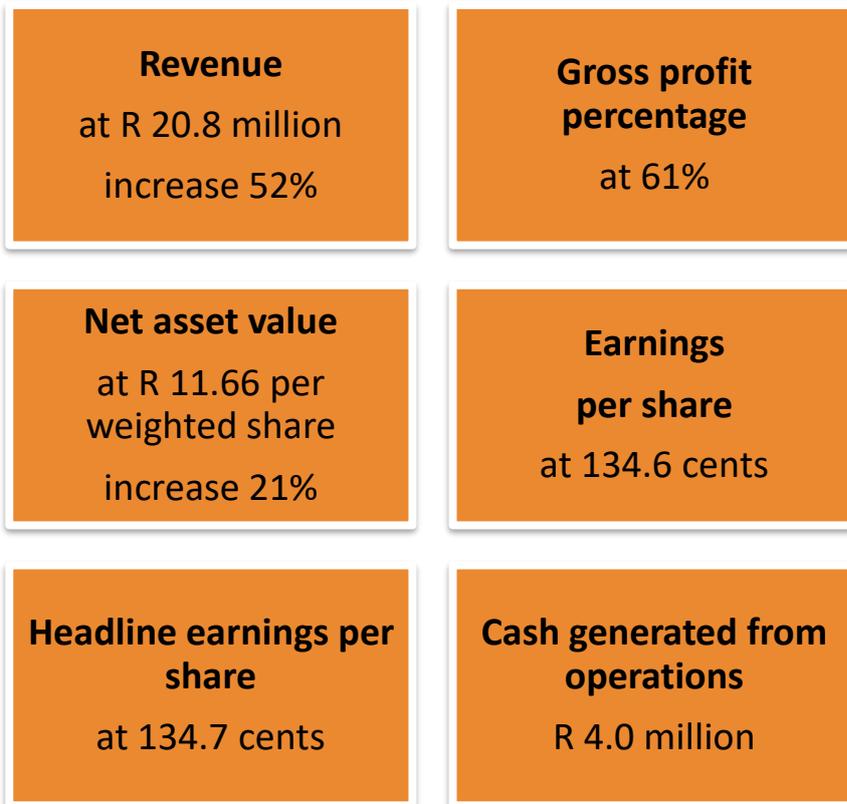


**UNREVIEWED
CONDENSED
CONSOLIDATED
INTERIM RESULTS**
for the six months ended
31 August 2021





Introduction

The Board of Directors is pleased to present the unreviewed condensed consolidated financial statements for the six months ended 31 August 2021.

Overview

iHealthcare Group Limited (“iHealthcare”) has shown great resilience in recovering from the effects of the lock-down experienced in the prior reporting period and operating in a constrained economic environment throughout the interim reporting period due to the impact of COVID-19. The pro-active measures implemented by iHealthcare’s management has positioned the Group in an improved financial position.

As various lockdown levels were announced during the second and third waves of the pandemic, the operating entities were able to adapt their business models whilst enabling employees to work remotely, when required. Where a physical presence at the offices or warehouses was required, it was done in terms of the required protocols.

Although the financial results are up compared to prior periods iHealthcare’s management continues to take action to limit the impact of the pandemic and to ensure the Group remains both financially and operationally healthy.

Segment Performance

Ophthalmology

The segment increased revenue by 52.4% and operating profit before tax by 126.5%. The entities in this cluster were impacted by the restrictions implemented by Government in relation to the carrying out of elective medical procedures within the ophthalmology medical cluster in previous periods. A significant part of the revenue is dependent on the sale of consumables used during these procedures. The segment has seen a significant improvement during the interim reporting period since the levels of elective medical procedures started to normalise.

Financial Results

Statement of profit or loss

As a result of the changes to the implemented risk-adjusted levels in respect of economic activity, revenue for the reporting period increased by 52.4% to R 20 853 534 (Aug 2020: R 13 687 729).

