

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**The definitions and interpretations commencing on page 8 of this Circular apply, *mutatis mutandis*, throughout the Circular, including this cover page, except where the context indicates a contrary intention.**

**Action required by AfroCentric Shareholders**

This document should be read in its entirety, with particular attention to the section entitled "Action Required by AfroCentric Shareholders", which commences on page 14 of this Circular.

If you are in any doubt as to what action you should take, please consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately. If you have disposed of all your AfroCentric Shares on or before Friday, 2 December 2022, this Circular should be handed to the purchaser of such AfroCentric Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

**AfroCentric and Sanlam do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of AfroCentric Shares to notify such beneficial owner of the details set out in this Circular.**



**AfroCentric Investment Corporation Limited**

(Incorporated in South Africa)  
(Registration number 1988/000570/06)  
JSE share code: ACT  
ISIN: ZAE000078416  
("AfroCentric")

**Sanlam Limited**

(Incorporated in South Africa)  
(Registration number 1959/001562/06)  
JSE share code: SLM  
A2X share code: SLM NSX share code: SLA  
ISIN: ZAE000070660  
("Sanlam")

**COMBINED CIRCULAR TO AFROCENTRIC SHAREHOLDERS**

**Regarding**

- the Partial Offer by Sanlam to acquire AfroCentric Shares constituting no less than the Minimum Shares Percentage (36.9%) and up to the Maximum Shares Percentage (43.9%) of the issued share capital of AfroCentric from AfroCentric Shareholders for the Offer Consideration (R6.00 per Partial Offer Share), subject to Sanlam's right to (i) waive the Minimum Shares Percentage, provided Sanlam will not acquire less than the Absolute Floor; or (ii) acquire more than the Maximum Shares Percentage, provided Sanlam will not acquire more than the Absolute Ceiling, as applicable. The Offer Consideration is payable either in cash or in Sanlam Shares or a combination thereof, at the election of each AfroCentric Shareholder;
- the proposed Ordinary Resolution by AfroCentric Shareholders, to approve the Partial Offer by Sanlam in terms of section 125(3)(b)(ii) of the Companies Act;
- the Asset for Share Transaction, which constitutes a category 1 transaction by AfroCentric in terms of the Listings Requirements; and
- the proposed Special Resolution by AfroCentric Shareholders, to approve the issue of the A4S Consideration Shares (which carry more than 30% of the voting rights of the issued share capital of AfroCentric prior to such issue) and implementation of the Asset for Share Transaction (a category 1 transaction), to be adopted for purposes of compliance with both section 41(3) of the Companies Act and section 9.20(b) of the Listings Requirements;

**and enclosing**

- the Independent Expert Report in respect of the Partial Offer, in terms of regulation 110(1) of the Takeover Regulations;
- a notice convening the General Meeting;
- a Form of Proxy (for use by Certificated Shareholders and Dematerialised Own Name Shareholders) (*blue*); and
- a Form of Election and Surrender (*pink*) (for use by Certificated Shareholders only).

**The Partial Offer opens on Friday, 9 December 2022 and is anticipated to close on Friday, 31 March 2023, unless extended by Sanlam.**

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**Financial Advisor  
and Transaction Sponsor  
to AfroCentric**



**Legal Advisor to AfroCentric**



**Reporting Accountants to  
AfroCentric and AHA**



**Independent Expert to  
AfroCentric Independent Board**



**Financial Advisor and  
Transaction Sponsor to Sanlam**



**Legal Advisor to Sanlam**



**Reporting Accountant to Sanlam**



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Date of issue: Thursday, 8 December 2022

This Circular is only available in English. A copy hereof may be obtained from the registered offices of AfroCentric and the offices of the Transfer Secretaries, the addresses of which appear in the "AfroCentric Corporate Information and Advisors" section on page 2 of this Circular, from Thursday, 8 December 2022 until Friday, 31 March 2023 (or the later date upon which the Partial Offer closes, if applicable) during business hours. This Circular is also available on AfroCentric's website (<http://www.afrocentric.za.com/inv-circulars.php>) and on Sanlam's website ([www.sanlam.com/presentations](http://www.sanlam.com/presentations)).

## **FORWARD-LOOKING STATEMENTS**

This Circular contains statements about the AfroCentric Group and the Sanlam Group (and entities within these groups) that are, or may be, forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including without limitation those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources, expenditure and the outcome and/or consequences of pending litigation proceedings. These forward-looking statements are not based on historical facts but rather reflect current expectations concerning future results and events, and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, expansion prospects or future capital expenditure levels and other economic factors such as interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. AfroCentric and Sanlam caution that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which AfroCentric and Sanlam operate may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

## **APPLICABLE LAWS AND FOREIGN SHAREHOLDERS**

The Proposed Transaction, including the Partial Offer and the Consideration Share Election, is governed by and will be implemented in accordance with the laws of South Africa and is subject to applicable South African laws and regulations, including the Exchange Control Regulations. These South African laws may be different from the laws applicable in other jurisdictions.

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by the laws applicable in such jurisdictions and, therefore, persons in any such jurisdictions in which this Circular is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction.

Further, this Circular does not constitute the solicitation of an offer to acquire AfroCentric Shares or Sanlam Shares, or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful.

The Proposed Transaction may be affected by the laws applicable in the jurisdiction of AfroCentric Shareholders who have a registered address in and/or who are nationals, citizens or residents of jurisdictions other than South Africa (Foreign Shareholders). It is the responsibility of any Foreign Shareholder to satisfy himself as to the full observance of the applicable laws and regulatory requirements of the relevant jurisdiction in connection with the Proposed Transaction, which is the subject of this Circular, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due to such jurisdiction.

Certain Foreign Shareholders may be prohibited from electing the Consideration Share Election, whereby they elect to receive Sanlam Shares pursuant to the Partial Offer. No action has been taken by AfroCentric or Sanlam to obtain any approval, authorisation or exemption to permit the settlement of the Offer Consideration in Sanlam Shares, or the possession or distribution of this Circular (or any other publicly available documents relating to the Proposed Transaction), in any jurisdiction other than South Africa. If a Foreign Shareholder elects the Consideration Share Election, thereby electing to receive Sanlam Shares in respect of all or a portion of the Offer Consideration, such Foreign Shareholder thereby irrevocably and unconditionally warrants to and in favour of AfroCentric and Sanlam that the laws applicable in the jurisdiction in which such Foreign Shareholder has a registered address and/or of which such Foreign Shareholder is a national, citizen or resident permit such Foreign Shareholder to elect, accept and receive Sanlam Shares in respect of all or a portion of the Offer Consideration.

Any AfroCentric Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

## **GENERAL**

The Circular is prepared as at the Last Practicable Date and on the basis that the resolutions to be proposed to the AfroCentric Shareholders at the General Meeting in order to implement the Proposed Transaction are adopted by the requisite majority of AfroCentric Shareholders at the General Meeting.

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## AFROCENTRIC CORPORATE INFORMATION AND ADVISORS

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### **Company Secretary**

Billy Mokale  
Registered office  
37 Conrad Road  
Florida North  
Roodepoort  
1709  
(PO Box 1101, Florida Glen, Roodepoort, 1708)

### **Reporting Accountants**

PricewaterhouseCoopers Inc.  
(Registration number: 1998/012055/21)  
4 Lisbon Lane  
Waterfall City  
Jukskei View  
South Africa  
2090  
(Private Bag X36, Sunninghill, 2157)

### **Reporting Accountants to AHA**

SizweNtsalubaGobodo Grant Thornton Inc.  
Registration number: 2005/034639/21  
20 Morris Street East  
Woodmead  
Johannesburg  
South Africa  
2191  
(PO Box 2939, Saxonwold, 2132)

### **Financial Advisor and Transaction Sponsor**

Investec Bank Limited  
(Registration number :1969/004763/06)  
100 Grayston Drive  
Sandown  
Sandton  
2196  
(PO Box 785700, Sandton, 2146)

### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
(Private Bag X9000, Saxonwold, 2132)

### **Legal Advisor**

Norton Rose Fulbright South Africa  
(Registration number 1984/003385/21)  
15 Alice Lane  
Sandton  
2196  
(PO Box 784903 Sandton 2146)

### **Independent Expert**

BDO Corporate Finance Proprietary Limited  
(Registration number 1983/002903/07)  
Wanderers Office Park  
52 Corlett Drive  
Illovo  
Johannesburg  
2196  
(Private Bag X60500, Houghton, 2041)

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## SANLAM CORPORATE INFORMATION AND ADVISORS

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### **Company Secretary**

Sana-Ullah Bray  
Registered office  
2 Strand Road  
Bellville  
South Africa  
(PO Box 1, Sanlamhof, 7532)

### **Reporting Accountants**

KPMG Inc.  
(Registration number: 1999/021543/21)  
4 Christiaan Barnard Street  
Foreshore, Cape Town, 8000  
(PO Box 4609, Cape Town, 8000)

### **Financial Advisor and Transaction Sponsor**

Rand Merchant Bank  
(A division of FirstRand Bank Limited)  
(Registration number 1929/001225/06)  
1 Merchant Place  
Corner Fredman Drive and Rivonia Road  
Sandown 2196  
(PO Box 786273, Sandton, 2146)

### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number: 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
(Private Bag X9000, Saxonwold, 2196)

### **Legal Advisor**

Edward Nathan Sonnenbergs Inc.  
(Registration number: 2006/018200/21)  
2<sup>nd</sup> Floor La Gratitude Office Park  
95 – 97 Dorp Street  
Stellenbosch, 7600  
(PO Box 940, Stellenbosch, 7599)

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 8 of this Circular apply, *mutatis mutandis*, throughout this Circular, including to this salient dates and times section.

| Item   | 2022                               |
|--|------------------------------------|
| Record date to determine which AfroCentric Shareholders are eligible to receive this Circular and Notice of General Meeting  | Friday, 2 December                 |
| Circular distributed to AfroCentric Shareholders and Notice of General Meeting published on SENS on  | Thursday, 8 December               |
| Offer Opening Date, at <b>09:00</b> on   | Friday, 9 December                 |
|  | <b>2023</b>                        |
| Last day to trade in AfroCentric Shares in order to be eligible to attend and vote at the General Meeting  | Tuesday, 3 January                 |
| Voting Record Date   | Friday, 6 January                  |
| Last day to lodge Forms of Proxy ( <i>blue</i> ) for administrative purposes, by <b>10:00</b> on   | Tuesday, 10 January                |
| General Meeting to be held at AfroCentric Distribution Services Offices, The Greens Office Park, Building L, 26 Charles de Gaulle Crescent, Highveld Ext12 Centurion at <b>10:00</b> on  | Thursday, 12 January               |
| Results of General Meeting published on SENS on  | Thursday, 12 January               |
| Partial Offer either declared unconditional as to acceptances, or declared to have terminated, as applicable, by no later than   | Tuesday, 14 March                  |
| Finalisation announcement, in which Partial Offer declared wholly unconditional, and any extension of the Offer Closing Date published on SENS by 11:00, expected to be on   | Tuesday, 14 March                  |
| <i>The following entries assume that all Partial Offer Conditions Precedent are fulfilled or, if permitted, waived by no later than</i>  | <i>Tuesday, 14 March</i>           |
| Finalisation announcement published in the press on  | Wednesday, 15 March                |
| Last day to trade in AfroCentric Shares in order to be eligible to participate in the Partial Offer, expected to be on   | Tuesday, 28 March                  |
| AfroCentric Shares trade ex the entitlement to participate in the Partial Offer, expected to be on   | Wednesday, 29 March                |
| Announcement published on SENS in respect of the cash payment for Fractional Entitlements, based on the VWAP of a Sanlam Share traded on the JSE on Wednesday, 29 March 2023, discounted by 10%, expected to be on   | Thursday, 30 March                 |
| Offer Closing Date, expected to be at <b>12:00</b> on  | Friday, 31 March                   |
| <i>AfroCentric Shareholders who wish to participate in the Partial Offer must tender the AfroCentric Shares they wish to sell by this date and time and also elect the Settlement Option. If AfroCentric Shareholders do not tender their AfroCentric Shares by this date and time, such AfroCentric Shareholders will be deemed to have rejected the Partial Offer and will retain their AfroCentric Shares</i> | <i>(unless extended by Sanlam)</i> |
| Offer Record Date, expected to be on   | Friday, 31 March                   |
| AfroCentric and Sanlam release a joint announcement on SENS, advising (i) whether Sanlam will acquire more than the Maximum Shares Percentage and (ii) what the Partial Offer Percentage is, expected to be on   | Friday, 31 March                   |
| Results of the Partial Offer announced on SENS, expected to be on  | Friday, 31 March                   |
| Results of the Partial Offer announced in the press, expected to be on   | Monday, 3 April                    |



| Item   | 2023            |
|--|-----------------|
| AfroCentric and Sanlam release an announcement on SENS, advising (i) the 30-day VWAP of Sanlam Shares as at close of market on the Offer Record Date and (ii) the number of Sanlam Shares which will be delivered in respect of the Consideration Share Election for every 1 Partial Offer Share acquired in terms of the Partial Offer, as contemplated in paragraph 4.3 of Section B of this Circular, expected to be on   | Monday, 3 April |
| Offer Operative Date, expected to be on  | Monday, 3 April |
| All Partial Offer Shares credited to Sanlam's account with its CSDP or Broker, expected to be on   | Monday, 3 April |
| Settlement date in respect of Offer Participants who are Certificated Shareholders and who have lodged their Form of Election and Surrender ( <i>pink</i> ) and Documents of Title with the Transfer Secretaries on or prior to the Offer Closing Date, on which date the Offer Consideration and, if applicable, Fractional Entitlements (if any) due to such Offer Participant will be settled as follows: (i) if elected to be settled wholly in cash, will be paid to the Offer Participant by EFT, or (ii) if elected to be settled wholly or partly in Sanlam Shares, will be credited to the Offer Participant's CSDP or Broker account (with the number of Sanlam Shares delivered calculated in accordance with the Share Consideration Ratio), expected to be on | Monday, 3 April |
| Settlement date in respect of Offer Participants who are Dematerialised Shareholders, on which date the Offer Consideration and, if applicable, Fractional Entitlements (if any) due to such Offer Participant will be credited to the Offer Participant's CSDP or broker account (with the number of Sanlam Shares delivered, if any, calculated in accordance with the Share Consideration Ratio), expected to be on   | Monday, 3 April |
| Effective Date, being the date on which Sanlam disposes of the A4S Shares to AfroCentric in consideration for the issue by AfroCentric of the A4S Consideration Shares, expected to be on  | Monday, 3 April |

#### Notes

- All times indicated in this Circular are SAST.
- The dates and times indicated in the table above are based on certain assumptions regarding the date by when the Partial Offer Conditions Precedent and A4S Conditions Precedent, respectively, will be fulfilled or, if permitted, waived and are therefore subject to change, subject to the approval of the JSE and/or TRP (in circumstances where such approvals are required). If the relevant dates are required to change, such changes will be announced on SENS.
- Share certificates in respect of AfroCentric Shares may not be Dematerialised or rematerialised between the last day to trade in AfroCentric Shares in order to be eligible to participate in the Partial Offer, expected to be on **Tuesday, 28 March 2023**, and the Offer Record and Offer Closing Date, expected to be on **Friday, 31 March 2023**, both days inclusive, during which period the certificated securities sub-register of AfroCentric's Register will be closed.
- AfroCentric Shareholders should note that, as transactions in AfroCentric Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place 3 Business Days after such trade. Therefore, persons who acquire AfroCentric Shares after the last day to trade in order to be eligible to attend and vote at the General Meeting will not be eligible to vote at the General Meeting, but may, nevertheless, participate in the Partial Offer provided that (i) the Partial Offer becomes unconditional, (ii) such person acquires AfroCentric Shares on or prior to the last day to trade in AfroCentric Shares in order to be eligible to participate in the Partial Offer (expected to be on **Tuesday, 28 March 2023**), and (iii) holds such AfroCentric Shares on the Offer Record Date.
- Certificated Shareholders and Dematerialised Shareholders are referred to the "Action Required by AfroCentric Shareholders" section commencing on page 28 of this Circular for further information regarding proxies, attendance and participation in the General Meeting, participation in the Partial Offer and selecting a Settlement Option. AfroCentric Shareholders should note that only Certificated Shareholders and Dematerialised Own Name Shareholders should complete and return the Form of Proxy (*blue*) and only Certificated Shareholders should complete and return the Form of Election and Surrender (*pink*) and are required to submit Documents of Title. Dematerialised Shareholders without Own Name Registration should contact their CSDP or Broker.
- Certificated Shareholders and Dematerialised Own Name Shareholders are reminded that the Form of Proxy (*blue*) may be used at any adjournment or postponement of the General Meeting, unless withdrawn by the Certificated Shareholder or Dematerialised Own Name Shareholder. Accordingly, the appointment of a proxy in terms of the Form of Proxy (*blue*) shall remain valid until the end of the General Meeting, even if the General Meeting or a part thereof is postponed or adjourned.
- Offer Participants should note that acceptances in respect of the Partial Offer are irrevocable except in circumstances contemplated in regulation 105(2) of the Takeover Regulations, namely if the Partial Offer (i) has not been declared wholly unconditional by midnight on the 65<sup>th</sup> Business Day after the Offer Opening Date (i.e. **Tuesday, 14 March 2023**), (ii) has not been declared unconditional as to acceptances, and (iii) still remains subject to other conditions. Therefore, once a Partial Offer Participant has accepted the Partial Offer, they will not be able to trade their AfroCentric Shares until the Partial Offer is implemented or, if applicable, their acceptance is withdrawn in circumstances contemplated in regulation 105(2) of the Takeover Regulations. Offer Participants who have withdrawn an acceptance of the Partial Offer in circumstances contemplated in regulation 105(2) of the Takeover Regulations may subsequently again accept the Partial Offer at any time on or prior to the last day to trade in order to be eligible to participate in the Partial Offer, expected to be on **Tuesday, 28 March 2023**, but should note that, in accordance with regulation 105(4) of the Takeover Regulations, they may withdraw such acceptance and re-accept the Partial Offer only once.
- In terms of the Takeover Regulations, the Partial Offer must remain open for at least 10 Business Days after the date that it is announced that the Partial Offer is wholly unconditional.
- Sanlam reserves the right to extend the Offer Closing Date to a later Business Day than **Friday, 31 March 2023**, which extension shall be announced by AfroCentric and Sanlam and which extended Offer Closing Date shall (i) be a Friday and (ii) not be earlier than 10 Business Days after the date of the announcement that the Partial Offer is unconditional. Any extension to the Offer Closing Date will affect other dates applicable to the Proposed Transaction, including the Offer Record Date, Offer Closing Date, Offer Operative Date and Effective Date. In circumstances where the Offer Closing Date is extended, an announcement will be released on SENS and published in the press with the relevant updates to the salient dates and times.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa*, and the following words and expressions bear the meanings assigned to them below:

