,871**	**3,531,942**	**453,000**

**T Maleka was appointed as director on 20 October 2021. The related party information is presented from the date of appointment of the director.*

***PJL Odendaal resigned as a director of the related party effectively on 11 November 2020. The related party information is presented until the effective date of resignation.*

Key management personnel

All key management personnel are considered to be the directors and prescribed officer of the Group. Refer to note 32.

All related party transactions are conducted on an arm's length basis and any outstanding balances are no more or less favourable than any other supplier or customer of a similar size.

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34. Contingent Liabilities

The directors are not aware of any contingent liabilities of a material nature.

35. Segment Analysis

A segment is a distinguishable component of the Group that is engaged in activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the chief operating decision-maker (which by delegation by the Board of Directors, is the CEO under advice from his senior executive team) and for which discrete financial information is available. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker.

The segments of the Group have not changed from the prior reporting period. The Group primarily operates in South Africa and due to the immaterial foreign revenue (refer to note 22), the Group does not report information based on geographical regions.

All inter-segment transactions are priced on an arm's length basis.

The Group has the following two business units as strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately because they require different strategies.

Reportable segments	Operations
Ophthalmology	The ophthalmology segment provides a service offering specialising within the ophthalmology medical field to hospitals, pharmacies and medical practitioners. The service offering includes the sale of consumables, equipment and pharmaceutical products to customers in South Africa and Namibia.
Group services	Group Central Services provides strategic direction and shared services to the Group exclusive of any investment income earned from group entities.

	Group	
	2022	2021
Revenue analysis		
Business unit	External revenue	
Ophthalmology	38,982,168	28,409,946
	38,982,168	**28,409,946**
Business unit	Revenue from transactions with other operating segments*	
Group services	531,942	453,000
	531,942	**453,000**

**This revenue is eliminated from a group perspective.*

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Profit after tax analysis

Business unit	Group 2022	Group 2021
	Operating profit after tax	
Operating profit before tax	**5,011,079**	**2,693,399**
• Ophthalmology	4,967,723	2,633,659
• Group services	43,356	59,740
Income tax expense	(1,676,478)	(941,896)
• Ophthalmology	(1,639,863)	(888,633)
• Group services	(36,615)	(53,263)
Profit for the period	**3,334,601**	**1,751,503**
• Ophthalmology	3,327,860	1,745,026
• Group services	6,741	6,477

The following items are included in the operating profit before tax:

	2022	2021
Depreciation		
• Ophthalmology	(1,385,784)	(1,659,382)
Finance income	145,083	64,740
• Ophthalmology	145,083	64,740
• Group services	-	-
Finance costs	(26,708)	(94,460)
• Ophthalmology	(26,708)	(94,460)
• Group services	-	-

Net operating assets analysis

Business unit	Net operating assets 2022	Net operating assets 2021
Ophthalmology	(40,028,788)	(17,220,724)
Group services	66,644,623	40,501,958
	26,615,835	**23,281,234**

During the reporting period, the Group acquired property and equipment (excluding right-of-use assets) amounting to R3,113,507 (2021: R 178,911) inclusive of an amount of R 2,976,997 (2021: R nil) which was transferred from inventory items and R 136,510 (2021: R 178,911) representative of externally acquired items.

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36. Going Concern

Russia invaded Ukraine on 24 February 2022. The overall conflict has resulted in various international economic impacts. Management assessed the most significant potential impact to the Group, the exposure to foreign currencies due to the instability caused by the conflict. At the reporting date, the impact of the foreign currency risk was considered to be insignificant. Going forward, the extent of the impact of the conflict remains uncertain and cannot be predicted. The financial position and the operating results of the Group, may to a certain extent, depend on future developments.

The directors have considered the liquidity, solvency and working capital requirements of the Group for the foreseeable future, taking into account the effect of the COVID-19 pandemic, from the date of authorisation of the financial statements, and have no reason to believe the Group or Company will not be a going concern in the reporting period ahead.

However, as discussed in notes 5 and 37, respectively, the extent of the impact of the COVID-19 pandemic remains uncertain and cannot be predicted by the directors.

37. Events After the Reporting Date

Other than as disclosed below, there were no events material to the understanding of the financial statements that occurred after the reporting date and the authorisation date of the financial statements.