In addition, the South African Rand was more stable compared to other foreign currencies during the interim reporting period. The Group recognised a gain on foreign exchange amounting to R 73 466 in the profit or loss during the interim reporting period compared to the loss on foreign exchange amounting to R 852 541 in the comparative period.

The average weighted number of shares, from which earnings per share and headline earnings per share are derived, was 2 359 675 (Aug 2020: 2 330 000) shares at the interim reporting date.

Earnings per share increased by 3 465.0% to a gain of 134.6 cents per share (cps) (Aug 2020: loss of 4.0 cps) and headline earnings per share increased by 3 467.5% to a gain of 134.7 cents per share (cps) (Aug 2020: loss of 4.0 cps).

Statement of financial position

The Group funding amounting to R 1 278 371 to the parent of the Group, i.e., iHealthcare Group Holdings Limited, remained relatively unchanged (Aug 2020: R 1 278 946).

The working capital* of the Group increased to R 16 200 538 (Aug 2020: R 13 047 448). The increase is as a direct result of an increased trade debtors balance due to the increased level of operations and the increase in revenue. The Group continued to recover significant customer balances within the terms provided to these customers.

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

The Group identified a new premises during the interim reporting period. The commencement date of the new lease is 01 September 2021. The right-of-use asset and lease liability balances for the Group thus amount to R nil, respectively, at the reporting date.

Statement of cash flows

Cash generated from operations increased to R 4 046 377 (Aug 2020: R 2 265 769) due to the overall increase in operational levels of the active subsidiaries of the Group. The Group had an outflow related to working capital amounting to R 2 129 566 (Aug 2020: R 1 212 634 inflow) based on the increase of the trade debtors balance of the Group.

Commentary

continued

In addition to the cash flow impact of the items mentioned under the statement of financial position, loans receivable to the amount of R 112 409 were settled during the reporting period.

The Group, furthermore, acquired additional plant and equipment amounting to R 766 822. The overall cash and cash equivalents balance of the Group increased by R 2 248 977 (Aug 2020: R 1 664 009).

Governance

Sound corporate governance is inherent in iHealthcare's 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

There have been changes to the Board of Directors during the interim reporting period. These changes can be summarised as follows:

Director Name	Description of Change	Appointment date	Resignation date	Role change date
K Fleischauer^	Resignation as Chairperson of the Board	10 Oct 2019	N/A*	31 May 2021
KJM Moja^	Appointed as Chairperson of the Board	10 Oct 2019	N/A	01 Jun 2021
D Prinsloo	Appointed as an executive director and the CEO	1 June 2021	N/A	1 Jun 2021
Dr A Jacobsz	Changed from executive to non-executive	10 Oct 2019	N/A	1 Jun 2021
Dr PJL Odendaal	Changed from executive to non-executive	10 Oct 2019	N/A	1 Jun 2021
Dr HD Hoffman^	Retired during period	10 Oct 2019	20 Oct 2021	N/A
Dr T Maleka^	Appointed as an independent non-executive director	20 Oct 2021	N/A	N/A
Dr R Potgieter^	Appointed as an independent non-executive director	20 Oct 2021	N/A	N/A

[^]Independent non-executive director.

^{*}As indicated in announcement on 27 May 2021, this director will resign as an independent non-executive director effective from 31 December 2021.

After taking all changes into account, the Board comprises 8 (eight) directors, 1 (one) executive director and 7 (seven) non-executive directors as at 31 August 2021. The only executive director is the CEO.

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 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.

Dividends

The Group did not declare a dividend during the six-month reporting period ended 31 August 2021.

Prospects

The outlook for the year to 28 February 2022 remains uncertain. The economy is under pressure following the measures taken to protect lives in connection with COVID-19. Based on the operational levels experienced during the interim reporting period, the Board is cautiously optimistic. Operational levels within the elective healthcare industry are yet to achieve full pre-pandemic levels. The Group however is well established with solid experienced management in place that have shown themselves to be adept at mitigating risks during the times of hardship.