|                                    |   |
|------------------------------------|---|
| “2017 Incentive Scheme”            | the “ <i>AfroCentric Group Management Long-Term Incentive Plan</i> ” applicable to AfroCentric employees, which was adopted by the AfroCentric Board and AfroCentric Shareholders during July/August 2017;  |
| “2022 Incentive Scheme”            | the “ <i>AfroCentric Incentive Plan (2022)</i> ” applicable to AfroCentric employees, which was adopted by the AfroCentric Board and AfroCentric Shareholders during November 2022;   |
| “A2X”                              | A2X Proprietary Limited (registration number 2014/147138/07), a private company duly incorporated and registered in accordance with the laws of South Africa, and licensed to operate a securities exchange under the Financial Markets Act;  |
| “A4S Conditions Precedent”         | the suspensive conditions to which the Asset for Share Transaction is subject, set out in paragraph 4 of Section C of this Circular;  |
| “A4S Consideration Shares”         | 28.7% of the issued AfroCentric Shares immediately after implementation of the Asset for Share Transaction, being 232 584 553 AfroCentric Shares as at the Last Practicable Date, and subject to adjustment in terms of paragraph 3 of Section C of this Circular;  |
| “A4S Shares”                       | 287 AHA Shares held by Sanlam Life, constituting 100% of Sanlam Life’s holding in AHA;  |
| “Absolute Ceiling”                 | 64.45% of the issued AfroCentric Shares at the time of implementation of the Partial Offer (and prior to implementation of the Asset for Share Transaction), being 372 402 189 AfroCentric Shares as at the Last Practicable Date;  |
| “Absolute Floor”                   | 31.3% of the issued AfroCentric Shares at the time of implementation of the Partial Offer (and prior to implementation of the Asset for Share Transaction), being 180 719 008 AfroCentric Shares as at the Last Practicable Date;   |
| “Acting in Concert”                | will bear the meaning assigned to this term in the Takeover Regulations;  |
| “AfroCentric”                      | AfroCentric Investment Corporation Limited (registration number 1988/000570/06), a limited liability public company duly incorporated and registered in accordance with the laws of South Africa;   |
| “AfroCentric Board”                | the board of directors of AfroCentric as constituted from time to time;   |
| “AfroCentric Directors”            | the directors serving on the AfroCentric Board from time to time, whose names as at the Last Practicable Date are set out on page 22 of this Circular;  |
| “AfroCentric Group”                | AfroCentric and all its Subsidiaries;   |
| “AfroCentric Reporting Accountant” | PricewaterhouseCoopers Inc. (registration number: 1998/012055/21) a limited liability company duly incorporated and registered in accordance with the laws of South Africa and the Reporting Accountants for AfroCentric for the purposes of this Circular;   |
| “AfroCentric Shares”               | ordinary shares of par value of R0.01 in the share capital of AfroCentric, which shares are listed on the Main Board of the JSE in the Financial Services sector;   |
| “AfroCentric Shareholders”         | the registered holders of AfroCentric Shares;   |
| “AHA”                              | ACT Healthcare Assets Proprietary Limited (registration number 2008/025969/07), a limited liability private company duly incorporated and registered in accordance with the laws of South Africa, in which AfroCentric holds 71.3% and Sanlam Life holds 28.7% as at the Last Practicable Date and which, following implementation of the Proposed Transaction, will be a wholly-owned subsidiary of AfroCentric; |

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| “AHA Reporting Accountant”     | SizweNtsalubsGobodo Grant Thornton Inc. (registration number: 2005/034639/21), a limited liability company duly incorporated and registered in accordance with the laws of South Africa and the Reporting Accountants for AfroCentric for the purposes of this Circular;   |
| “AHA Shares”                   | unlisted, ordinary shares of no par value in the share capital of AHA;   |
| “Asset for Share Agreement”    | the agreement detailing the terms and conditions of the Asset for Share Transaction between Sanlam Life, AHA and AfroCentric, signed on 10 October 2022, as amended by the addendum thereto signed on 29 November 2022;  |
| “Asset for Share Resolution”   | the Special Resolution by AfroCentric Shareholders, adopted in respect of section 41(3) of the Companies Act and section 9.20(b) of the Listings Requirements, to approve the issue of the A4S Consideration Shares and implementation of the Asset for Share Transaction; |
| “Asset for Share Transaction”  | the issue of the A4S Consideration Shares by AfroCentric to Sanlam Life in consideration for the transfer to AfroCentric of the A4S Shares held by Sanlam Life;  |
| “Authorised Dealer”            | authorised dealer of the South African Reserve Bank, designated as such in the Exchange Control Regulations;   |
| “Beneficial Owner”             | a person on whose behalf any Dematerialised Share (not held with “Own Name Registration”) is held by a CSDP or Broker or a nominee of a CSDP or Broker in accordance with a Custody Agreement;   |
| “Botswana”                     | the Republic of Botswana;  |
| “Broker”                       | any person registered as a broking member (equities) in terms of the rules of the JSE and the provisions of the Financial Markets Act;   |
| “Business Day”                 | any day other than a Saturday, Sunday or official public holiday in South Africa;  |
| “cents”                        | South African cents, in the official currency of South Africa;   |
| “Certificated Shares”          | AfroCentric Shares that have not been Dematerialised, the title to which is evidenced by a share certificate or other physical Document of Title;  |
| “Certificated Shareholders”    | AfroCentric Shareholders who hold Certificated Shares;   |
| “Circular”                     | this bound document dated Thursday, 8 December 2022, together with all annexures and attachments, issued jointly by AfroCentric and Sanlam to the AfroCentric Shareholders in respect of the Proposed Transaction;   |
| “COMESA”                       | the Common Market for Eastern and Southern Africa;   |
| “Common Monetary Area”         | South Africa, Namibia and the Kingdoms of Lesotho and Eswatini;  |
| “Companies Act”                | the Companies Act, No. 71 of 2008, as amended from time to time;   |
| “Competition Authorities”      | the competition authorities responsible for considering and approving mergers in South Africa, Namibia, Botswana and COMESA, respectively;   |
| “Consideration Share Election” | the election by an Offer Participant to receive the Offer Consideration or part thereof in Sanlam Shares;  |
| “CSDP”                         | a Central Securities Depository Participant registered as a participant in terms of the Financial Markets Act;   |
| “Custody Agreement”            | a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held by the CSDP or Broker on behalf of that person;  |
| “Dematerialised”               | the process whereby paper share certificates or other Documents of Title are replaced with electronic records of ownership of AfroCentric Shares, with a CSDP or Broker, as contemplated in section 49(5) of the Companies Act and under the Strate system;                |

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| “Dematerialised Shares”                | AfroCentric Shares that have been Dematerialised or have been issued in Dematerialised form, and which are held in electronic form on AfroCentric’s uncertificated securities sub-register administered by a CSDP;   |
| “Dematerialised Shareholders”          | AfroCentric Shareholders who hold Dematerialised Shares;   |
| “Dematerialised Own Name Shareholders” | Dematerialised Shareholders with Own Name Registration;  |
| “Documents of Title”                   | valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of AfroCentric Shares, reasonably acceptable to Sanlam and the Transfer Secretaries;  |
| “EBITDA”                               | earnings before interest, taxes, depreciation and amortisation of AfroCentric calculated in accordance with IFRS;  |
| “Effective Date”                       | the date upon which the last A4S Condition Precedent is fulfilled or, if permitted, waived, which date will be the same day as the Offer Operative Date, expected to be on Monday, 3 April 2023;   |
| “EFT”                                  | electronic fund transfer;  |
| “Exchange Control Regulations”         | the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;   |
| “Excess Acceptance”                    | the acceptance by an Offer Participant of the Partial Offer in respect of more than the Partial Offer Percentage of the AfroCentric Shares held by such Offer Participant;   |
| “Financial Markets Act”                | the Financial Markets Act, No. 19 of 2012, as amended from time to time;   |
| “Firm Intention Announcement”          | the joint announcement relating to the Proposed Transaction released by AfroCentric and Sanlam on SENS on 11 October 2022 and published in the press on 12 October 2022;   |
| “Foreign Shareholders”                 | AfroCentric Shareholders who have registered addresses outside the Common Monetary Area and/or who are nationals, citizens or residents of countries other than those falling within the Common Monetary Area;   |
| “Form of Election and Surrender”       | the form of election and surrender (pink) attached to and incorporated in this Circular;   |
| “Form of Proxy”                        | the form of proxy ( <i>blue</i> ) attached to and incorporated in this Circular, for use only by (i) Certificated Shareholders; and (ii) Dematerialised Own Name Shareholders, for purposes of appointing a proxy to represent such AfroCentric Shareholder at the General Meeting;  |
| “Fractional Entitlement”               | the entitlement of an Offer Participant to receive a fraction of a Sanlam Share as part of the Offer Consideration, following the application of the Share Consideration Ratio;  |
| “General Meeting”                      | the general meeting of AfroCentric Shareholders to be convened in connection with the Proposed Transaction to be held at AfroCentric Distribution Services Offices, The Greens Office Park, Building L, 26 Charles de Gaulle Crescent, Highveld Ext12 Centurion on Thursday, 12 January 2023 and remotely via a live audio webcast to be provided on AfroCentric’s website <a href="https://www.corpcam.com/AfroCentricGM2022">https://www.corpcam.com/AfroCentricGM2022</a> for the purposes of considering and, if deemed fit, approving the General Meeting Resolutions, including any adjournment thereof; |
| “General Meeting Participants”         | AfroCentric Shareholders (or their proxies), who are entitled to attend, participate in and/or vote at the General Meeting;  |
| “General Meeting Resolutions”          | the Ordinary Resolutions and Special Resolution to be considered and, if deemed fit, approved by the AfroCentric Shareholders for purposes of the Proposed Transaction;  |
| “IFRS”                                 | International Financial Reporting Standards;   |
| “Income Tax Act”                       | the Income Tax Act, No. 58 of 1962, as amended from time to time;  |

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| “Independent Board”          | the sub-committee of the AfroCentric Board who the AfroCentric Board considers to be independent in relation to Sanlam and the Partial Offer in accordance with the Takeover Regulations, and whose members are Bruno Fernandes, Alice le Roux and Mmaboshadi Chauke;   |
| “Independent Expert”         | BDO Corporate Finance Proprietary Limited (registration number 1983/002903/07), a private company duly incorporated and registered in accordance with the laws of South Africa, being the independent expert appointed by the Independent Board in terms of regulation 90 and regulation 110 of the Takeover Regulations; |
| “Independent Expert Report”  | the fair and reasonable opinion provided by the Independent Expert to the Independent Board in relation to the Proposed Transaction as required in terms of regulation 110 of the Takeover Regulations, a copy of which is annexed as Annexure 1 to this Circular;  |
| “JSE”                        | JSE Limited (registration number 2005/022939/06), a public company duly incorporated and registered in accordance with the laws of South Africa, and licensed to operate a securities exchange under the Financial Markets Act;   |
| “Last Practicable Date”      | Friday, 2 December 2022, being the last practicable date prior to the finalisation of this Circular;  |
| “Listings Requirements”      | the Listings Requirements of the JSE in force as at the Last Practicable Date;  |
| “Longstop Date”              | 2 May 2023 or such later date as Sanlam and AfroCentric may agree in writing;   |
| “MAC”                        | a material adverse change in circumstances that has or is reasonably likely to cause the EBITDA of AfroCentric to decrease by more than 5%, when measured with reference to the comparable EBITDA for the financial year ended 30 June 2022;  |
| “Maximum Shares Percentage”  | the maximum percentage of AfroCentric Shares which Sanlam is obliged to acquire in terms of the Partial Offer, being 43.9% of the issued AfroCentric Shares at the time of implementation of the Partial Offer (and prior to implementation of the Asset for Share Transaction);  |
| “Minimum Shares Percentage”  | the lowest percentage of AfroCentric Shares which Sanlam is entitled to acquire in terms of the Partial Offer, being 36.9% of the issued AfroCentric Shares at the time of implementation of the Partial Offer (and prior to implementation of the Asset for Share Transaction);  |
| “Minimum Shares Requirement” | the number of AfroCentric Shares which constitute the Minimum Shares Percentage on the date the Partial Offer is implemented, as at the Last Practicable Date being 213 134 974 AfroCentric Shares but subject to paragraph 2.1.1 of Section B of this Circular;  |
| “MOI”                        | the memorandum of incorporation of AfroCentric;   |
| “Namibia”                    | the Republic of Namibia;  |
| “Notice of General Meeting”  | the notice of the General Meeting, attached to and incorporated in this Circular;   |
| “NSX”                        | the Namibian Stock Exchange, a non-proprietary association established by the Namibia Financial Institutions Supervisory Authority to operate a stock exchange within Namibia, in terms of the Namibian Stock Exchanges Control Act of 1985;  |
| “Offer Closing Date”         | the date on which the Partial Offer closes, which will be at least 10 Business Days after the Partial Offer is declared wholly unconditional by Sanlam and which is expected to be on Friday, 31 March 2023, subject to Sanlam’s right, in its discretion, to extend the date on which the Partial Offer will close;      |
| “Offer Consideration”        | R6.00 per Partial Offer Share, payable by Sanlam to Offer Participants and which will be settled, at the election of each Offer Participant, in cash or Sanlam Shares or a combination thereof, as contemplated in paragraph 4.2 of Section B of this Circular;   |
| “Offer Opening Date”         | the date on which the Partial Offer opens, being Friday, 9 December 2022;   |

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| “Offer Operative Date”               | the date on which the Partial Offer will be implemented, being the first Business Day following the Offer Record Date, expected to be on Monday, 3 April 2023;  |
| “Offer Participants”                 | AfroCentric Shareholders who are recorded as such in the Register on the Offer Record Date and who sell Partial Offer Shares to Sanlam in terms of the Partial Offer;   |
| “Offer Record Date”                  | the date on which AfroCentric Shareholders must be recorded in the Register in order to be eligible to participate in the Partial Offer, expected to be on Friday, 31 March 2023;   |
| “Ordinary Resolution”                | a resolution adopted with the support of more than 50% of the voting rights exercised on the resolution;  |
| “Own Name Registration”              | Dematerialised Shares held in a Dematerialised Shareholder’s “own name” on the sub-register (being the list of Dematerialised AfroCentric Shareholders maintained by the CSDP and forming part of the Register);  |
| “Partial Offer”                      | Sanlam’s conditional offer to acquire no less than the Minimum Shares Percentage and no more than the Maximum Shares Percentage of the AfroCentric Shares from Offer Participants in exchange for the Offer Consideration, by way of a partial offer as contemplated in section 125 of the Companies Act, on the terms and conditions set out in this Circular; |
| “Partial Offer Approval Resolution”  | the Ordinary Resolution by independent AfroCentric Shareholders, adopted in respect of section 125(3)(b)(ii) of the Companies Act, to approve the Partial Offer by Sanlam;  |
| “Partial Offer Conditions Precedent” | the suspensive conditions to which the Partial Offer is subject, set out in paragraph 6.2 of Section B of this Circular;  |
| “Partial Offer Percentage”           | the aggregate percentage of AfroCentric Shares which Sanlam elects to acquire in terms of the Partial Offer, as contemplated in paragraph 2.5 of Section B of this Circular, which percentage shall not be less than the Absolute Floor nor more than the Absolute Ceiling;   |
| “Partial Offer Shares”               | Tendered AfroCentric Shares acquired by Sanlam in exchange for the Offer Consideration in terms of the Partial Offer;   |
| “Proposed Transaction”               | collectively, the Partial Offer and the Asset for Share Transaction;  |
| “Rand” or “R”                        | South African rand, the official currency of South Africa;  |
| “Register”                           | AfroCentric’s securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including AfroCentric’s uncertificated securities sub-register and certificated securities sub-register;   |
| “RMB”                                | Rand Merchant Bank, a division of FirstRand Bank Limited (registration number 1929/001225/06), a public company duly incorporated and registered in accordance with the laws of South Africa;   |
| “Sanlam”                             | Sanlam Limited (registration number 1959/001562/06), a public company duly incorporated and registered in accordance with the laws of South Africa, the shares of which are listed on the Main Board of the JSE, the NSX and A2X;   |
| “Sanlam Board”                       | the board of directors of Sanlam;   |
| “Sanlam Directors”                   | the directors serving on the Sanlam Board from time to time, whose names as at the Last Practicable Date are set out on page 22 of this Circular;   |
| “Sanlam Group”                       | Sanlam and all its Subsidiaries;  |
| “Sanlam Life”                        | Sanlam Life Insurance Limited (registration number 1998/021121/06), a public company duly incorporated and registered in accordance with the laws of South Africa and a wholly-owned Subsidiary of Sanlam;  |
| “Sanlam Reporting Accountant”        | KPMG Inc. (Registration number: 1999/021543/21), a limited liability company duly incorporated and registered in accordance with the laws of South Africa and the Reporting Accountant for Sanlam for the purposes of this Circular;  |