Non-adjusting event: COVID-19 pandemic - Increased restrictions in China

China had a major surge in COVID-19 infections during the end of March 2022. This resulted in increased measures being implemented by the Chinese government. Some suppliers within the ophthalmology industry, has indicated that the increased measures implemented, could negatively impact the manufacture and supply of consumables as China is a key contributor to the raw materials used in the manufacturing process. Management is closely monitoring the availability of inventory items from its respective suppliers to ensure that pro-active contingency plans can be implemented should stock shortages become evident.

Non-adjusting event: Russian Ukraine conflict

Management assessed the impact of the continued conflict to be restricted to the exposure of the Group to the fluctuations in exchange rates in respect of foreign currencies. The overall impact remains uncertain and management is closely monitoring the exposure of the Group.

Non-adjusting event: COVID-19 pandemic - State of disaster in South Africa lifted

On 05 April 2022, the South African government has lifted South Africa’s national state of disaster. New transitional measures have been implemented as the government prepares to begin managing the COVID-19 pandemic through the National Health Act.

Non-adjusting event: Changes to the Board

Dr A Jacobsz resigned as executive director effectively on 07 April 2022.

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38. Analysis of Shareholding

	Group 2022			
	Shareholders		Shares in issue	
Range of shares held	Number	Percentage	Number	Percentage
1 - 20,000	4	13.33	18,071	0.73
20,001 - 30,000	-	-	-	-
30,001 - 50,000	3	10.00	112,750	4.56
50,001 - 250,000	23	76.67	2,340,641	94.71
250,001 - 1,000,000	-	-	-	-
Over 1,000,000	-	-	-	-
	30	**100.00**	**2,471,462**	**100.00**

	Group 2022			
	Shareholders		Shares in issue	
Shareholder type	Number	Percentage	Number	Percentage
Non-public shareholders	4	13.33	309,246	12.51
Directors and Prescribed Officer	3	10.00	264,146	10.69
Other Employees	1	3.33	45,100	1.82
Public shareholders	26	86.67	2,162,216	87.49
	30	**100.00**	**2,471,462**	**100.00**

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	Group 2021			
	Shareholders		Shares in issue	
Range of shares held	Number	Percentage	Number	Percentage
1 - 20,000	2	8.33	7,158	0.46
20,001 - 30,000	-	-	-	-
30,001 - 50,000	-	-	-	-
50,001 - 250,000	22	91.67	1,540,120	99.54
250,001 - 1,000,000	-	-	-	-
Over 1,000,000	-	-	-	-
	24	**100.00**	**1,547,278**	**100.00**

	Group 2021			
	Shareholders		Shares in issue	
Shareholder type	Number	Percentage	Number	Percentage
Non-public shareholders	2	8.33	140,120	9.06
Directors and Prescribed Officer	2	8.33	140,120	9.06
Other Employees	-	-	-	-
Public shareholders	22	91.67	1,407,158	90.94
	24	**100.00**	**1,547,278**	**100.00**

Beneficial shareholdings with a holding greater than 5% of issued shares

None of the shareholders holds a beneficial interest of greater than 5% of the issued shares.

Corporate Information

iHealthcare Group Holdings Limited

Incorporated in the Republic of South Africa
Company registration number: 2019/155531/06
('iHealthcare Holdings' or 'the Company' or the Group')

Business address
Sappi Technology Centre
The Innovation Hub
Cnr Aaron Klug and Max Theiler Street
Persequor
Pretoria
0020

Postal address
P O Box 36290
Menlo Park
Pretoria
0102

Company Secretary

FluidRock Co Sec Proprietary Limited
Unit 5
Berkley Office Park
8 Bauhinia Street
Highveld Technopark
Centurion
0169

External Issuer Agent

Pallidus Capital Proprietary Limited
Die Groenhuis
38 Garsfontein Road
Waterkloof
Pretoria
0145

Transfer Secretaries

CTSE Registry Services Proprietary Limited
5th Floor
68 Albert Road
Woodstock
Cape Town
7925

Cape Town Stock Exchange

Share code: 4AIHGH
ISIN: ZAE400000077

Industry: Healthcare

Auditors

SizweNtsalubaGobodo Grant Thornton Incorporated
Summit Place Office Park
Building 4
221 Garsfontein Road
Menlyn
Pretoria
0081

Attorneys

Van Huyssteens Commercial Attorneys
26 Pinaster Avenue
Hazelwood
Pretoria
0081

Bankers

First National Bank, a division of FirstRand Bank Limited
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
Johannesburg
2196

iHealthcare
Group Holdings Ltd

www.ihgh.co.za