For and on behalf of the Board



KJM Moja
Chairperson



D Prinsloo
CEO



JH Visser
CFO

30 November 2021
Pretoria

Consolidated statement of financial position

as at 31 August 2021

Figures in Rand	Group		
	As at 31 Aug 2021	As at 31 Aug 2020	Audited As at 28 Feb 2021
Assets			
Non-current assets			
Property, plant and equipment	3 996 511	3 974 766	4 755 502
Deferred tax	914 206	835 199	930 667
	4 910 717	4 809 965	5 686 169
Current assets			
Inventories	12 494 644	17 078 968	14 307 658
Trade and other receivables	7 602 959	4 217 144	4 407 685
Current tax assets	7 328	-	8 179
Loans receivable	-	-	112 409
Loans to group companies	1 278 371	1 278 946	1 278 371
Cash and cash equivalents	7 053 100	4 508 920	4 804 123
	28 436 402	27 083 978	24 918 425
Total assets	33 347 119	31 893 943	30 604 594
Equity and liabilities			
Equity			
Stated capital	4 313 996	3 599 396	4 313 996
Retained earnings	23 205 748	18 190 877	20 029 875
Equity-settled share-based payment reserve	-	765 310	-
	27 519 744	22 555 583	24 343 871
Liabilities			
Non-current liabilities			
Lease liability	-	-	374 113
Contract liabilities	652 050	715 575	652 050
Cash-settled share-based payment liability	674 304	-	-
	1 326 354	715 575	1 026 163
Current liabilities			
Trade and other payables	3 897 065	8 248 664	4 399 469
Current tax liabilities	540 431	310 596	74 808
Lease liability	-	-	696 758
Contract liabilities	63 525	63 525	63 525
	4 501 021	8 622 785	5 234 560
Total liabilities	5 827 375	9 338 360	6 260 723
Total equity and liabilities	33 347 119	31 893 943	30 604 594

Consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 August 2021

Figures in Rand	Notes	Group		
		Six months ended 31 Aug 2021	Six months ended 31 Aug 2020	Audited Twelve months ended 28 Feb 2021
Revenue	2	20 853 534	13 687 729	28 409 946
Cost of sales		(8 154 518)	(5 939 901)	(11 568 353)
Gross profit		12 699 016	7 747 828	16 841 593
Other income		73 466	152 077	266 409
Sub-lease rental income		-	102 872	96 386
Gain on early termination of lease		-	34 296	34 296
Reversal of accrual for operating lease expense		-	-	92 939
Recoupment of internet expenses		-	5 714	5 714
Reversal of impairment loss on trade receivables		-	9 195	35 725
Recovery of trade receivables written off		-	-	1 349
Gain on foreign exchange		73 466	-	-
Operating expenses		(8 316 312)	(7 968 957)	(14 525 406)
Impairment loss on trade receivables		(244 903)	-	-
Write-off of trade receivables		-	(6 340)	-
Loss on disposal of property, plant and equipment		(3 053)	-	-
Loss on foreign exchange		-	(852 541)	(844 416)
Employee benefit expense		(4 101 022)	(3 540 058)	(6 954 933)
Share-based payment expense		(674 304)	(259 330)	(56 220)
Administrative expenses		(1 105 111)	(1 297 629)	(2 387 899)
Other expenses		(2 187 919)	(2 013 059)	(4 281 938)
Operating profit/(loss) before interest		4 456 170	(69 052)	2 582 596
Finance income		56 101	34 555	64 740
Finance costs		(26 708)	(34 554)	(94 460)
Profit/(loss) before tax		4 485 563	(69 051)	2 552 876
Income tax expense		(1 309 690)	(24 921)	(888 450)
Profit/(loss) for the period		3 175 873	(93 972)	1 664 426
Other comprehensive income		-	-	-
Total comprehensive income/(loss) for the period		3 175 873	(93 972)	1 664 426
Total comprehensive income for the period attributable to:				
Owners of the Company		3 175 873	(93 972)	1 664 426
Earnings per ordinary share				
-Basic earnings/(loss) per ordinary share (cents)	3	134.6	(4.0)	71.2
-Diluted earnings/(loss) per ordinary share (cents)	3	134.6	(4.0)	71.2