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| “Sanlam Shares”                              | ordinary shares of no par value in the share capital of Sanlam, which shares are listed on the Main Board of the JSE in the Life Insurance sector;   |
| “SAST”                                       | South African Standard Time;   |
| “SENS”                                       | the Stock Exchange News Service, operated by the JSE;  |
| “Settlement Options”                         | <p>the three options available to Offer Participants with regard to the manner in which the Offer Consideration due to them will be settled, namely:</p> <p>(i) cash in respect of all the Offer Participant’s Partial Offer Shares; or</p> <p>(ii) cash in respect of 50% and Sanlam Shares in respect of 50% of the Offer Participant’s Partial Offer Shares; or</p> <p>(iii) Sanlam Shares in respect of all the Offer Participant’s Partial Offer Shares,</p> <p><b>it being noted that if an Offer Participant does not indicate which Settlement Option it elects, such Offer Participant shall be deemed to have elected to receive its Offer Consideration wholly in cash;</b></p> |
| “Share Consideration Ratio”                  | the ratio of Sanlam Shares to the Partial Offer Shares of an Offer Participant, who has elected the Consideration Share Election, calculated in accordance with the formula set out in paragraph 4.3 of Section B of this Circular;  |
| “South Africa”                               | the Republic of South Africa;  |
| “Special Resolution”                         | a resolution adopted with the support of at least 75% of the voting rights exercised on the resolution;  |
| “Strate”                                     | Strate Proprietary Limited (registration number 1998/022242/07), a private company duly incorporated and registered in accordance with the laws of South Africa, a registered central securities depository which is responsible for the electronic settlement system used by the JSE;   |
| “Subsidiary”                                 | bears the meaning assigned to this term in section 3 of the Companies Act;   |
| “Takeover Regulations”                       | the Takeover Regulations 2011, promulgated in terms of section 223 of the Companies Act;   |
| “Tendered AfroCentric Shares”                | AfroCentric Shares which an Offer Participant offers to sell to Sanlam in terms of the Partial Offer;  |
| “Transfer Secretaries” or<br>“Computershare” | Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated and registered in accordance with the laws of South Africa, being the transfer secretaries of AfroCentric;   |
| “Treasury Shares”                            | any AfroCentric Shares held by a Subsidiary of AfroCentric, as at the Last Practicable Date being 999 999 AfroCentric Shares held by AfroCentric Health Management Services Proprietary Limited (registration number 2006/006827/07);  |
| “TRP”  | the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;   |
| “TRP Certificate Condition”                  | bears the meaning assigned to this term in paragraph 6.2.4.2 of Section B of this Circular;  |
| “Voting Record Date”                         | the date on which AfroCentric Shareholders must be recorded in the Register in order to participate in and vote at the General Meeting, being Friday, 6 January 2023; and  |
| “VWAP”                                       | volume weighted average price, being the weighted average traded price of a share traded, divided by the total number of shares traded, over a particular period of time.  |

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## **ACTION REQUIRED BY AFROCENTRIC SHAREHOLDERS**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* throughout this Circular, including this 'Action Required by AfroCentric Shareholders' section.

**Please take careful note of the following provisions regarding the action to be taken by AfroCentric Shareholders:**

- If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your AfroCentric Shares on or before **Friday, 2 December 2022**, this Circular should be handed to the purchaser of such AfroCentric Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.
- You should read this Circular in its entirety and decide how you wish to vote on the General Meeting Resolutions (as set out in the Notice of the General Meeting) to be proposed at the General Meeting.
- You should also decide whether you wish to either:
  - accept the Partial Offer in respect of all or a portion of your AfroCentric Shares, and thereby become an Offer Participant; or
  - decline the Partial Offer, in which event you will not become an Offer Participant and will not participate in the Partial Offer.
- If you accept the Partial Offer and therefore become an Offer Participant, you are further required to decide which Settlement Option you wish to elect, more specifically whether, in settlement of the Offer Consideration due to you, you want to receive:
  - cash in respect of all your Partial Offer Shares (which is the default election if you fail to elect a Settlement Option); or
  - cash in respect of 50% and Sanlam Shares in respect of 50% of your Partial Offer Shares; or
  - Sanlam Shares in respect of all your Partial Offer Shares.
- The Partial Offer will be open for acceptance from the Offer Opening Date (being **Friday, 9 December 2022**) until the Offer Closing Date (expected to be **Friday, 31 March 2023**, unless extended by Sanlam).
- Should you wish to accept the Partial Offer, you must do so in the manner set out in paragraph 3 of this "Action required by AfroCentric Shareholders" section of the Circular below.
- Should you wish to decline the Partial Offer:
  - if you are a Certificated Shareholder, you do not need to take any further action. You will not sell any of your AfroCentric Shares to Sanlam in terms of the Partial Offer; or
  - if you are a Dematerialised Shareholder with or without Own Name Registration, you are advised to contact your CSDP or Broker and furnish them with your instructions. If you fail to furnish your CSDP or Broker with your instructions, your CSDP or Broker will be required to act in accordance with your Custody Agreement. If you decline the Partial Offer, you will not sell any of your AfroCentric Shares to Sanlam in terms of the Partial Offer.

### **1. NOTICE OF THE GENERAL MEETING**

AfroCentric Shareholders recorded in the Register on the Voting Record Date are invited to attend, participate in and/or vote at the General Meeting to be held at AfroCentric Distribution Services Offices, The Greens Office Park, Building L, 26 Charles de Gaulle Crescent, Highveld Ext12 Centurion at **10:00 on Thursday, 12 January 2023** (or any adjourned or postponed date and time), convened in terms of the Notice of General Meeting, for purposes of *inter alia* considering and, if deemed fit, passing, with or without modification, the General Meeting Resolutions. Although the intention is to hold the General Meeting at the set venue on **Thursday, 12 January 2023**, AfroCentric strongly encourages its shareholders not to attend in person but to exercise their voting rights by way of written proxy and to submit their questions relating to the General Meeting in advance by email to the Company Secretary: [billym@afrocentrichealth.com](mailto:billym@afrocentrichealth.com). Shareholders will also be able to follow the meeting remotely via a live audio webcast available on our website <https://www.corpcam.com/AfroCentricGM2022>. AfroCentric Shareholders are advised that they will not be able to vote at or participate in the General Meeting through the live audio webcast.



## 2. ATTENDANCE, PARTICIPATION AND VOTING AT THE GENERAL MEETING

### 2.1 Dematerialised Shareholders without Own Name Registration

If you have Dematerialised your AfroCentric Shares without Own Name Registration, then the below actions are relevant to you in connection with the General Meeting. You must not complete the attached Form of Proxy (*blue*).

#### 2.1.1 Participation in and/or representation at the General Meeting

2.1.1.1 If you wish to attend, participate in and/or vote at the General Meeting in person, or if you wish a proxy to represent you at the General Meeting, you must advise your CSDP or Broker accordingly in terms of your Custody Agreement. Your CSDP or Broker will issue the necessary letter of representation to enable you or your proxy to attend, participate in and/or vote at the General Meeting.

2.1.1.2 Dematerialised Shareholders without Own Name Registration who wish to attend, participate in and/or vote at the General Meeting are encouraged to ensure the timeous receipt by the Transfer Secretaries of the aforementioned letter of representation. Due to the exigencies of the necessary verification exercise that must be completed to ensure that all attendees at the General Meeting are lawfully entitled to attend and participate, it may not be possible to verify a Dematerialised Shareholder without Own Name Registration promptly once the General Meeting has commenced.

#### 2.1.2 Voting instructions in respect of the General Meeting

2.1.2.1 If you do not wish to attend, participate in and/or vote at the General Meeting in person, or to appoint a proxy to represent you at the General Meeting, you are nonetheless entitled to direct the manner in which your voting rights are to be exercised.

2.1.2.2 Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or abstain from casting your vote) at the General Meeting and thereafter cast your vote (or abstain from casting your vote) in accordance with your instructions.

2.1.2.3 If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your voting instructions.

2.1.2.4 You must furnish your CSDP or Broker with your voting instructions by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

2.1.2.5 If your CSDP or Broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in your Custody Agreement.

### 2.2 Dematerialised Own Name Shareholders and Certificated Shareholders

If you have Dematerialised your AfroCentric Shares with Own Name Registration or if you hold Certificated Shares, then the below actions are relevant to you in connection with the General Meeting:

2.2.1 You may attend, participate in and/or vote or abstain from voting (or be represented by proxy) at the General Meeting.

2.2.2 If you do not wish to, or are unable to, attend, participate in and/or vote at the General Meeting, but wish to be represented thereat, you may appoint a proxy to attend, participate and vote in your stead. A proxy need not be an AfroCentric Shareholder, and shall be entitled to vote on a poll. If you wish to appoint a proxy, you must complete the attached Form of Proxy (*blue*) in accordance with the instructions contained therein and return same, subject to paragraph **2.2.3** below, to the Transfer Secretaries by no later than **10:00 on Tuesday, 10 January 2023** as follows:

2.2.2.1 hand delivery to: Computershare Investor Services (Pty) Ltd, 1<sup>st</sup> Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, South Africa; or

2.2.2.2 by post to: Computershare Investor Services (Pty) Ltd, Private Bag X9000, Saxonwold, 2132; or

2.2.2.3 by email to: proxy@computershare.co.za.

- 2.2.3 If you do not lodge your Form of Proxy (*blue*) to reach the Transfer Secretaries by the stipulated time, you will nevertheless be entitled to email the Form of Proxy (*blue*) to the Transfer Secretaries (who will provide same to the chairperson of the General Meeting) at any time prior to the commencement of the General Meeting, provided that such Form of Proxy (*blue*) and the identification is verified and registered before the commencement of the General Meeting, as set out in paragraph 2.3 below.

### 2.3 Identification of AfroCentric Shareholders and proxies

In terms of section 63(1) of the Companies Act, before any person may attend and participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to attend, participate in and vote at the General Meeting, either as an AfroCentric Shareholder or as a proxy for or other representative of an AfroCentric Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's license, or a valid passport.

## 3. ACTION REQUIRED OF AFROCENTRIC SHAREHOLDERS WHO WISH TO ACCEPT THE PARTIAL OFFER, ELECT A SETTLEMENT OPTION AND, IF APPLICABLE, SURRENDER THEIR DOCUMENTS OF TITLE

### 3.1 Dematerialised Shareholders with or without Own Name Registration

- 3.1.1 If you have Dematerialised your AfroCentric Shares with or without Own Name Registration, then your CSDP or Broker should contact you to ascertain your instructions in relation to the Partial Offer.
- 3.1.2 If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker and provide your instructions in relation to the Partial Offer.
- 3.1.3 Your instructions in relation to the Partial Offer will be whether you wish to accept or reject the Partial Offer and, if you wish to accept the Partial Offer:
- 3.1.3.1 the number of AfroCentric Shares that you wish to tender in terms of the Partial Offer; and
  - 3.1.3.2 your election regarding the Settlement Option in relation to the Offer Consideration, namely whether you wish to receive:
    - 3.1.3.2.1 cash in respect of all your Partial Offer Shares (which is the default option if you fail to elect a Settlement Option); or
    - 3.1.3.2.2 cash in respect of 50% and Sanlam Shares in respect of 50% of your Partial Offer Shares; or
    - 3.1.3.2.3 Sanlam Shares in respect of all your Partial Offer Shares.
- 3.1.4 You must furnish your instructions to your CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature. If no such instructions are provided to your CSDP or Broker, they will be obliged to respond to the Partial Offer in accordance with the instructions contained in your Custody Agreement.
- 3.1.5 If your CSDP or Broker is required to reject the Partial Offer in terms of the Custody Agreement, or if you have instructed your CSDP or Broker to reject the Partial Offer, your CSDP or Broker will not be required to take any further action and you will not sell any of your AfroCentric Shares to Sanlam in terms of the Partial Offer.
- 3.1.6 You do not have to surrender any Documents of Title and must not complete the attached Form of Election and Surrender (*pink*).
- 3.1.7 If your CSDP or Broker is required to accept the Partial Offer in terms of the Custody Agreement, or if you have instructed your CSDP or Broker to accept the Partial Offer, your CSDP or Broker will take the required actions to implement your instruction. You should note that you will not be able to rematerialise and/or trade any of your Tendered AfroCentric Shares from the date of acceptance of the Partial Offer in respect of such Tendered AfroCentric Shares.

### 3.2 Certificated Shareholders

If you have Certificated Shares, then the following actions are relevant to you in connection with the Partial Offer:

- 3.2.1 If you do not wish to accept the Partial Offer in respect of any of your AfroCentric Shares, you are not required to take any further action and you will not sell any of your AfroCentric Shares to Sanlam in terms of the Partial Offer.
- 3.2.2 If you do wish to accept the Partial Offer in respect of all or some of your AfroCentric Shares, you must complete the attached Form of Election and Surrender (*pink*) in accordance with the instructions contained therein and deliver it, together with the relevant Documents of Title, to the Transfer Secretaries, as follows:
  - 3.2.2.1 hand delivery to: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, South Africa; or
  - 3.2.2.2 by post to: Computershare Investor Services Proprietary Limited, Private Bag X3000, Saxonwold, 2132,so as to be received by no later than **12:00** on the Offer Closing Date (expected to be Friday, 31 March 2023).
- 3.2.3 In the Form of Election and Surrender (*pink*), you are required to indicate which Settlement Option you elect in respect of the Offer Consideration due in terms of the Partial Offer, namely:
  - 3.2.3.1 cash in respect of all your Partial Offer Shares (which is the default option if you fail to elect a Settlement Option);
  - 3.2.3.2 cash in respect of 50% and Sanlam Shares in respect of 50% of your Partial Offer Shares; or
  - 3.2.3.3 Sanlam Shares in respect of all your Partial Offer Shares.
- 3.2.4 Please note that if you elect the Consideration Share Election, you are required to provide details of the account of your CSDP or Broker because the relevant Sanlam Shares will only be delivered in Dematerialised form. If you fail to indicate a Settlement Option, you will be deemed to have elected to receive the Offer Consideration wholly in cash for all your Partial Offer Shares.
- 3.2.5 Please note that you will not be permitted to deliver your Documents of Title to the Transfer Secretaries electronically as original Documents of Title are required to be submitted. Please see paragraph 6 below in relation to Documents of Title that are lost or destroyed.
- 3.2.6 Forms of Election and Surrender (*pink*) and Documents of Title that are sent by post are sent at the risk of the Certified Shareholder concerned. Accordingly, Certified Shareholders should take note of postal delivery times so as to ensure that the forms and relevant Documents of Title are received timeously.
- 3.2.7 If your duly completed Form of Election and Surrender (*pink*), together with the relevant Documents of Title, is not received by the Transfer Secretaries by **12:00** on the Offer Closing Date, you will be deemed to have rejected the Partial Offer. Any Form of Election and Surrender (*pink*) received after **12:00** on the Offer Closing Date will not be accepted.
- 3.2.8 If you accept the Partial Offer, you will not be able to Dematerialise and/or trade any of your Tendered AfroCentric Shares from the date of acceptance of the Partial Offer in respect of such Tendered AfroCentric Shares.
- 3.2.9 Documents of Title in respect of any Tendered AfroCentric Shares that are not accepted by Sanlam will be returned to the Offer Participant by the Transfer Secretaries, by post to the postal address given for the Offer Participant in the Form of Election and Surrender (*pink*). Such returned Documents of Title will be posted within **10** Business Days of the Offer Closing Date at the risk of the relevant Offer Participant who is a Certificated Shareholder.
- 3.2.10 If you wish to Dematerialise your AfroCentric Shares (other than during the period contemplated in paragraph 3.2.8 above), please contact a CSDP or Broker. You are not required to Dematerialise your AfroCentric Shares in order to be eligible to accept the Partial Offer or to receive the Offer Consideration.

**4. VALIDITY OF FORM OF ELECTION AND SURRENDER (PINK) IN RESPECT OF THE PARTIAL OFFER**

In respect of Certificated Shareholders, Sanlam and the Transfer Secretaries reserve the right in their sole and absolute discretion:

- 4.1 subject to paragraph 8, to treat as invalid any Form of Election and Surrender (*pink*) which is not accompanied by (i) valid and original Documents of Title and/or (ii) proof of the authority of the person signing the Form of Election and Surrender (*pink*) in respect of the Partial Offer, where such proof has not previously been lodged with, or recorded by, the Transfer Secretaries; and/or
- 4.2 to treat as invalid a Form of Election and Surrender (*pink*) which (i) has not been fully completed and/or (ii) has been incorrectly completed (iii) and/or is received after **12:00** on the Offer Closing Date.

**5. RECEIPTS FOR SURRENDERED DOCUMENTS OF TITLE**

No receipts will be issued to Certificated Shareholders for any Documents of Title surrendered to and lodged with the Transfer Secretaries, unless specifically requested by such Certificated Shareholder in writing. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them to the Transfer Secretaries for stamping, together with the Documents of Title.