Consolidated statement of changes in equity for the six months ended 31 August 2021

Figures in Rand	Group		
	Six months ended 31 Aug 2021	Six months ended 31 Aug 2020	Audited Twelve months ended 28 Feb 2021
Opening balance	24 343 871	22 390 225	18 284 849
Issue of ordinary shares	-	-	233 000
Total comprehensive income/(loss)	3 175 873	(93 972)	1 664 426
Profit/(loss) for the period	3 175 873	(93 972)	1 664 426
Other comprehensive income	-	-	-
Equity-settled share-based payment	-	259 330	56 220
Vesting of shares to participants of the share-based payment scheme	-	-	-
Issue of shares	-	-	481 600
Settlement of share-based payment reserve	-	-	(562 200)
Transfer to retained earnings	-	-	80 600
Dividends paid to shareholders	-	-	-
Closing balance	27 519 744	22 555 583	24 343 871
Attributable to:			
Owners of the Company	27 519 744	22 555 583	24 343 871

Consolidated statement of cash flows

for the six months ended 31 August 2021

Figures in Rand	Group		
	Six months ended 31 Aug 2021	Six months ended 31 Aug 2020	Audited Twelve months ended 28 Feb 2021
Profit/(loss) before tax	4 485 563	(69 051)	2 552 876
Adjusted for			
Finance income	(56 101)	(34 555)	(64 740)
Finance costs	26 708	34 554	94 460
Non-cash flow items			
Depreciation	797 513	906 348	1 670 056
Equity-settled share-based payment expense	-	259 330	56 220
Cash-settled share-based payment expense	674 304	-	-
Impairment loss (reversal) on trade receivables	244 903	(9 195)	(35 725)
Gain on derecognition of lease agreement	-	(34 296)	(34 296)
Loss on foreign exchange	-	-	2 111
Reversal of accrual for operating lease expense	-	-	(92 939)
Loss on disposal of property, plant and equipment	3 053	-	-
Changes in working capital	(2 129 566)	1 212 634	(1 960)
Cash generated from operations	4 046 377	2 265 769	4 146 063
Finance income received	56 101	34 555	64 740
Finance costs paid	(26 708)	(34 554)	(94 460)
Tax paid	(826 757)	(167 450)	(1 370 414)
	3 249 013	2 098 320	2 745 929
Cash flows from investing activities			
Acquisition of property, plant and equipment	(766 822)	(29 398)	(178 911)
Proceeds from the disposal of property, plant and equipment	587	-	-
Repayments from loans receivable	112 409	206 518	206 518
Advances on loans receivables	-	-	(112 409)
Advances on loan to group company	-	(88 203)	(87 628)
	(653 826)	88 917	(172 430)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	-	-	233 000
Repayments of lease liabilities	(346 210)	(523 228)	(847 287)
	(346 210)	(523 228)	(614 287)
Net increase or decrease	2 248 977	1 664 009	1 959 212
Cash and equivalents at the beginning of the period	4 804 123	2 844 911	2 844 911
Cash and equivalents at the end of the period	7 053 100	4 508 920	4 804 123

Selected notes to the condensed consolidated interim financial statements for the six months ended 31 August 2021

continued

1. Salient features and of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements comprise the condensed consolidated statement of financial position at 31 August 2021, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows and notes for the period then ended.

Responsibility for interim results

The Board takes full responsibility for the preparation of the interim results including the condensed consolidated interim financial statements. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether owing to fraud or error.

Reporting entity

iHealthcare Group Limited (the “iHealthcare” or the “Company”) is a company domiciled in South Africa. Its registration number is 2011/009651/06. The address of the Company’s registered office is Sappi Technology Centre, The Innovation Hub, Cnr Aaron Klug and Max Theiler Street, Persequor, Pretoria. The condensed consolidated interim financial statements of the Group as at and for the six months ended 31 August 2021 comprise the Company and its subsidiaries (collectively referred to as the “Group” and individually referred to as “Group entities”).

Basis of preparation and statement of compliance

The condensed consolidated interim financial statements for the six months ended 31 August 2021 have been prepared in accordance with the Group’s accounting policies under the supervision of the Chief Financial Officer, Mr JH Visser, CA(SA)(ANZ).

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“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 the Cape Town Stock Exchange Proprietary Limited (formerly 4 Africa Exchange Proprietary Limited) (“CTSE”) and in the manner required by the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, and are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The condensed consolidated interim financial results of the Group are prepared as a going concern on a historical basis.

The condensed consolidated interim financial results do not include all the information and disclosures required in the consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as at 28 February 2021.

Neither the condensed consolidated interim financial results as at and for the six months period ended 31 August 2020, nor this set of condensed consolidated interim financial results information and disclosure, have been reviewed or audited by the Company’s auditors, SizweNtsalubaGobodo Grant Thornton Incorporated. Any forward-looking statement has not been reviewed nor reported on by the Company’s external auditors.

Changes in accounting policies

The condensed consolidated interim financial statements do not include all the information and disclosures required in the audited consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as at 28 February 2021. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group’s audited consolidated financial statements for the reporting period ended 28 February 2021.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Changes to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Selected notes to the condensed consolidated interim financial statements for the six months ended 31 August 2021

continued

Salient features and of the condensed consolidated interim financial statements - *continued*

New and amended Standards and Interpretations issued but not yet effective

Management assessed all of the standards and interpretations and is of the opinion that none of these standards and interpretations will have a material impact on the results of the Group in future periods.

Functional and presentation currency

The condensed consolidated interim financial statements are presented in South African Rands, the functional currency of the Group. All amounts are rounded to the nearest thousand, except where another rounding measure has been indicated in the summarised condensed consolidated interim financial statements.

Comparative figures

Unless otherwise indicated, comparative figures refer six month reporting period ended 31 August 2020 and to the twelve month reporting period ended 28 February 2021.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the reporting period ended 28 February 2021.

Selected notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2021

continued

2. Revenue

	Group		
	31 Aug 2021 Rand	31 Aug 2020 Rand	Audited 28 Feb 2021 Rand
Revenue from contracts with customers	20 853 534	13 633 314	28 337 392
Other revenue			
Revenue related to leases	-	54 415	72 554
Total revenue	20 853 534	13 687 729	28 409 946

Disaggregation of revenue

In the following tables, revenue from contracts with customers is disaggregated by timing of revenue recognition, major service offering and geographical region. The tables also include a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Group Ophthalmology segment		
	31 Aug 2021 Rand	31 Aug 2020 Rand	Audited 28 Feb 2021 Rand
Timing of revenue recognition			
At a point in time	20 853 534	13 633 314	28 273 867
Over a period of time	-	-	63 525
Revenue from contracts with customers	20 853 534	13 633 314	28 337 392
Other revenue	-	54 415	72 554
Total revenue	20 853 534	13 687 729	28 409 946
Major service offering			
Consumable product sales	20 853 534	13 633 314	28 273 867
Services of equipment	-	-	63 525
Revenue from contracts with customers	20 853 534	13 633 314	28 337 392
Other revenue	-	54 415	72 554
Total revenue	20 853 534	13 687 729	28 409 946
Geographical region			
South Africa	20 853 534	13 482 764	28 089 860
Namibia	-	150 550	247 532
Revenue from contracts with customers	20 853 534	13 633 314	28 337 392
Other revenue	-	54 415	72 554
Total revenue	20 853 534	13 687 729	28 409 946

The remaining performance obligations in relation to the service element that have an expected duration of one year or less amounts to R 63 525 (Aug 2020: R 63 525, Feb 2021: R 63 525). The remaining performance obligations that have an expected duration of more than one year, in relation to the service element amounts to R 127 050 (Aug 2020: R 190 575, Feb 2021: R 127 050). The Group did not have any other remaining performance obligations at the current or prior reporting dates.