**6. LOST OR DESTROYED DOCUMENTS OF TITLE IN RESPECT OF CERTIFICATED SHAREHOLDERS**

If Documents of Title have been lost or destroyed, Certificated Shareholders should nevertheless (i) return the Form of Election and Surrender (*pink*) in respect of the Partial Offer, duly signed and completed, and (ii) inform the Transfer Secretaries that its Documents of Title have been lost or destroyed. The Transfer Secretaries shall issue an indemnity form, on terms acceptable to Sanlam (in its sole and absolute discretion), to such Certificated Shareholder and Sanlam must be satisfied that the Documents of Title have been so lost or destroyed. Only upon receipt by the Transfer Secretaries of the original indemnity form, duly completed and signed by such Certificated Shareholder, which is to be received by no later than **12:00** on the Offer Closing Date, shall Sanlam consider the action taken by such Certificated Shareholder in terms of the Partial Offer.

**7. IMPLEMENTATION OF THE PARTIAL OFFER AND SETTLEMENT OF THE OFFER CONSIDERATION**

7.1 The aggregate number of Partial Offer Shares to be acquired by Sanlam from Offer Participants in terms of the Partial Offer is subject to the Minimum Shares Percentage and the Maximum Shares Percentage. In this regard, Sanlam is entitled in its discretion to, as applicable:

- 7.1.1 waive the Minimum Shares Requirement and nonetheless proceed with the Partial Offer, even if less than the Minimum Shares Percentage has been tendered in terms of the Partial Offer, provided that Sanlam is not entitled to proceed with the Partial Offer unless it will acquire Partial Offer Shares in terms of the Partial Offer equal to or more than the Absolute Floor; or
- 7.1.2 acquire more than the Maximum Shares Percentage, provided that Sanlam is not entitled to acquire Partial Offer Shares in terms of the Partial Offer which exceed the Absolute Ceiling,

7.2 On the 45<sup>th</sup> Business Day after the Offer Opening Date (namely Tuesday, 14 March 2023), AfroCentric and Sanlam shall release a joint announcement on SENS by no later than 16:30 as to whether the Partial Offer is unconditional as to acceptances, or has terminated.

7.3 On the Offer Record Date Sanlam will determine the Partial Offer Percentage which it will acquire in terms of the Partial Offer and AfroCentric and Sanlam will issue a joint announcement on SENS confirming such Partial Offer Percentage.

7.4 If you have accepted the Partial Offer and the Partial Offer becomes unconditional, you will sell to Sanlam no less than such percentage of the Tendered AfroCentric Shares as is equal to the Partial Offer Percentage, provided that if the aggregate number of AfroCentric Shares tendered to Sanlam by all Offer Participants in terms of the Partial Offer is less than the Partial Offer Percentage, Sanlam is entitled to take up Excess Acceptances from any Offer Participants that have tendered to accept the Partial Offer in respect of more than the Partial Offer Percentage of such Offer Participant's AfroCentric Shares. In this regard and in accordance with regulation 88(3) of the Takeover Regulations, if an Offer Participant tenders a number of AfroCentric Shares:

- 7.4.1 equal to or less than the Partial Offer Percentage, Sanlam is obliged to accept the tender in full if the Minimum Shares Requirement is waived; or
- 7.4.2 greater than the Partial Offer Percentage, Sanlam is obliged to accept:

- 7.4.2.1 that number of Tendered AfroCentric Shares in full which is equal to the Partial Offer Percentage; and
  - 7.4.2.2 part or all of any Excess Acceptances on an equitable basis, provided that the aggregate of the acceptances by Sanlam in respect of all the AfroCentric Shares tendered by Offer Participants shall not exceed the Partial Offer Percentage.
- 7.5 In such circumstances, you will be entitled to receive the Offer Consideration in respect of the Partial Offer Shares which you sell to Sanlam in terms of the Partial Offer, based on the Settlement Option which you elect or are deemed to elect.

#### 7.6 Dematerialised Shareholders

Dematerialised Shareholders that tender all or part of their AfroCentric Shares in terms of the Partial Offer, and elect to receive:

- 7.6.1 cash in respect of all their Partial Offer Shares, as per paragraphs 3.2.3.1 to 3.2.3.3 above, will have their CSDP or Broker accounts credited with the Offer Consideration on the Offer Operative Date, being the first Business Day following the Offer Record Date;
- 7.6.2 cash in respect of 50% and Sanlam Shares in respect of 50% of their Partial Offer Shares, as per paragraphs 3.2.3.1 to 3.2.3.3 above, will have their CSDP or Broker accounts credited with 50% of the Offer Consideration in cash, 50% of the Offer Consideration in Sanlam Shares (calculated in terms of the Share Consideration Ratio) and their Fractional Entitlements, if any, in cash on the Offer Operative Date, being the first Business Day following the Offer Record Date; or
- 7.6.3 Sanlam Shares in respect of all their Partial Offer Shares, as per paragraphs 3.2.3.1 to **3.2.3.3** above, will have their CSDP or Broker accounts credited with the Offer Consideration in Sanlam Shares (calculated in terms of the Share Consideration Ratio) and their Fractional Entitlements, if any, in cash on the Offer Operative Date, being the first Business Day following the Offer Record Date.

#### 7.7 Certificated Shareholders

- 7.7.1 Certificated Shareholders that tender all or part of their AfroCentric Shares in terms of the Partial Offer, and elect to receive:
  - 7.7.1.1 cash in respect of all their Partial Offer Shares, as per paragraphs 3.2.3.1 to **3.2.3.3** above, will be paid by EFT on the Offer Operative Date, being the first business day following the Offer Record Date, provided such Certificate Shareholder has lodged a duly completed Form of Election and Surrender (*pink*) and the relevant Documents of Title with the Transfer Secretaries by no later than **12:00** on the Offer Closing Date;
  - 7.7.1.2 cash in respect of 50% and Sanlam Shares in respect of 50% of their Partial Offer Shares, as per paragraphs 3.2.3.1 to 3.2.3.3 above, will have their CSDP or Broker accounts credited with 50% of the Offer Consideration in cash, 50% of the Offer Consideration in Sanlam Shares (calculated in terms of the Share Consideration Ratio) and their Fractional Entitlements, if any, in cash on the Offer Operative Date, being the first Business Day following the Offer Record Date; or  
**Note:** Sanlam Shares will only be delivered in Dematerialised form.
  - 7.7.1.3 Sanlam Shares in respect of all their Partial Offer Shares, as per paragraphs 3.2.3.1 to 3.2.3.3 above, will have their CSDP or Broker accounts credited with the Offer Consideration in Sanlam Shares (calculated in terms of the Share Consideration Ratio) and their Fractional Entitlements, if any, in cash on the Offer Operative Date, being the first Business Day following the Offer Record Date.  
**Note:** Sanlam Shares will only be delivered in Dematerialised form.
- 7.7.2 Offer Participants who are Certificated Shareholders and elect to receive Sanlam Shares should note that the Sanlam Shares will only be delivered in Dematerialised form. **Accordingly, if the Offer Participant does not provide CSDP or Broker account details in the Form of Election and Surrender (*pink*), such Sanlam Shares will be transferred to a CSDP account in the name of Computershare Nominees Proprietary Limited, the nominee of Computershare Proprietary Limited's CSDP, who will hold such Sanlam Shares for and on your behalf for a period of 3 years after the Offer Operative Date. The Sanlam Shares can be claimed from Computershare Nominees Proprietary Limited during this period by providing CSDP or Broker account details and complying with certain other requirements relating to verification. If the Offer Participant does not**

**claim the Sanlam Shares within 3 years, such Sanlam Shares will be sold on market for cash and the proceeds (after deduction of applicable taxes) will be paid to the benefit of the Guardian's Fund of the Master of the High Court on behalf of the relevant Offer Participant. The aforesaid cash proceeds may be claimed by the relevant Offer Participant, subject to the requirements imposed by the Master of the High Court. In this regard, the relevant Offer Participant irrevocably authorises and appoints the Transfer Secretaries (or its successor-in-title), in rem suam, with full power of substitution, to act as its agent and in its name, place and stead to pay the aforesaid cash to the benefit of the Guardian's Fund.**

- 7.7.3 If the Partial Offer fails for any reason whatsoever, Documents of Title in respect of any Tendered AfroCentric Shares will be returned to the Offer Participant concerned by the Transfer Secretaries, by post to the postal address given for the Offer Participant in the Form of Election and Surrender (pink). Such returned Documents of Title will be posted within **10** Business Days of the failure of the Partial Offer at the risk of the Offer Participant. Similarly, Documents of Title in respect of any Tendered AfroCentric Shares that are not accepted by Sanlam will be returned to the Offer Participant concerned by the Transfer Secretaries, by post to the postal address given for the Offer Participant in the Form of Election and Surrender (pink). Such returned Documents of Title will be posted within **10** Business Days of the Offer Closing Date at the risk of the Offer Participant.

## **8. GENERAL**

### **8.1 Acceptances irrevocable**

Subject to regulation 105(2) of the Takeover Regulations, all acceptances of the Partial Offer received by Sanlam and the Transfer Secretaries and treated as valid by them, shall be irrevocable. In terms of regulation 105(2) of the Takeover Regulations, the acceptance of a Partial Offer may be withdrawn if the Partial Offer (i) has not been declared wholly unconditional by midnight on the 65<sup>th</sup> Business Day after the Offer Opening Date (i.e. **Tuesday, 14 March 2023**), (ii) has not been declared unconditional as to acceptances, and (iii) still remains subject to other conditions. Offer Participants who have withdrawn an acceptance of the Partial Offer in circumstances contemplated in regulation 105(2) of the Takeover Regulations may subsequently again accept the Partial Offer at any time on or prior to the last day to trade in order to be eligible to participate in the Partial Offer, but should note that, in accordance with regulation 105(4) of the Takeover Regulations, they may withdraw such acceptance and re-accept the Partial Offer only once.

### **8.2 Foreign Shareholders**

- 8.2.1 The Transaction, including the Partial Offer and the Consideration Share Election, is governed by and will be implemented in accordance with the laws of South Africa and is subject to applicable South African laws and regulations, including the Exchange Control Regulations. These South African laws may be different from the laws applicable in other jurisdictions. Foreign Shareholders may be prohibited from electing the Consideration Share Election, whereby they elect to receive Sanlam Shares pursuant to the Partial Offer. Such AfroCentric Shareholders should consult and obtain advice from a professional advisor in the relevant jurisdiction without delay.
- 8.2.2 No action has been taken by AfroCentric or Sanlam to obtain any approval, authorisation or exemption to permit the settlement of the Offer Consideration in Sanlam Shares, or the possession or distribution of this Circular (or any other publicly available documents relating to the Proposed Transaction), in any jurisdiction other than South Africa.
- 8.2.3 All AfroCentric Shareholders who have a registered address in and/or who are nationals, citizens or residents of any country other than in the Common Monetary Area will be deemed to be Foreign Shareholders. If a Foreign Shareholder elects the Consideration Share Election, thereby electing to receive Sanlam Shares in respect of all or a portion of the Offer Consideration, such Foreign Shareholder thereby irrevocably and unconditionally warrants to and in favour of AfroCentric and Sanlam that the laws applicable in the jurisdiction in which such Foreign Shareholder has a registered address and/or of which such Foreign Shareholder is a national, citizen or resident permit such Foreign Shareholder to elect, accept and receive Sanlam Shares in respect of all or a portion of the Offer Consideration.
- 8.2.4 If you are a Foreign Shareholder, please refer to the information contained in paragraph **3** of Section D ("Exchange Control Regulations") in this Circular.

### 8.3 **Takeover Regulation Panel approval of the Circular**

8.3.1 AfroCentric Shareholders are advised that the Partial Offer constitutes an “affected transaction” as defined in section 117(1)(c)(iii) of the Companies Act and, as such, is regulated by the Companies Act and the Takeover Regulations.

8.3.2 AfroCentric Shareholders should take note that the TRP, in approving this Circular and otherwise exercising its powers and functions with regard to the Partial Offer, does not consider or express any opinion or view on the commercial advantages or disadvantages of the Partial Offer in accordance with section 201(3) of the Companies Act

### 8.4 **Other**

The contents of this Circular do not purport to constitute legal advice or to deal with the legal, regulatory, accounting, investment and tax implications of the Partial Offer for each AfroCentric Shareholder comprehensively. AfroCentric Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory, accounting, investment and tax positions regarding the Partial Offer and, in particular, the Offer Consideration.



**AfroCentric Investment Corporation Limited**

(Incorporated in South Africa)  
(Registration number 1988/000570/06)  
JSE share code: ACT  
ISIN: ZAE000078416  
("AfroCentric")



**Sanlam Limited**

(Incorporated in South Africa)  
(Registration number 1959/001562/06)  
JSE share code: SLM  
NSX share code: SLA  
ISIN: ZAE000070660  
("Sanlam")

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**DIRECTORS OF AFROCENTRIC**

**Executive directors**

A Banderker (Group Chief Executive Officer)  
JW Boonzaaier (Group Chief Financial Officer)

**Non-executive directors**

ATM Mokgokong (Chairman)  
MJ Madungandaba (Deputy Chairman)  
JB Fernandes (Lead Independent Director)  
WH Britz (Non-executive Director)  
FG Allen (Non-executive Director)  
ND Munisi (Non-executive Director)  
AM le Roux (Independent Non-executive Director)  
M Chauke (Independent Non-executive Director)  
K Mkhize (Non-executive Director)

**DIRECTORS OF SANLAM**

**Executive directors**

PB Hanratty (Chief Executive Officer)  
AM Mukhuba (Finance Director)  
HC Werth (Executive Director)

**Non-executive directors**

E Masilela (Chair)  
PT Motsepe (Deputy Chair)  
AS Birrel (Independent Non-executive Director)  
AD Botha (Non-executive Director)  
E Essoka (Independent Non-executive Director)  
NAS Kruger (Independent Non-executive Director)  
N Manyonga (Independent Non-executive Director)  
MG Mokoka (Independent Non-executive Director)  
JP Möller (Independent Non-executive Director)  
SA Nkosi (Non-executive Director)  
KT Nondumo (Independent Non-executive Director)  
T Skweyiya (Independent Non-executive Director)  
W van Biljon (Independent Non-executive Director)  
J van Zyl (Non-executive Director)  
SA Zinn (Independent Non-executive Director)

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**CIRCULAR TO AFROCENTRIC SHAREHOLDERS**

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## SECTION A: INTRODUCTION AND BACKGROUND

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### 1. INTRODUCTION AND BACKGROUND

- 1.1 AfroCentric Shareholders are referred to the Firm Intention Announcement released on SENS by Sanlam and AfroCentric on Tuesday, 11 October 2022. AfroCentric Shareholders were advised that the AfroCentric Board had received a letter from Sanlam, expressing Sanlam's firm intention to acquire AfroCentric Shares from AfroCentric Shareholders constituting no less than the Minimum Shares Percentage and up to the Maximum Shares Percentage, subject to Sanlam's right, in its discretion, to (i) waive the Minimum Shares Requirement (provided Sanlam shall not acquire less than the Absolute Floor) or (ii) acquire more than the Maximum Shares Percentage (provided Sanlam shall not acquire more than the Absolute Ceiling), as applicable.
- 1.2 AfroCentric Shareholders will note that the percentage given for the Absolute Ceiling in the definition of 'Absolute Ceiling' on page 8 and elsewhere in this Circular (namely 64.45%) differs from the percentage given for the Absolute Ceiling in paragraph 3.2.5 and the last row of the table in paragraph 3.4 of the Firm Intention Announcement (namely 64.8%). The reduction from 64.8% in the Firm Intention Announcement to 64.45% in this Circular is necessitated by the fact that in November 2022, subsequent to the release of the Firm Intention Announcement, 3 089 995 AfroCentric Shares were issued to participants of the 2017 Incentive Scheme. This has the consequence that the number of AfroCentric Shares available to participate in the Partial Offer has increased. The guarantee provided by Sanlam to the TRP as required by the Takeover Regulations (detailed in paragraph 4.8.4 of Part B of this Circular) provides for a maximum cash consideration of R2 234 413 136; however if Sanlam were to acquire 64.8% of the increased available number of AfroCentric Shares for cash in terms of the Partial Offer, the cash consideration payable by Sanlam would exceed this amount by approximately R12 000 000. In the circumstances and in order to ensure that the guarantee provided by Sanlam to the TRP is not exceeded in implementing the Partial Offer, the threshold for the Absolute Ceiling has been reduced from 64.8% to 64.45%. TRP approval for this minor amendment to the Partial Offer has been obtained.
- 1.3 In terms of section 125(3)(b)(ii) of the Companies Act, the Partial Offer Approval Resolution is required to be adopted by AfroCentric Shareholders in order for the Partial Offer to proceed.
- 1.4 The offer is for an Offer Consideration of R6.00 per Partial Offer Share and will be implemented by way of a Partial Offer as contemplated in section 125(3) of the Companies Act. The Offer Consideration is payable in cash or in Sanlam Shares or a combination thereof, at the election of each Offer Participant.
- 1.5 The Partial Offer is subject to the Partial Offer Conditions Precedent, which include the adoption of the Partial Offer Approval Resolution and the Asset for Share Resolution, respectively, by the requisite majority of AfroCentric Shareholders. To the extent that the A4S Conditions Precedent (which include that the Partial Offer is implemented) are fulfilled or, if permitted, waived, AfroCentric will issue the A4S Consideration Shares to Sanlam Life immediately after the Partial Offer is implemented in exchange and as consideration for the disposal by Sanlam Life to AfroCentric of all the shares held by Sanlam Life in AHA. Sanlam Life currently holds 28.7% of AHA. The Asset for Share Transaction constitutes a category 1 transaction for AfroCentric in terms of the Listings Requirements.
- 1.6 The Proposed Transaction is constituted by both the Partial Offer and the Asset for Share Transaction.
- 1.7 Once the Proposed Transaction has been implemented:
  - 1.7.1 the Sanlam Group will hold no less than 55.0% of the AfroCentric Shares (subject to Sanlam's right to waive the Minimum Shares Requirement), made up of the Partial Offer Shares (being Sanlam's direct 36.9% holding in AfroCentric following implementation of the Partial Offer) and the A4S Consideration Shares (being Sanlam Life's direct 28.7% holding in AfroCentric following implementation of the Asset for Share Transaction); and
  - 1.7.2 AHA will be a wholly owned subsidiary of AfroCentric.
- 1.8 Sanlam has undertaken in favour of AfroCentric that, once the Proposed Transaction has been implemented, it will not increase its shareholding in AfroCentric to 75% or more without making an offer to AfroCentric Shareholders to acquire all their AfroCentric Shares (other than AfroCentric Shares held within the Sanlam Group, and Treasury Shares) in terms of section 117(1)(c)(v) of the Companies Act.

- 1.9 The implementation of the Proposed Transaction is subject to the fulfilment or, if permitted, waiver of the Partial Offer Conditions Precedent set out in paragraph 6 of Section B of this Circular and the A4S Conditions Precedent set out in paragraph 3 of Section C of this Circular.
- 1.10 For a full understanding of the Proposed Transaction, the General Meeting Resolutions which are required to be adopted and the various elections available to AfroCentric Shareholders, this Circular should be read in its entirety.

## **2. PURPOSE OF THIS CIRCULAR**

The purpose of this Circular is to:

- 2.1 provide AfroCentric Shareholders with relevant information regarding:
  - 2.1.1 the Partial Offer by Sanlam to AfroCentric Shareholders, and the required Partial Offer Approval Resolution; and
  - 2.1.2 the issue of the A4S Consideration Shares and implementation of the Asset for Share Transaction, and the required Asset for Share Resolution;
- 2.2 give notice convening the General Meeting in order to consider and, if deemed fit, to pass the General Meeting Resolutions necessary to approve and authorise the implementation of the Proposed Transaction in accordance with the Companies Act, the Takeover Regulations and the Listings Requirements;
- 2.3 provide AfroCentric Shareholders with the Independent Expert Report, in accordance with regulation 110(1) of the Takeover Regulations; and
- 2.4 provide AfroCentric Shareholders with the AfroCentric Board's and Independent Board's recommendation in relation to the Proposed Transaction.

The Notice of the General Meeting is attached to, and forms part of, this Circular.

## **3. OVERVIEW OF ENTITIES**

### **3.1 Information about AfroCentric**

- 3.1.1 AfroCentric Group is a JSE-listed investment holding company which operates in and provides specialised services to the public and private healthcare sectors, making quality healthcare more accessible and affordable to members and beneficiaries in both sectors. A principal objective of the AfroCentric Group is to ensure the delivery of efficient health management services, the distribution of quality products, all at manageable and affordable cost, for the benefit of scheme clients, scheme members and the group's growing customer base in various new product lines being developed.
- 3.1.2 The AfroCentric Group operates through three main clusters, namely the Services cluster, Pharmaceutical cluster and Corporate Solutions cluster. The Services cluster substantially comprises the medical scheme administration business. The Pharmaceutical cluster has a presence across manufacturing, wholesale and retail of drugs and multi-vitamins. The Corporate Solutions cluster comprises various entities that support the overall aim of offering uniquely integrated, employee-focused health and wellness solutions to corporate and institutional clients.
- 3.1.3 The AfroCentric Group operates in South Africa, Botswana, Mauritius and Namibia.

### **3.2 Information about Sanlam**

- 3.2.1 Sanlam is a pan-African financial services group listed on the JSE, NSX and A2X. Through its three clusters: Life and Savings (encompassing Retail Mass, Retail Affluent and Corporate business units); Sanlam Emerging Markets; and Sanlam Investment Group; as well as Santam, the Sanlam Group provides comprehensive and bespoke financial solutions to institutional clients and consumers across all market segments. Sanlam's areas of expertise include life and general insurance, financial planning, retirement, investments, and wealth management.
- 3.2.2 Established in 1918 as a life insurance company, Sanlam has evolved into the largest non-banking financial services group in Africa through its diversification strategy.

- 3.2.3 Headquartered in South Africa, Sanlam has a direct stake in financial services entities in Namibia, Botswana, Eswatini, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya, and Nigeria. The Sanlam Group has a footprint of insurance operations in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Madagascar, Burundi, and Lesotho.
- 3.2.4 The Sanlam Group also has interests in India, Malaysia and the United Kingdom and a niche presence in selected developed markets.

### 3.3 Information about AHA

- 3.3.1 AfroCentric operates through various operating entities to support its diversified business model. These operating entities are all directly or indirectly held by the holding subsidiary, AHA, which is jointly owned between AfroCentric (71.3%) and Sanlam (28.7%).

## 4. RATIONALE FOR THE PROPOSED TRANSACTION

### 4.1 Sanlam

- 4.1.1 Affordable and reliable healthcare is an important need for consumers. Sanlam intends to expand its client proposition to provide a more holistic product offering, including medical aid, health insurance and administration. Through the Proposed Transaction, Sanlam will be able to integrate AfroCentric's product offering into its ecosystem, while AfroCentric will gain increased access to the wide Sanlam distribution network. AfroCentric's client base will also benefit from access to the overall Sanlam product offering and vice versa.
- 4.1.2 AfroCentric is focused on delivering affordable medical aid, health insurance and administration which complements Sanlam's purpose of enabling its clients to be financially secure and prosperous.
- 4.1.3 Sanlam has an excellent offering in the employee benefits market and by offering health insurance and administration alongside its other benefits, Sanlam will be able to create a simpler and more convenient solution for employers.
- 4.1.4 Sanlam believes in the long-term growth potential of AfroCentric and the businesses' combined abilities to deliver a differentiated proposition in the healthcare sector. This will be done through developing bespoke healthcare solutions and enhanced commercial visibility through increased marketing and Sanlam co-branding at the administrator level.
- 4.1.5 In addition to the opportunity to participate in Sanlam's vision for the future of AfroCentric, the implementation of the Partial Offer will afford AfroCentric Shareholders an attractive opportunity to partially liquidate their otherwise illiquid AfroCentric Shares at an attractive premium to the VWAP of the AfroCentric Shares, while maintaining the benefits of remaining invested in a listed environment.

### 4.2 AfroCentric

AfroCentric currently holds 71.3% of AHA and, subsequent to the Proposed Transaction, AHA will be a wholly owned subsidiary of AfroCentric. The Sanlam Group will become a strategic and controlling shareholder in AfroCentric and thereby have alignment with other AfroCentric Shareholders in the future strategy of AfroCentric and AHA. The Asset for Share Transaction (as detailed in Section C below) will facilitate a structure whereby Sanlam Life will hold shares at a listed AfroCentric level and not at the level of its subsidiary, AHA. This will facilitate improved alignment of interest between the Sanlam Group and AfroCentric, potentially supporting further investment from the Sanlam Group, development of bespoke healthcare solutions through the co-operation of the Sanlam Group and AfroCentric teams and potential integration of the Sanlam Group and AfroCentric products. Further investment from Sanlam Group in AfroCentric would enable integration of AfroCentric into the ecosystem of the Sanlam Group, AfroCentric will gain increased access to the wider Sanlam Group distribution network and AfroCentric's client base will benefit from access to the overall Sanlam Group product offering.

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## **SECTION B: PARTIAL OFFER TO AFROCENTRIC SHAREHOLDERS**

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### **1. PURPOSE OF SECTION B**

This section includes relevant information relating to the Partial Offer, including information on the Partial Offer Approval Resolution that will be put to vote by the AfroCentric Shareholders during the General Meeting.

### **2. DETAILS OF THE PARTIAL OFFER**

2.1 Sanlam has offered to acquire AfroCentric Shares from AfroCentric Shareholders constituting no less than the Minimum Shares Percentage and up to the Maximum Shares Percentage in exchange for the Offer Consideration, subject to Sanlam's right, in its discretion, to:

2.1.1 waive the Minimum Shares Requirement, provided Sanlam shall not acquire Partial Offer Shares which equate to less than the Absolute Floor; or

2.1.2 acquire more than the Maximum Shares Percentage, provided Sanlam shall not acquire Partial Offer Shares which equate to more than the Absolute Ceiling,

as applicable.

2.2 AfroCentric Shareholders will note that the percentage given for the Absolute Ceiling in the definition of 'Absolute Ceiling' on page 8 and elsewhere in this Circular (namely 64.45%) differs from the percentage given for the Absolute Ceiling in paragraph 3.2.5 and the last row of the table in paragraph 3.4 of the Firm Intention Announcement (namely 64.8%). The reduction from 64.8% in the Firm Intention Announcement to 64.45% in this Circular is necessitated by the fact that in November 2022, subsequent to the release of the Firm Intention Announcement, 3 089 995 AfroCentric Shares were issued to participants of the 2017 Incentive Scheme. This has the consequence that the number of AfroCentric Shares available to participate in the Partial Offer has increased. The guarantee provided by Sanlam to the TRP as required by the Takeover Regulations (detailed in paragraph 4.8.4 of Part B of this Circular) provides for a maximum cash consideration of R2 234 413 136; however if Sanlam were to acquire 64.8% of the increased available number of AfroCentric Shares for cash in terms of the Partial Offer, the cash consideration payable by Sanlam would exceed this amount by approximately R12 000 000. In the circumstances and in order to ensure that the guarantee provided by Sanlam to the TRP is not exceeded in implementing the Partial Offer, the threshold for the Absolute Ceiling has been reduced from 64.8% to 64.45%. TRP approval for this minor amendment to the Partial Offer has been obtained.

2.3 By way of further explanation of paragraphs 2.1.1 and 6.3 read with 6.2.1 of Section B of this Circular:

2.3.1 if less than the Minimum Shares Percentage of the AfroCentric Shares are tendered in terms of the Partial Offer, Sanlam is entitled to elect whether or not to proceed with the Proposed Transaction provided that Sanlam shall not declare the Partial Offer unconditional as to acceptances (as contemplated in section 125(4) of the Companies Act) unless it receives acceptances in respect of AfroCentric Shares which equate to no less than the Absolute Floor. If Sanlam elects to proceed in circumstances where less than the Minimum Shares Percentage is tendered, Sanlam will be obliged to acquire all Tendered AfroCentric Shares;

2.3.2 the Proposed Transaction will not proceed (and Sanlam shall have no election in this regard) if AfroCentric Shares which equate to less than the Absolute Floor are tendered in terms of the Partial Offer.

2.4 If between 36.9% (the Minimum Shares Percentage) and 43.9% (the Maximum Shares Percentage) (inclusive) of the AfroCentric Shares are tendered in terms of the Partial Offer, Sanlam is obliged to proceed with the Proposed Transaction and accept all Tendered AfroCentric Shares up to the Maximum Shares Percentage, on the basis that:

2.4.1 Sanlam will accept from each Offer Participant all Tendered AfroCentric Shares up to the Maximum Shares Percentage; and

2.4.2 in respect of each Offer Participant who tenders more than the Maximum Shares Percentage, Sanlam shall accept such proportion of the excess tender as will (taking into account all other excess tenders by Offer Participants and treating all Offer Participants equally) result in Sanlam holding, prior to implementation of the Asset for Share Transaction, the Maximum Shares Percentage of the AfroCentric Shares in aggregate.

- 2.5 By way of further explanation of paragraph 2.1.2 of Section B of this Circular, should Sanlam receive acceptances of the Partial Offer which would (before implementation of the Asset for Share Transaction) result in Sanlam holding more than the Maximum Shares Percentage, Sanlam shall be entitled, at its election but subject to paragraph 2.6.1 below, to acquire all or a portion of the Tendered AfroCentric Shares constituting the Excess Acceptances. If Sanlam elects:
- 2.5.1 not to accept any of the Excess Acceptances, the Partial Offer Percentage will be equal to the Maximum Shares Percentage, and Sanlam and AfroCentric will issue an announcement on SENS on the Offer Record Date to this effect; or
- 2.5.2 to accept all or a portion of the Excess Acceptances:
- 2.5.2.1 Sanlam and AfroCentric will issue a joint announcement on SENS on the Offer Record Date, stating the Partial Offer Percentage which it will acquire, which will exceed the Maximum Shares Percentage but will not exceed the Absolute Ceiling;
- 2.5.2.2 Sanlam will be obliged to accept an Excess Acceptance in full from any Offer participant who tenders up to the Partial Offer Percentage; and
- 2.5.2.3 in respect of each Offer Participant who tenders more than the Partial Offer Percentage, Sanlam will be obliged to accept such proportion of the excess tender as will (taking into account all other excess tenders by Offer Participants and treating all Offer Participants equally) result in Sanlam holding, prior to implementation of the Asset for Share Transaction, the Partial Offer Percentage of the AfroCentric Shares in aggregate.
- 2.6 Under no circumstances shall:
- 2.6.1 Sanlam acquire Partial Offer Shares which equate to more than the Absolute Ceiling;
- 2.6.2 the acquisition by the Sanlam Group of AfroCentric Shares in terms of the Partial Offer and the Asset for Share Transaction, collectively, result in the Sanlam Group holding more than 74.65% of the issued AfroCentric Shares following the implementation of the Proposed Transaction.
- 2.7 As contemplated in section 125(5) of the Companies Act and regulation 88(4) of the Takeover Regulations:
- 2.7.1 any Offer Participant is entitled to accept the Partial Offer in full for the Partial Offer Percentage of that Offer Participant's holding, and Sanlam is obliged to accept all Tendered AfroCentric Shares from each Offer Participant who tenders equal to or less than the Partial Offer Percentage of the AfroCentric Shares it holds on the Offer Record Date; and
- 2.7.2 any Tendered AfroCentric Shares in excess of the Partial Offer Percentage must be accepted by Sanlam from each Offer Participant in the same proportion to the number tendered as will enable Sanlam to obtain the Partial Offer Percentage, and Sanlam is obliged to accept part of or all Tendered AfroCentric Shares in excess of the Partial Offer Percentage on an equitable basis (taking into account all other excess tenders by Offer Participants), provided that the aggregate of such acceptances by Sanlam shall not exceed the Partial Offer Percentage.
- 2.8 Offer Participants shall be entitled to receive the Offer Consideration from Sanlam in return for their Partial Offer Shares; and
- 2.9 Sanlam shall acquire registered and beneficial ownership, free of encumbrances, of the Partial Offer Shares against settlement of the Offer Consideration.

### 3. EFFECTS OF THE PROPOSED TRANSACTION

3.1 The table below provides an illustration of the resultant shareholding of the Sanlam Group in AfroCentric should the Proposed Transaction proceed, and considering both the Partial Offer and the Asset for Share Transaction, respectively:

| <b>Aggregate percentage of Tendered AfroCentric Shares</b> | <b>Sanlam's rights and obligations in terms of the Partial Offer</b>  | <b>Resultant shareholding by Sanlam Group in AfroCentric post Asset for Share Transaction</b> |
|--|---|---|
| Below 31.3%  | Proposed Transaction fails  | 0% (Proposed Transaction not implemented)   |
| 31.3% – 36.9%  | Sanlam entitled to elect whether to proceed with the Proposed Transaction and, if it proceeds, obliged to accept all Tendered AfroCentric Shares                      | 51.0% – 55.0%   |
| 36.9% – 43.9%  | Sanlam obliged to proceed with the Proposed Transaction and accept all Tendered AfroCentric Shares, up to the Maximum Shares Percentage                               | 55.0% (inclusive) – 60.0% (inclusive)   |
| 43.9% – 64.45%   | Sanlam entitled to elect whether to accept all or a portion of the Excess Acceptances up to the Partial Offer Percentage, which shall not exceed the Absolute Ceiling | 60.0% – 74.65%  |

### 4. OFFER CONSIDERATION AND SETTLEMENT MECHANISM

4.1 The Offer Consideration for the Partial Offer Shares is R6.00 per Partial Offer Share.

4.2 The Offer Consideration will be settled, at the election of each AfroCentric Shareholder, either:

4.2.1 in cash in respect of all of its Partial Offer Shares;

4.2.2 in cash in respect of 50% and Sanlam Shares in respect of 50% of its Partial Offer Shares; or

4.2.3 in Sanlam Shares in respect of all its Partial Offer Shares.

4.3 Where an Offer Participant has elected to receive all or a portion of its Offer Consideration in Sanlam Shares (Consideration Share Election), the number of Sanlam Shares to be delivered to such Offer Participant in settlement of the Offer Consideration will be calculated according to the following formula:

$$X = \frac{R6.00 \times Y}{Z}$$

where

X is the number of Sanlam Shares to be delivered;

Y is the number of Partial Offer Shares pursuant to the Consideration Share Election; and

Z is the higher of:

(i) the 30-day VWAP of Sanlam Shares as at close of market on the Offer Record Date; and

(ii) an amount of R60 (which represents the price per Sanlam Share).

4.4 The application of the formula in paragraph 4.3 above will result in Offer Participants receiving no more than 1 Sanlam Share for every 10 Partial Offer Shares.