Selected notes to the condensed consolidated interim financial statements for the six months ended 31 August 2021

continued

3. Earnings/(loss) and headline earnings/(loss) per share

	Group		Audited
	31 Aug 2021	31 Aug 2020	28 Feb 2021
Basic and diluted earnings/(loss) per ordinary share			
Basic earnings/(loss) per ordinary share has been calculated using the following:			
Profit/(loss) for the period	3 175 873	(93 972)	1 664 426
Non-controlling interest	-	-	-
Earnings/(loss) attributable to ordinary shareholders (Rand)	3 175 873	(93 972)	1 664 426
Weighted number of ordinary shares in issue	2 359 675	2 330 000	2 337 075
Weighted number of ordinary shares in issue for purposes of dilution	2 359 675	2 330 000	2 337 075
Basic earnings/(loss) per ordinary shares (cents)	134.6	(4.0)	71.2
Diluted earnings/(loss) per share (cents)	134.6	(4.0)	71.2
Headline and diluted headline earnings/(loss) per ordinary share*			
Headline earnings/(loss) per ordinary share has been calculated using the following:			
Earnings/(loss) attributable to ordinary shareholders	3 175 873	(93 972)	1 664 426
Loss on disposal of property, plant and equipment net of tax	2 198	-	-
Headline earnings/(loss) for the period (Rand)	3 178 071	(93 972)	1 664 426
Weighted number of ordinary shares in issue	2 359 675	2 330 000	2 337 075
Weighted number of ordinary shares in issue for purposes of dilution	2 359 675	2 330 000	2 337 075
Headline earnings/(loss) per ordinary shares (cents)	134.7	(4.0)	71.2
Diluted headline earnings/(loss) per share (cents)	134.7	(4.0)	71.2

*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 1/2019.

Reconciliation of weighted average number of shares in issue

Number of shares	Group		Audited
	31 Aug 2021	31 Aug 2020	28 Feb 2021
Shares in issue at the beginning of the period	2 359 675	2 330 000	2 330 000
Shares issued	-	-	7 075
	2 359 675	2 330 000	2 337 075
Dilutionary effect of LTI scheme	-	-	-
Weighted number of ordinary shares in issue - dilution	2 359 675	2 330 000	2 337 075

Selected notes to the condensed consolidated interim financial statements for the six months ended 31 August 2021

continued

4. Segment analysis

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.

The segments of the Group are based on the information reported to the chief operating decision-maker (Chief Executive Officer) and have not changed from the prior reporting period. The Group primarily operates in South Africa and due to the immaterial foreign revenue.

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

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.

Business unit	Group		Audited 28 Feb 2021
	31 Aug 2021	31 Aug 2020	
External revenue analysis			
Ophthalmology	20 853 534	13 687 729	28 409 946
	20 853 534	13 687 729	28 409 946
Profit/(loss) after tax analysis			
Operating profit/(loss) before tax	4 485 563	(69 051)	2 552 876
Ophthalmology	4 447 030	1 963 028	2 477 497
Group services	38 533	(2 032 079)	75 379
Income tax expense	(1 309 690)	(24 921)	(888 450)
Ophthalmology	(1 293 891)	(23 277)	(784 716)
Group services	(15 799)	(1 644)	(103 734)
Profit/(loss) for the period	3 175 873	(93 972)	1 664 426
Ophthalmology	3 153 139	1 939 751	1 692 781
Group services	22 734	(2 033 723)	(28 355)
The following items are included in the profit/(loss) before tax:			
Depreciation			
Ophthalmology	(797 513)	(906 348)	(1 670 056)
Finance income			
Ophthalmology	56 101	34 555	64 740
Ophthalmology	9 907	8 527	8 875
Group services	46 194	26 028	55 865
Finance costs			
Ophthalmology	(26 708)	(34 554)	(93 443)
Group services	-	-	(1 017)

Selected notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2021

continued

Segment analysis - continued

Business unit	Group		Audited
	31 Aug 2021	31 Aug 2020	28 Feb 2021
Net operating assets analysis			
Ophthalmology	23 347 753	18 894 127	20 194 612
Group services*	4 171 993	3 661 456	4 149 259
	27 519 746	22 555 583	24 343 871

*The net operating assets analysis is performed prior to the elimination of intergroup transactions and balances.