4.5 If the above calculation results in any fraction of a Sanlam Share being required to be delivered as part of the Offer Consideration (Fractional Entitlement), the fraction will be paid to the AfroCentric Shareholder in cash, calculated with reference to the VWAP of Sanlam Shares as at the date on which AfroCentric Shares start to trade excluding the entitlement to take up the Partial Offer (expected to be Wednesday, 29 March 2023) discounted by 10%.

- 4.6 Where an Offer Participant accepts the Partial Offer but fails to make an election with regard to whether the Offer Consideration due to such Offer Participant must be settled in cash, Sanlam Shares or a combination thereof, such Offer Participant shall be deemed to have elected to receive the Offer Consideration wholly in cash.
- 4.7 The Offer Consideration represents a premium of 49.01% to the 30-day VWAP of an AfroCentric Share, and a premium of 55.84% to the closing price of an AfroCentric Share (namely R3.85 per AfroCentric Share), on the JSE as at 7 October 2022.
- 4.8 Offer settlement
- 4.8.1 The Offer Consideration which is required to be settled in cash will be funded by Sanlam from available cash balances and will not be subject to any lien, right of set-off, counterclaim or other analogous right to which Sanlam may otherwise be, or claim to be, entitled.
- 4.8.2 Settlement of the Offer Consideration to Offer Participants who are Foreign Shareholders will be subject to the Exchange Control Regulations, the salient provisions of which are set out in paragraph 3 of Section D of this Circular. If a Foreign Shareholder elects the Consideration Share Election, such Foreign Shareholder thereby irrevocably and unconditionally warrants to and in favour of AfroCentric and Sanlam that the laws applicable in the jurisdiction in which such Foreign Shareholder has a registered address and/or of which such Foreign Shareholder is a national, citizen or resident permit such Foreign Shareholder to elect, accept and receive Sanlam Shares in respect of all or a portion of the Offer Consideration.
- 4.8.3 Sanlam has confirmed that it has (and will continue to have) sufficient authorised share capital available from which to deliver Sanlam Shares to Offer Participants who elect to receive all or a part of the Offer Consideration in the form of Sanlam Shares.
- 4.8.4 In compliance with regulations 111(4) and 111(5) of the Takeover Regulations, Sanlam has furnished the TRP with an irrevocable bank guarantee (in a form approved by the TRP) issued by RMB, in terms of which RMB has undertaken to pay a maximum cash consideration of R2 234 413 136 in relation to the Partial Offer, should Sanlam fail to do so. Payment under the bank guarantee is subject to the Partial Offer becoming unconditional and being implemented in accordance with its terms and conditions.

## 5. **PARTIAL OFFER APPROVAL**

- 5.1 As a consequence of the fact that the Partial Offer does not constitute a 'general offer' in terms of the Takeover Regulations, in terms of section 125(3)(b)(ii) of the Companies Act the Partial Offer by Sanlam is required to be approved by independent holders of AfroCentric Shares, if all such independent holders, in aggregate, control more than 50% of the general voting rights of all AfroCentric Shares.
- 5.2 Independent holders of AfroCentric Shares control more than 50% of the voting rights of all AfroCentric Shares as at the Last Practicable Date and, therefore, AfroCentric will seek the adoption of the Partial Offer Approval Resolution by AfroCentric Shareholders.
- 5.3 AfroCentric Shareholders are alerted to the fact that, if the Proposed Transaction is implemented, Sanlam will not be required to make a mandatory offer in terms of section 123 of the Companies Act because the Partial Offer Approval Resolution was obtained.

## 6. **PARTIAL OFFER CONDITIONS PRECEDENT**

- 6.1 The Partial Offer is subject to the fulfilment or, if permitted, waiver of (i) the Partial Offer Condition Precedent in paragraph 6.2.1 by no later than the 45<sup>th</sup> Business Day after the Offer Opening Date and (ii) the Partial Offer Conditions Precedent in paragraphs 6.2.2 to 6.2.6 by the Longstop Date.
- 6.2 The Partial Offer Conditions Precedent are the following:
- 6.2.1 sufficient AfroCentric Shareholders accepting the Partial Offer so that, following the implementation of the Partial Offer (and before implementation of the Asset for Share Transaction), Sanlam will hold no less than 36.9% of the AfroCentric Shares;
- 6.2.2 the Partial Offer Approval Resolution being adopted by the required majority of independent AfroCentric Shareholders;

- 6.2.3 the Asset for Share Resolution being adopted by the required majority of AfroCentric Shareholders;
  - 6.2.4 all regulatory approvals required to implement the Proposed Transaction being obtained, including:
    - 6.2.4.1 all relevant Competition Authorities, to which the Proposed Transaction is notifiable as a merger, granting such approvals for the Proposed Transaction as may be required by law, either unconditionally or subject to such conditions as may be acceptable to (i) Sanlam in its reasonable discretion in respect of any conditions which are imposed on and/or will apply in respect of Sanlam only, and/or (ii) Sanlam and AfroCentric in their reasonable discretion in respect of any other conditions; and
    - 6.2.4.2 the TRP having issued a compliance certificate in respect of the Partial Offer as required in terms of section 119(4)(b) and section 121(b) of the Companies Act (“**TRP Certificate Condition**”);
  - 6.2.5 all A4S Conditions Precedent being fulfilled or, if permitted, waived; and
  - 6.2.6 no MAC having occurred prior to the date upon which all Partial Offer Conditions Precedent, other than this Partial Offer Condition Precedent and the TRP Certificate Condition, are fulfilled or, if permitted, waived.
- 6.3 The Partial Offer Conditions Precedent in paragraphs 6.2.1, 6.2.5 and 6.2.6 may be waived by Sanlam. The Partial Offer Conditions Precedent in paragraphs 6.2.2 to 6.2.4 (inclusive) cannot be waived.



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## **SECTION C: ASSET FOR SHARE TRANSACTION**

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### **1. PURPOSE OF SECTION C**

This section provides relevant information in relation to the Asset for Share Transaction, including information on the Asset for Share Resolution required to implement the Asset for Share Transaction and which will be put to vote by the AfroCentric Shareholders during the General Meeting.

### **2. BACKGROUND TO THE ASSET FOR SHARE TRANSACTION AND ASSET FOR SHARE RESOLUTION**

2.1 Sanlam Life, AfroCentric and AHA have concluded the Asset for Share Agreement, which regulates the Asset for Share Transaction. If the A4S Conditions Precedent are fulfilled or, if permitted, waived, AfroCentric will issue the A4S Consideration Shares to Sanlam Life in exchange and as consideration for the disposal by Sanlam Life to AfroCentric of all the shares held by Sanlam Life in AHA. As at the Last Practicable Date, Sanlam Life holds 28.7% of the AHA Shares and AfroCentric holds the remaining 71.3%.

2.2 In terms of section 41(3) of the Companies Act, an issue of shares by a company requires the approval of shareholders of that company by Special Resolution if the voting power of the class of shares that are to be issued as a result of the transaction will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction. In addition, in terms of section 9.20(b) of the Listings Requirements, a company whose securities are listed on the JSE may only implement a category 1 transaction (as such term is contemplated in the Listings Requirements), if the shareholders of the relevant company approve the transaction by Ordinary Resolution.

2.3 The voting power of the A4S Consideration Shares will exceed 30% of the voting power of AfroCentric Shares immediately before their issue and, accordingly, the issue of the A4S Consideration Shares is required to be approved by a Special Resolution of AfroCentric Shareholders in terms of section 41(3) of the Companies Act. In addition, the Asset for Share Transaction constitutes a category 1 transaction for AfroCentric in terms of the Listings Requirements and is required to be approved by an Ordinary Resolution of AfroCentric Shareholders in terms of section 9.20(b) of the Listings Requirements. The threshold for a Special Resolution to be adopted is higher than the threshold for an Ordinary Resolution to be adopted and, therefore, the Asset for Share Resolution will be proposed as a Special Resolution for purposes of compliance with both section 41(3) of the Companies Act and section 9.20(b) of the Listings Requirements. All AfroCentric Shares, other than Treasury Shares, are entitled to vote on the Asset for Share Resolution in terms of both section 41(3) of the Companies Act and section 9.20(b) of the Listings Requirements.

2.4 As a consequence of the Asset for Share Transaction but subject to the provisions of the Circular:

2.4.1 Sanlam Life shall transfer and AfroCentric shall acquire ownership of the A4S Shares in exchange and as consideration for the issue of the A4S Consideration Shares; and

2.4.2 AfroCentric shall issue and Sanlam Life shall acquire ownership of the A4S Consideration Shares.

2.5 For full understanding of the Proposed Transaction, AfroCentric Shareholders are advised to read paragraph 2 of Section B above together with paragraph 2.1 of Section C of this Circular.

### **3. SALIENT TERMS OF THE ASSET FOR SHARE AGREEMENT**

#### **3.1 Disposal of the A4S Shares in exchange for the A4S Consideration Shares**

The Asset for Share Agreement is interdependent on the Partial Offer and may not be implemented unless the Partial Offer has been implemented.

The number of A4S Consideration Shares to be issued to Sanlam Life in terms of the Asset for Share Agreement was calculated on the basis that AfroCentric has 578 814 586 AfroCentric Shares in issue immediately before the Asset for Share Transaction is implemented. If the number of AfroCentric Shares in issue increases before the Asset for Share Transaction is implemented, including by virtue of any issue of AfroCentric Shares (other than Treasury Shares) pursuant to the 2017 Incentive Scheme or the 2022 Incentive Scheme, as the case may be, the number of A4S Consideration Shares to be issued to Sanlam in terms of the Asset for Share Agreement shall be increased proportionately. In this regard, Sanlam Life is entitled to receive an additional number of AfroCentric Shares equal to 28.7% of the increased number of AfroCentric Shares in issue, excluding Treasury Shares

(such that A4S Consideration Shares to be issued to Sanlam Life will always equal in aggregate 28.7% of the issued AfroCentric Shares, excluding Treasury Shares, immediately after the Asset for Share Transaction is implemented).

**3.2 Transaction in terms of section 42 of the Income Tax Act**

The Asset for Share Transaction will be implemented as an asset for share transaction as defined in section 42 of the Income Tax Act.

**3.3 Warranties**

The Asset for Share Agreement contains warranties and indemnities which are typical for a transaction of this nature.

**4. A4S CONDITIONS PRECEDENT**

4.1 The Asset for Share Agreement is subject to the fulfilment or, if permitted, waiver of the A4S Conditions Precedent by the Longstop Date (or such later date as Sanlam Life and AfroCentric may agree in writing).

4.2 The A4S Conditions Precedent are the following:

4.2.1 the AfroCentric Board adopting a resolution in terms of which it approves the issue by AfroCentric of the A4S Consideration Shares to Sanlam Life, as required in terms of sections 38(1) and 40(1) of the Companies Act;

4.2.2 the board of directors of AHA adopting a resolution in terms of which it approves the transfer of the A4S Consideration Shares to Sanlam Life;

4.2.3 the Asset for Share Resolution being adopted by the requisite majority of AfroCentric Shareholders; and

4.2.4 the Partial Offer being implemented in accordance with this Circular.

4.3 The A4S Conditions Precedent cannot be waived.

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## **SECTION D: GENERAL MATTERS**

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### **1. PURPOSE OF SECTION D**

This section includes all general information that is required to be disclosed in relation to the Partial Offer in terms of the Takeover Regulations and in relation to the Asset for Share Transaction in terms of the Listings Requirements. Specific information relating to the AfroCentric Group, AHA and the Sanlam Group is included in Section E, Section F and Section G respectively of this Circular.

### **2. GENERAL MEETING**

A General Meeting of AfroCentric Shareholders will be held at AfroCentric Distribution Services Offices, The Greens Office Park, Building L, 26 Charles de Gaulle Crescent, Highveld Ext12, Centurion at 10:00 on Thursday, 12 January 2023, for the purpose of considering and, if deemed fit, passing, with or without modification, the General Meeting Resolutions required to be approved by AfroCentric Shareholders in order to approve and implement the Proposed Transaction. The Notice of General Meeting is attached to and forms part of this Circular. Shareholders will also be able to follow the meeting remotely via a live audio webcast to be available on our website <https://www.corpcam.com/AfroCentricGM2022>. AfroCentric Shareholders are advised that they will not be able to vote at or participate in the General Meeting through the live audio webcast.

Details of the action required by AfroCentric Shareholders in relation to the General Meeting are set out on page 14 of this Circular.

### **3. EXCHANGE CONTROL REGULATIONS**

#### **3.1 Related to the Partial Offer**

The following is a summary of the Exchange Control Regulations insofar as they have application to AfroCentric Shareholders in respect of the Partial Offer. In the event of any doubt, AfroCentric Shareholders are advised to consult their professional advisors.

#### **3.2 Residents of the Common Monetary Area**

In the case of:

3.2.1 Offer Participants who are Certificated Shareholders, whose registered addresses are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations and:

3.2.1.1 who elect to receive the Offer Consideration wholly in cash, the Offer Consideration will be transferred to such Certificated Shareholder by EFT; and

3.2.1.2 who elect to receive all or part of the Offer Consideration in Sanlam Shares, the Offer Consideration will be transferred directly to the accounts nominated for the relevant Certificated Shareholder by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker (provided the relevant Certificated Shareholder has not been restrictively in terms of the Exchange Control Regulations).

3.2.2 Offer Participants who are Dematerialised Shareholders, whose registered addresses are within the Common Monetary Area and who have not been restrictively designated in terms of the Exchange Control Regulations, the Offer Consideration will be credited directly to the accounts nominated for the relevant Dematerialised Shareholder by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker.

### **3.3 All other non-residents of the Common Monetary Area (including emigrants from the Common Monetary Area)**

In the case of:

- 3.3.1 Offer Participants, who are Certificated Shareholders and who are emigrants from the Common Monetary Area or are non-residents of the Common Monetary Area, whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations;
  - 3.3.1.1 who elect to receive the Offer Consideration wholly in cash, the Offer Consideration will be deposited with the Authorised Dealer in South Africa nominated by such Foreign Shareholder. The details of the Authorised Dealer concerned should be provided to AfroCentric; and
  - 3.3.1.2 who elect to receive all or part of the Offer Consideration in Sanlam Shares, the Offer Consideration will be transferred directly to the accounts nominated for the relevant Certificated Shareholder by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker (provided the relevant Certificated Shareholder has not been restrictively in terms of the Exchange Control Regulations).

Offer Participants who are Certificated Shareholders and elect to receive Sanlam Shares should note that the Sanlam Shares will only be delivered in Dematerialised form.
- 3.3.2 Offer Participants who are Dematerialised Shareholders, who are emigrants from the Common Monetary Area and who have been restrictively designated in terms of the Exchange Control Regulations, the Offer Consideration will be credited directly to the accounts nominated for the relevant Dematerialised Shareholder by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker. The designated CSDP and Broker shall arrange for same to be credited directly to the emigrant's capital account of the Offer Participant concerned with their Authorised Dealer in foreign exchange based on the arrangement with the Offer Participant.
- 3.3.3 Offer Participants who are Foreign Shareholders, that elect to receive all or part of the Offer Consideration in Sanlam Shares, thereby irrevocably and unconditionally warrants to and in favour of AfroCentric and Sanlam that the laws applicable in the jurisdiction in which such Foreign Shareholder has a registered address and/or of which such Foreign Shareholder is a national, citizen or resident permit such Foreign Shareholder to elect, accept and receive Sanlam Shares in respect of all or a portion of the Offer Consideration.

### **3.4 Information not provided**

If the information regarding the Authorised Dealer, bank account, CSDP or Broker account or instructions are not given, as required, the Sanlam Shares and/or cash will be held by the Transfer Secretaries for the benefit of those AfroCentric Shareholders concerned, pending receipt of the necessary information or instructions.

### **3.5 Related to the Asset for Share Transaction**

There are no exchange control consequences for Offer Participants as a consequence of the Asset for Share Transaction.

## **4. FOREIGN SHAREHOLDERS**

- 4.1 The Proposed Transaction, including the Partial Offer and the Consideration Share Election, is governed by and will be implemented in accordance with the laws of South Africa and is subject to applicable South African laws and regulations, including the Exchange Control Regulations. These South African laws may be different from the laws applicable in other jurisdictions. Certain AfroCentric Shareholders who have a registered address in and/or who are nationals, citizens or residents of foreign jurisdictions (Foreign Shareholders) may be prohibited from electing the Consideration Share Election, whereby they elect to receive Sanlam Shares pursuant to the Partial Offer.
- 4.2 No action has been taken by AfroCentric or Sanlam to obtain any approval, authorisation or exemption to permit the settlement of the Offer Consideration in Sanlam Shares, or the possession or distribution of this Circular (or any other publicly available documents relating to the Proposed Transaction), in any jurisdiction other than South Africa.

- 4.3 All AfroCentric Shareholders who have a registered address in and/or who are nationals, citizens or residents of any country other than in the Common Monetary Area will be deemed to be Foreign Shareholders. If a Foreign Shareholder elects the Consideration Share Election, thereby electing to receive Sanlam Shares in respect of all or a portion of the Offer Consideration, such Foreign Shareholder thereby irrevocably and unconditionally warrants to and in favour of AfroCentric and Sanlam that the laws applicable in the jurisdiction in which such Foreign Shareholder has a registered address and/or of which such Foreign Shareholder is a national, citizen or resident permit such Foreign Shareholder to elect, accept and receive Sanlam Shares in respect of all or a portion of the Offer Consideration.
- 4.4 All Foreign Shareholders should consult and obtain advice from a professional advisor in the relevant jurisdiction without delay.

## 5. TAX IMPLICATIONS

- 5.1 The tax implications of the Partial Offer on Offer Participants will depend on the individual circumstances of each Offer Participant. Accordingly, Offer Participants are advised to obtain independent tax advice in relation to the tax implications of the Proposed Transaction.
- 5.2 The Asset for Share Transaction will be implemented as an asset for share transaction as defined in section 42 of the Income Tax Act.

## 6. VOTING RIGHTS

- 6.1 All issued AfroCentric Shares rank pari passu with each other and, other than Treasury Shares, carry equal voting rights.
- 6.2 Every AfroCentric Shareholder present or represented by proxy at the General Meeting shall be entitled to vote at the General Meeting.

## 7. COSTS

- 7.1 Other than as set out below, neither AfroCentric nor AHA have incurred any preliminary expenses within the 3 years preceding the date of this Circular with regard to the Proposed Transaction. The estimated expenses (excluding VAT) that are expected to be incurred, or have been provided for, to implement the Proposed Transaction are set out below:

| <b>Cost item</b>                  | <b>Service provider</b> | <b>R</b>          |
|-----------------------------------|-------------------------|-------------------|
| Sponsor and financial advisor fee | Investec                | 7 000 000         |
| Reporting accountant fees         | PricewaterhouseCoopers  | 1 200 000         |
| Legal fees                        | Norton Rose Fulbright   | 1 500 000         |
| Independent expert                | BDO                     | 1 500 000         |
| Regulatory costs                  | TRP                     | 200 000           |
| Regulatory costs                  | JSE                     | 100 000           |
| Printing costs                    | INCE                    | 300 000           |
| Expense contingency               | Various                 | 200 000           |
| <b>Total</b>                      |                         | <b>12 000 000</b> |

- 7.2 All amounts are stated exclusive of value added tax (VAT), levied in terms of the Value-Added Tax Act No. 89 of 1991, as amended from time to time.

## 8. ADVISORS' CONSENTS

The advisors whose names appear in the 'Corporate Information and Advisors' section of this Circular have all consented in writing to act in the capacities stated in this Circular and to their names being included in this Circular and, in the case of the Independent Expert, the AfroCentric Reporting Accountant and Sanlam Reporting Accountant, reference to their reports in the form and context in which they appear, and have not withdrawn their consent prior to the publication of this Circular.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by AfroCentric Shareholders either at AfroCentric's registered office and the offices of the Transfer Secretaries (the addresses of which appear in the "Corporate Information and Advisors" section of this Circular) during normal office hours, and/or through a secure electronic manner, by contacting Billy Mokale via email on [billym@afrocentrichealth.com](mailto:billym@afrocentrichealth.com), at the election of the AfroCentric Shareholder requesting inspection, from the date of posting of this Circular until the Offer Closing Date:

- 9.1 a signed copy of this Circular;
- 9.2 a signed copy of the Independent Expert Report;
- 9.3 the Asset for Share Agreement, including the addendum thereto;
- 9.4 the audited financial statements of Sanlam for the 3 years ended 31 December 2019, 31 December 2020, and 31 December 2021 and the unaudited interim financial statements for the six months ended 30 June 2022;
- 9.5 the audited financial statements of AfroCentric for the 3 years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- 9.6 the audited financial statements of AHA for the 3 years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- 9.7 the report of the AfroCentric Reporting Accountants on the historical financial information of AHA;
- 9.8 the report of the AfroCentric Reporting Accountant on the *pro forma* financial information of AfroCentric;
- 9.9 the report of the Sanlam Reporting Accountant on the *pro forma* financial information of Sanlam (based on the financial information for the year ended 31 December 2021) and the *pro forma* financial effects on an AfroCentric Shareholder (based on the financial information for the year ended 31 December 2021);
- 9.10 the written consents by the advisors as referred to in paragraph 8 of Section D of this Circular;
- 9.11 the MOI;
- 9.12 the memorandum of incorporation of AHA;
- 9.13 the memorandum of incorporation of Sanlam; and
- 9.14 the agreements specified in paragraphs 14.1 and 14.2.1 of Section E of this Circular.

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## SECTION E: AFROCENTRIC SPECIFIC INFORMATION

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### 1. PURPOSE OF SECTION E

This section includes all specific information related to AfroCentric that is required to be disclosed in relation to the Partial Offer in terms of the Takeover Regulations and in relation to the Asset for Share Transaction in terms of the Listings Requirements.

### 2. INCORPORATION OF AFROCENTRIC

AfroCentric was incorporated in South Africa in 2008 as a limited liability public company.

### 3. HISTORY AND NATURE OF BUSINESS

The AfroCentric Group was founded in 2008 with a focus on making sustainable healthcare accessible to all. AfroCentric is a JSE-listed investment holding company that provides health administration and health risk management solutions to the healthcare sector based in Roodepoort, South Africa.

AfroCentric operates through three main clusters, namely the Services cluster, Pharmaceutical cluster and Corporate Solutions cluster. It offers documentation-based care equipment and administration services to 28 musculoskeletal treatment centres; and engages in the retail and wholesale of pharmaceutical products under the Pharmacy Direct, MMed, Scriptpharm Risk Management, Curasana Wholesaler, and Activo Health names. AfroCentric also provides HIV and other healthcare management solutions. It operates in South Africa, Botswana, Mauritius, and Namibia.

### 4. PROSPECTS

Subsequent to implementation of the Partial Offer, AfroCentric will be controlled by Sanlam Limited. AfroCentric will continue to grow its operations in line with the overall AfroCentric strategy. Further growth and diversification across the existing product offering can be expected based on attractive opportunities between Sanlam and AfroCentric's reciprocal marketing depth in various sectors. The innovative managed care models that have been developed by Medscheme in South Africa can be beneficial for the management of healthcare spend into other African countries where Sanlam has a presence. The Partial Offer will not affect the current AfroCentric strategy but rather enhance it with improved collaboration with Sanlam.

### 5. SHARE CAPITAL

The authorised capital of AfroCentric at the Last Practicable Date is set out below:

|   | <b>Total number<br/>of shares</b> |
|---|-----------------------------------|
| AfroCentric Shares                          | 1 000 000 000                     |
| Redeemable preference shares of 1 cent each | 60 000 000                        |
| Treasury Shares                             | 999 999                           |

The issued capital of AfroCentric at the Last Practicable Date is set out below:

|                           | <b>Total number<br/>of shares</b> |
|---------------------------|-----------------------------------|
| Issued AfroCentric Shares | 578 814 586                       |

The authorised capital of AfroCentric after implementation of the Proposed Transaction is set out below:

|   | <b>Total number<br/>of shares</b> |
|---|-----------------------------------|
| Authorised AfroCentric Shares               | 1 000 000 000                     |
| Redeemable preference shares of 1 cent each | 60 000 000                        |
| Treasury Shares                             | 999 999                           |

The issued capital of AfroCentric after implementation of the Proposed Transaction is set out below:

|                           | <b>Total number<br/>of shares</b> |
|---------------------------|-----------------------------------|
| Issued AfroCentric Shares | 811 399 139                       |

#### 6. MAJOR AFROCENTRIC SHAREHOLDERS

As at the Last Practicable Date, insofar as is known to AfroCentric, the below AfroCentric Shareholders (other than AfroCentric Directors) had an indirect and/or direct beneficial shareholding in AfroCentric of 5% or more. The holding and dealings by AfroCentric Directors are detailed in paragraph 7 below:

| <b>AfroCentric Shareholder</b>                            | <b>Direct</b>      | <b>Indirect</b>    | <b>Total number<br/>of AfroCentric<br/>Shares</b> | <b>%</b>     |
|---|--------------------|--------------------|---|--------------|
| Community Healthcare Holdings<br>Proprietary Limited      | –                  | 129 228 599        | 129 228 599                                       | 22.33        |
| Golden Pond Trading 175<br>Proprietary Limited            | –                  | 70 000 000         | 70 000 000  | 12.09        |
| RQ Investments Proprietary Limited                        | 57 283 042         | –                  | 57 283 042  | 9.90         |
| ARC Financial Services Investments<br>Proprietary Limited | 48 765 030         | –                  | 48 765 030  | 8.42         |
| XTR Investment Capital                                    | 29 406 641         | –                  | 29 406 641  | 5.08         |
| WHB Holdings  | –                  | 29 406 641         | 29 406 641  | 5.08         |
| <b>Total</b>  | <b>135 454 713</b> | <b>228 635 240</b> | <b>364 089 953</b>                                | <b>62.90</b> |

Following implementation of the Asset for Share Transaction and assuming that the AfroCentric Directors tender their AfroCentric Shares in accordance with paragraph 1.1 of section H, it is anticipated that the following AfroCentric Shareholders (other than AfroCentric Directors) will hold an indirect and/or direct beneficial shareholding in AfroCentric of 5% or more (assuming for ease of calculation, that all shares tendered by the directors will be accepted by Sanlam):

| <b>AfroCentric Shareholder</b>                            | <b>Direct</b>      | <b>Indirect</b>   | <b>Total number<br/>of shares</b> | <b>%</b>     |
|---|--------------------|-------------------|-----------------------------------|--------------|
| RQ Investments Proprietary Limited                        | 57 283 042         | –                 | 57 283 042                        | 7.06         |
| Community Healthcare Holdings<br>Proprietary Limited      | –                  | 51 691 440        | 51 691 440                        | 6.37         |
| ARC Financial Services Investments<br>Proprietary Limited | 48 765 030         | –                 | 48 765 030                        | 6.01         |
| <b>Total</b>  | <b>106 048 072</b> | <b>51 691 440</b> | <b>157 739 512</b>                | <b>19.44</b> |



## 7. STATEMENT OF AFROCENTRIC DIRECTORS' INTERESTS

### 7.1 AfroCentric Directors' interests in AfroCentric

As at the Last Practicable Date, the direct and indirect beneficial interests of AfroCentric Directors and their associates in AfroCentric Shares, including AfroCentric Directors who have resigned within the last 18 months, are set out in the table below:

| Director                       | AfroCentric Shares |                    |                    |              |
|--------------------------------|--------------------|--------------------|--------------------|--------------|
|                                | Beneficial         |                    | Total              | Total %      |
|                                | Direct             | Indirect           |                    |              |
| <b>Executive Directors</b>     |                    |                    |                    |              |
| A Banderker                    | 511 326            | –                  | 511 326            | 0.09         |
| JW Boonzaaier                  | 230 001            | –                  | 230 001            | 0.04         |
| <b>Non-Executive Directors</b> |                    |                    |                    |              |
| ATM Mokgokong (Chairman)       | –                  | 68 459 418         | 68 459 418         | 11.83        |
| MJ Madungandaba                | –                  | 72 276 245         | 72 276 245         | 12.49        |
| WH Britz*                      | 29 406 641         | 29 675 628         | 59 082 269         | 10.21        |
| ND Munisi                      | 7 000              | 70 000 000         | 70 007 000         | 12.09        |
| FG Allen                       | 46 880             | –                  | 46 880             | 0.01         |
| AM le Roux                     | 39 462             | –                  | 39 462             | 0.01         |
| M Chauke                       | –                  | –                  | –                  | –            |
| K Mkhize                       | –                  | –                  | –                  | –            |
| <b>Total</b>                   | <b>30 241 310</b>  | <b>240 411 291</b> | <b>270 652 601</b> | <b>46.77</b> |

Notes:

\* WH Britz shareholding amendments were announced through a SENS announcement issued on 25 May 2022.

Following implementation of the Asset for Share Transaction, and assuming that the AfroCentric Directors tender their AfroCentric Shares in accordance with paragraph 1.1 of section H, it is anticipated that the direct and indirect beneficial interests of AfroCentric's Directors and their associates in AfroCentric Shares, including AfroCentric Directors who have resigned within the last 18 months, will be as set out in the table below (assuming for ease of calculation, that all shares tendered by the directors will be accepted by Sanlam)

| Director                       | Direct            | Indirect          | Total              | Total %      |
|--------------------------------|-------------------|-------------------|--------------------|--------------|
| <b>Executive Directors</b>     |                   |                   |                    |              |
| A Banderker                    | –                 | –                 | –                  | –            |
| JW Boonzaaier                  | –                 | –                 | –                  | –            |
| <b>Non-Executive Directors</b> |                   |                   |                    |              |
| ATM Mokgokong (Chairman)       | –                 | 27 383 767        | 27 383 767         | 3.37         |
| MJ Madungandaba                | –                 | 28 910 498        | 28 910 498         | 3.56         |
| WH Britz*                      | 11 762 656        | 11 870 251        | 23 632 908         | 2.91         |
| ND Munisi                      | 2 800             | 28 000 000        | 28 002 800         | 3.45         |
| FG Allen                       | –                 | –                 | –                  | –            |
| AM le Roux                     | 39 462            | –                 | 39 462             | 0.005        |
| M Chauke                       | –                 | –                 | –                  | –            |
| K Mkhize                       | –                 | –                 | –                  | –            |
| <b>Total</b>                   | <b>11 804 918</b> | <b>96 164 516</b> | <b>107 969 435</b> | <b>13.29</b> |

## 7.2 AfroCentric Directors' dealings in AfroCentric Shares.

The following AfroCentric Directors dealt in AfroCentric Shares in the 12 month period prior to the Last Practicable Date:

| AfroCentric Shareholder | Nature of holding | Purchase/sale         | Date of trade | Trading price (cents) | Number of shares |
|-------------------------|-------------------|-----------------------|---------------|-----------------------|------------------|
| Willem Britz            | Indirect          | Sale <sup>1</sup>     | 19 May 2022   | 450                   | 88 219 923       |
| Willem Britz            | Indirect          | Purchase <sup>2</sup> | 19 May 2022   | 450                   | 29 406 641       |
| Willem Britz            | Indirect          | Purchase <sup>2</sup> | 19 May 2022   | 450                   | 29 406 641       |
| Ahmed Banderker         | Indirect          | Purchase <sup>3</sup> | 12 May 2022   | 451                   | 50 000           |

Notes:

1. Off market distribution in specie of AfroCentric shares held by WAD Holdings Proprietary Limited ("WAD") to its three shareholders RQ Investment Proprietary Limited ("RQI"), WHB Holdings Proprietary Limited ("WHB") and XTR Investments Capital Proprietary Limited ("XTR"), which each hold 33.33% of the shares in WAD. WAD, RQI and WHB are associates of Willem Britz;
2. Off market receipt of AfroCentric shares pursuant to the distribution as detailed in point 1 above; and
3. On market purchases of AfroCentric securities by the Zisa Family Trust, of which Ahmed Banderker is a Trustee.

## 7.3 AfroCentric Directors' interests in the Proposed Transaction

Other than Ahmed Banderker who owns 59 512 Sanlam shares, no other AfroCentric Directors had any direct or indirect interest in the Proposed Transaction or in any other transaction which was effected by AfroCentric during the current or immediately preceding financial year, or in an earlier year and which remains in any respect outstanding or unperformed.

## 7.4 AfroCentric Directors' interests in Sanlam

| Director                   | Sanlam Shares |          |               |             |
|----------------------------|---------------|----------|---------------|-------------|
|                            | Beneficial    |          | Total         | Total %     |
|                            | Direct        | Indirect |               |             |
| <b>Executive Directors</b> |               |          |               |             |
| A Banderker                | 59 512        | –        | 59 512        | 0.00        |
| <b>Total</b>               | <b>59 512</b> | <b>–</b> | <b>59 512</b> | <b>0.00</b> |

## 8. WORKING CAPITAL STATEMENT

Having made due and careful enquiry as to the working capital requirements of AfroCentric and the AfroCentric Group for the 12 months following the date of issue of this Circular, and having considered the effects of the Proposed Transaction, the AfroCentric Board is of the opinion that the working capital available to AfroCentric and the AfroCentric Group is sufficient for the AfroCentric Group's present requirements, that is for at least the 12 months following the date of issue of this Circular.

## 9. INTERESTS AND DEALINGS IN SECURITIES

### 9.1 AfroCentric's interests in Sanlam

As at the Last Practicable Date, AfroCentric holds no interest in Sanlam, nor held such an interest in the period beginning 6 months prior to the Last Practicable Date and ending on the Last Practicable Date.

### 9.2 AfroCentric's interests in AHA

As at the Last Practicable Date, AfroCentric holds 71.3% of the AHA Shares.

## 10. REMUNERATION OF AFROCENTRIC DIRECTORS

The remuneration of AfroCentric Directors in their capacity as AfroCentric Directors will not be affected as a result of the Proposed Transaction.

Following implementation of the Proposed Transaction, all AfroCentric Directors are expected to remain in their roles.

## 11. SERVICE AGREEMENTS

There are no service contracts in place between any AfroCentric Director and/or proposed AfroCentric Director on the one hand and AfroCentric or any of its Subsidiaries on the other hand. There are no service contracts entered into or amended within 6 months before the Last Practicable Date. Executive AfroCentric Directors do not receive fees for their services as director.

## 12. LITIGATION

The AfroCentric Directors are aware of and have disclosed in AfroCentric's annual financial statements since 2009 the pending legal proceedings against Medscheme Holdings (Pty) Ltd (a wholly owned Subsidiary of AfroCentric) by Neil Harvey & Associates (Pty) Limited. If the claim is successful, it could have an adverse material effect on AfroCentric's financial position. The details of the pending legal proceedings and the potential impact thereof on AfroCentric are disclosed in note 2(f) on page 46 and note 31 on page 96 of AfroCentric's annual financial statements in respect of the year ended 30 June 2022. Please refer to the link as set out below:

| <b>Description</b>   | <b>Website link</b>   |
|--|---|
| AfroCentric's Annual Financial Statements for the year ended June 2022 | <a href="https://afrocentric-online.co.za/reports/afrocentric-ar2022/pdf/full-afs.pdf">https://afrocentric-online.co.za/reports/afrocentric-ar2022/pdf/full-afs.pdf</a> |

Other than as set out above, the AfroCentric Directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened that may have or have had in the previous 12 months, a material effect on AfroCentric Group's financial position.