5. COVID-19 global pandemic

Widespread local and global uncertainty associated with the COVID-19 pandemic was, and remains, prevalent after the reporting date. 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, 2002 (Act 57 of 2002).

The significant operating subsidiary of the Group, IsoClear, was classified as an essential services provider during the risk-adjusted phased-in approach which impacted the operations of the Group as follows:

- The supply of consumables to customers, which were significantly disrupted due to the restricted level of elective medical procedures, has started to increase to an almost normalised operational level during the interim reporting period as elective medical procedures were performed;
- Limited importation of consumables relating to the elective procedures during the initial risk-adjusted phased-in approach started to normalise during the interim reporting period;
- All staff were encouraged to work remotely if possible dependent on the promulgated risk-adjusted level in South Africa;
- The implementation of all required regulations in relation to the operational premises of the various operating premises and staff members present at these premises, continued to result in an immaterial increase in costs; and
- Financial budgets in relation to the 2022 reporting period were revised accordingly and pro-active cost saving measures were implemented where possible.

The Board is of the opinion that the pandemic will not have a material impact on the financial stability of the Group in the foreseeable future based on the fact that the Group did not utilise any relief measures implemented by Government; the principle nature of the operations; and the fact that the company was operational throughout the six-month reporting period. The prohibition of elective procedures has been more relaxed during the risk-adjusted phased-in approach levels effective during the interim reporting period.

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 may, to a certain extent, depend on future developments.

6. Going concern

Following due consideration of the operating budgets, an assessment of Group debt covenants and funding requirements, solvency and liquidity, the key risks, outstanding legal, insurance and taxation issues, the impact of the COVID-19 pandemic and other pertinent matters presented by management, as and when applicable, the Board has recorded that it has reasonable expectations that the Group has adequate resources and the ability to continue in operations for the foreseeable future. For these reasons, the condensed consolidated interim financial statements have been prepared on the going concern basis.

However, as discussed the extent of the impact of the COVID-19 pandemic remains uncertain and cannot be predicted by the Board.

Selected notes to the condensed consolidated interim financial statements for the six months ended 31 August 2021

continued

7. Events after the reporting date

New lease

The Group identified a new premises during the interim reporting period. The commencement date of the new lease is 01 September 2021.

Proposed scheme of arrangement and firm intention to make an offer

The Company announced a potential scheme of arrangement in terms of section 114(1) of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended on 08 November 2021; and subsequently announced the firm intention of the parent entity, namely iHealthcare Group Holdings Limited, to make an offer as set out in the scheme of arrangement on 26 November 2021. The scheme of arrangement is in respect of the shares of the Company and the parent entity which is currently listed on the exchange operated by CTSE.

There were no other events material to the understanding of the results that occurred after the reporting date, except the continuation of the risk-adjusted approach implemented by the South African Government in relation to the COVID-19 pandemic.

Resignation of director

Dr HD Hoffman resigned as director on 20 October 2021. The resignation has been filed with the Companies and Intellectual Properties Commission. Furthermore, Mr K Fleischauer will resign as a non-executive independent director effectively from 31 December 2021.

iHealthcare Group Limited

Incorporated in the Republic of South Africa
Company registration number: 2011/009651/06
("iHealthcare" or "the Company" or "the Group")
Share code: 4AIHG
ISIN: ZAE400000085

Directors

AP Coetzee^
K Fleischhauer^
Dr A Jacobsz
Dr T Maleka^
KJM Moja (Chairperson)^
Dr PJJ Odendaal
Dr R Potgieter^
D Prinsloo (Chief Executive Officer)

^Independent non-executive.

Business address

Sappi Technology Centre
The Innovation Hub
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