## 13. MATERIAL CHANGES

No material change in the financial or trading position of AfroCentric Group has occurred since the release of AfroCentric's annual financial statements in respect of the year ended 30 June 2022.

## 14. AGREEMENTS AND LOANS

14.1 Save for the Asset for Share Agreement (the material terms of which are set out in paragraph 3 of Section C of this Circular) and the agreements contemplated in paragraph 14.2 below, no agreement exists between AfroCentric and:

14.1.1 Sanlam;

14.1.2 any Sanlam Directors, or persons who were Sanlam Directors within the preceding 12 months from the Last Practicable Date; or

14.1.3 any shareholder of Sanlam or holder of beneficial interests in Sanlam, or persons who were such a holder within the preceding 12 months from the Last Practicable Date, if the agreement is considered to be material to a decision regarding the Partial Offer to be taken by AfroCentric Shareholders.

14.2 AfroCentric (and/or its Subsidiaries) and Sanlam (and/or its Subsidiaries) are parties to:

14.2.1 a relationship agreement dated 4 June 2015, in terms of which AfroCentric and Sanlam agreed to pursue and conduct new opportunities and activities in the sphere of medical aid administration in South Africa exclusively through AHA and its Subsidiaries. The relationship agreement will terminate if the Sanlam Group holds less than 20% of the AHA Ordinary Shares. Accordingly, upon implementation of the Exchange Agreement, the relationship agreement will terminate in accordance with its terms;

14.2.2 a shareholders' agreement in respect of AHA dated 4 June 2015, in terms of which AfroCentric and Sanlam Life regulate their relationship as shareholders of AHA. Pursuant to the shareholders' agreement, each shareholder is entitled to appoint 1 director to the board for every 10% of AHA Shares it holds. Certain matters are required to be approved by a special resolution of shareholders holding, collectively or individually, 80% of the AHA Shares. The shareholders' agreement terminates if there is only 1 shareholder left in AHA. Accordingly, upon implementation of the Exchange Agreement, the shareholders' agreement will terminate in accordance with its terms; and

14.2.3 a subscription agreement dated 4 June 2015, pursuant which Sanlam Life subscribed for the A4S Shares. Pursuant to the subscription agreement, Sanlam Life is and remains indemnified against certain matters, including in relation to the Neil Harvey and Associates legal proceeding contemplated in paragraph 12 of this Section E of this Circular.

14.3 Further to the above, neither AfroCentric nor any of its Subsidiaries have entered into, either verbally or in writing, any material contracts, being (i) restrictive funding arrangements and/or (ii) material contracts entered into other than in the ordinary course of business, within the 2 years prior to the Last Practicable Date, or at any time and containing an obligation or settlement that is material to AfroCentric at the Last Practicable Date.

14.4 The Proposed Transaction did not result in any material loans made to AfroCentric by third parties, as at the Last Practicable Date.

## 15. FINANCIAL INFORMATION OF AFROCENTRIC

### 15.1 Historical financial information

Extracts from the Report of Historical Financial Information of AfroCentric for the 3 years ended 30 June 2020, 30 June 2021, and 30 June 2022 are included in Annexure 2 to this Circular. The complete Report of Historical Financial Information is included by reference and can be obtained from AfroCentric's website at [www.afrocentric.za.com/inv-annuals.php](http://www.afrocentric.za.com/inv-annuals.php).

### 15.2 Pro forma financial effects of the Asset for Share Transaction

15.2.1 The table below sets out the *pro forma* financial effects of the Asset for Share Transaction. The *pro forma* financial effects are presented in respect of the year ended 30 June 2022 for purposes of the Companies Act, regulation 106 of the Takeover Regulations and the Listings Requirements.

15.2.2 The *pro forma* consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2022 and the *pro forma* consolidated statement of financial position as at 30 June 2022 have been prepared for illustrative purposes only, in order to provide information about the *pro forma* financial effects of the Asset for Share Transaction on the historical financial information of AfroCentric. Due to its nature, the *pro forma* financial information may not fairly present AfroCentric's financial position, changes in equity and results of operations or cash flows after the Asset for Share Transaction, and are based on the assumptions that:

15.2.2.1 for the purpose of calculating earnings per share and headline earnings per share for the year ended 30 June 2022, the Asset for Share Transaction was implemented on 1 July 2021; and

15.2.2.2 for the purpose of calculating net asset value per share and net tangible asset value per share as at 30 June 2022, the Asset for Share Transaction was implemented on 30 June 2022.

15.2.3 The *pro forma* financial information has been prepared using the most recent published annual financial statements of AfroCentric for the year ended 30 June 2022 in accordance with the Companies Act and the Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants.

15.2.4 The accounting policies of AfroCentric have been used in calculating the *pro forma* financial information. The accounting policies used are consistent with the existing accounting policies used by AfroCentric for its latest annual financial statements for the year ended 30 June 2022 and the accounting policies herein have been applied on the same basis.

15.2.5 The AfroCentric Directors are responsible for the preparation of the *pro forma* financial information contained in this Circular.

15.2.6 The detailed *pro forma* financial information and notes thereto as a result of the Asset for Share Transaction is contained in Annexure 7 to this Circular. The AfroCentric Reporting Accountants' limited assurance report on the *pro forma* financial information is set out in Annexure 8 to this Circular.

| <b>R'000</b>  | <b>Year ended<br/>30 June 2022<br/>Audited<br/>R'000</b> | <b>Revised<br/>Before Asset<br/>for Share<br/>Transaction</b> | <b><i>Pro forma</i><br/>After the<br/>Asset for<br/>Share<br/>Transaction</b> | <b>Percentage<br/>change<br/>%</b> |
|---|--|---|---|------------------------------------|
| <b>Profit before tax</b>  | <b>675 193</b>   | <b>675 193</b>  | <b>663 193</b>  |                                    |
| <b>Profit for the year</b>  | <b>481 740</b>   | <b>481 740</b>  | <b>469 740</b>  |                                    |
| Basic earnings per share<br>(cents)   | 54.57  | 54.47   | 54.21   | (0.47)                             |
| Diluted earnings per share<br>(cents)   | 52.75  | 52.93   | 53.12   | 0.35                               |
| Headline earnings per share<br>(cents)  | 55.07  | 54.97   | 56.05   | 1.97                               |
| Diluted headline earnings<br>per share (cents)                                    | 53.24  | 53.41   | 54.91   | 2.81                               |
| Net asset value per share<br>(cents)  | 426  | 424   | 421   | (0.61)                             |
| Net tangible asset value per<br>share (cents)                                     | (123)  | (122)   | 32  | n/m                                |
| Weighted average shares in<br>issue ('000)  | 575 879  |   |   |                                    |
| Less treasury shares  | (2 000)  |   |   |                                    |
| Weighted average number of<br>ordinary shares (excluding<br>treasury shares)      | 573 879  | 576 982   | 809 567   |                                    |
| Shares in issue at the end of<br>the period ('000) (excluding<br>treasury shares) | 574 711  | 577 815   | 810 399   |                                    |

Refer to annexure 7 for the notes and assumptions,

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## **SECTION F: AHA SPECIFIC INFORMATION**

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### **1. PURPOSE OF SECTION F**

This section includes all specific information related to AHA that is required to be disclosed in relation to the Partial Offer in terms of the Takeover Regulations and in relation to the Asset for Share Transaction in terms of the Listings Requirements.

### **2. NAME, ADDRESS AND INCORPORATION**

ACT Healthcare Assets Proprietary Limited, registration number 2008/025969/07, a limited liability private company duly incorporated in the Republic of South Africa 4 November 2008.

Registered office  
37 Conrad Road  
Florida North  
Roodepoort  
1709  
(PO Box 1101, Florida Glen, Roodepoort, 1708)

### **3. NATURE OF BUSINESS**

AHA is an investment holding company for all AfroCentric's operating entities. It is owned by AfroCentric (71.3%) and Sanlam Life (28.7%). AHA's operations mirror those of AfroCentric, i.e. a diverse range of healthcare related enterprises that provide specialised medical scheme administration and deliver a range of healthcare products and services to the public and private healthcare sectors. It provides these services through various majority owned operating companies, all of whom are directly or indirectly held by AfroCentric through AHA.

The operating companies include three main clusters, namely, the Services cluster, Pharmaceutical cluster, and Corporate Solutions cluster. It offers documentation-based care equipment and administration services to 28 musculoskeletal treatment centers; and engages in the retail and wholesale of pharmaceutical products under the Pharmacy Direct, MMed, Scriptpharm Risk Management, Curasana Wholesaler, and Activo Health names. The company also provides HIV and other healthcare management solutions. It operates in South Africa, Botswana, Mauritius, and Namibia.

### **4. PROSPECTS**

Subsequent to implementation of the Proposed Transaction, AHA will be a wholly owned Subsidiary of AfroCentric.

AHA will continue to grow its operations in line with the overall AfroCentric strategy. Further growth and diversification across the existing product offering can be expected as the board of directors of AHA, and the AfroCentric Board, see attractive opportunities to complement the current offering. The Proposed Transaction will not affect this business-as-usual strategy.

### **5. LITIGATION**

Currently the directors are aware of the pending Neil Harvey and Associates legal proceeding against Medscheme Holdings (Pty) Ltd (a wholly owned Subsidiary of AfroCentric). The case could, if successful, have a material effect on AHA's financial position.

Other than as set out above, the Directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened that may have or have had in the previous 12 months, a material effect on AHA's financial position.

Please see the disclosure detailed in paragraph 12 of Section E of this Circular, which applies equally in respect of AHA and its Subsidiaries.

### **6. MATERIAL CHANGES**

There have been no material changes in the financial or trading position of AHA and its subsidiaries between the date of publication of the last audited results of AHA for the year ended 30 June 2022 and the Last Practicable Date.

Please see the disclosure detailed in paragraph 13 of Section E of this Circular, which applies equally in respect of AHA and its Subsidiaries.

## 7. **DETAILS OF MATERIAL CONTRACTS AND LOANS**

Save for the Asset for Share Agreement (the material terms of which are set out in paragraph 3 of Section C of this Circular) and the agreements contemplated in paragraph 14.2 of Section E, neither AfroCentric, any of its Subsidiaries nor AHA have entered into, either verbally or in writing, any material contracts, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business, within the two years prior to the Last Practicable Date or at any time and containing an obligation or settlement that is material to AfroCentric at the Last Practicable Date.

The Proposed Transaction did not result in any material loans made to AHA by third parties, as at the Last Practicable Date.

Please see the disclosure detailed in paragraph 14 of Section E of this Circular, which applies equally in respect of AHA and its Subsidiaries.

## 8. **DISCLOSURE OF VENDORS**

There have been no vendors of material assets to AHA or its subsidiaries during the 3 years preceding the Last Practicable Date. No promoter or director of AHA had any material beneficial interest in the Transaction. No amount in cash or securities has been transferred to any promoter in the above Transaction and no shares have been pledged nor ceded by AHA.

## 9. **FINANCIAL INFORMATION OF AHA**

### 9.1 **Historical financial information**

Extracts of the Report of Historical Consolidated Financial Information of AHA for the three financial years ended 30 June 2020, 30 June 2021 and 30 June 2022 are set out in Annexure 3 to this Circular. The complete Report of Historical Financial Information, including accounting policies, basis of preparation and notes have been incorporated by reference and are available as set out below. The detailed Report of Historical Consolidated Financial Information of AHA is also available for inspection as set out on page 36 of Section D of the Circular.

| <b>Description</b>                             | <b>Website link</b>   |
|--|---|
| AHA Report of Historical Financial Information | <a href="http://www.afrocentric.za.com/inv-circulars.php">http://www.afrocentric.za.com/inv-circulars.php</a> |

## SECTION G: SANLAM SPECIFIC INFORMATION

### 1. PURPOSE OF SECTION G

This section includes all specific information related to Sanlam that is required to be disclosed in relation to the Partial Offer in terms of the Takeover Regulations and in relation to the Asset for Share Transaction in terms of the Listings Requirements.

### 2. INTERESTS AND DEALINGS IN SECURITIES

#### 2.1 Sanlam's interests in AfroCentric

As at the Last Practicable Date, neither Sanlam nor any person Acting in Concert with Sanlam had any interest in AfroCentric Shares, nor held such an interest in the period beginning 6 months prior to the Last Practicable Date and ending on the Last Practicable Date.

#### 2.2 Sanlam Life's interests in AHA

As at the Last Practicable Date, Sanlam Life held 28.7% of the AHA Shares.

### 3. STATEMENT OF SANLAM DIRECTORS' INTERESTS

#### 3.1 Sanlam Directors' interests in Sanlam

The direct and indirect beneficial interests of the Sanlam's Directors and their associates in Sanlam Shares, including directors who have resigned with the last 18 months, as at the Last Practicable Date are set out in the table below.

| Director                       | Sanlam Shares    |                  |                  |              |
|--------------------------------|------------------|------------------|------------------|--------------|
|                                | Beneficial       |                  | Total            | Total %      |
|                                | Direct           | Indirect         |                  |              |
| <b>Executive Directors</b>     |                  |                  |                  |              |
| PB Hanratty                    | 4 901 044        | –                | 4 901 044        | 0.22%        |
| AM Mukhuba                     | 169 353          | –                | 169 353          | 0.01%        |
| HC Werth                       | 458 942          | 578 438          | 1 037 380        | 0.05%        |
| J Modise                       | 74 412           | –                | 74 412           | 0.00%        |
| <b>Non-Executive Directors</b> |                  |                  |                  |              |
| J van Zyl*                     | –                | 1 000 000        | 1 000 000        | 0.04%        |
| PT Motsepe (Deputy chair)*     | –                | –                | –                | 0.00%        |
| AD Botha                       | –                | –                | –                | 0.00%        |
| AS Birrell                     | 65 487           | –                | 65 487           | 0.00%        |
| E Essoka                       | –                | –                | –                | 0.00%        |
| NAS Kruger                     | –                | –                | –                | 0.00%        |
| N Manyonga                     | –                | –                | –                | 0.00%        |
| E Masilela (Chair)             | –                | –                | –                | 0.00%        |
| MG Mokoka                      | –                | –                | –                | 0.00%        |
| JP Moller                      | 600 000          | –                | 600 000          | 0.03%        |
| KT Nondumo                     | –                | –                | –                | 0.00%        |
| SA Nkosi                       | –                | –                | –                | 0.00%        |
| RV Simelane*                   | –                | –                | –                | 0.00%        |
| W van Biljon                   | 1 169            | –                | 1 169            | 0.00%        |
| SA Zinn                        | –                | –                | –                | 0.00%        |
| T Skweyiya                     | –                | –                | –                | 0.00%        |
| <b>Total</b>                   | <b>6 270 407</b> | <b>1 578 438</b> | <b>7 848 845</b> | <b>0.35%</b> |



Notes: Ubuntu-Botho Investments (Pty) Ltd (UBI) is the direct beneficial holder of 292 471 806 Sanlam Shares. Sizanani-Thusanang-Helpmekaar Investments (Pty) Ltd (Sizanani), beneficially holds approximately 59% of the ordinary share capital in UBI. Approximately 4,8% of Sizanani's beneficial holding in UBI is attributable to interests in UBI which have been acquired, directly or indirectly, by a subsidiary of UBI. The entire share capital of Sizanani is held by a company, the entire issued share capital of which is in turn held by trusts which, with the exception of the Motsepe Foundation Trust, hold those shares for the benefit of Dr Patrice Motsepe and his family. This results in Dr Patrice Motsepe having an indirect interest in Sanlam Shares amounting to approximately 59% of the UBI shareholding in Sanlam. Dr Motsepe also has an indirect non-beneficial interest of 20% of UBI's shareholding in Sanlam as a trustee of Sanlam's Ubuntu-Botho Community Development Trust. A number of other directors also have a beneficial interest in the share capital of Ubuntu-Botho through its shareholding structure. Their effective holdings in the 10 000 000 Ubuntu-Botho shares in issue are as follows: Dr RV Simelane has 10 092 and Dr J van Zyl has 164 231.

### 3.2 Sanlam Directors' dealings in Sanlam Shares

The following Sanlam Directors dealt in Sanlam Shares during the 12-month period prior to the Last Practicable Date.

|                      | <b>Nature of holding</b> | <b>Nature of trade</b>     | <b>Date of trade</b> | <b>Trading price (cents)</b> | <b>Number of shares</b> |        |
|----------------------|--------------------------|----------------------------|----------------------|------------------------------|-------------------------|--------|
| <b>Sanlam Shares</b> |                          |                            |                      |                              |                         |        |
|                      |                          | Vesting of performance and |                      |                              |                         |        |
|                      | HC Werth <sup>1</sup>    | Direct                     | bonus shares         | 15 June 2022                 | 5 612                   | 56 482 |
|                      | HC Werth <sup>1</sup>    | Direct                     | Sale                 | 15 June 2022                 | 5 612                   | 25 643 |
|                      | PB Hanratty              | Direct                     | Forfeiture of shares | 28 June 2022                 | 5 483                   | 98 956 |
|                      | HC Werth                 | Direct                     | Bonus shares         | 28 June 2022                 | 5 483                   | 40 141 |
|                      | AM Mukhuba               | Direct                     | Bonus shares         | 28 June 2022                 | 5 483                   | 33 683 |
|                      | J Modise                 | Direct                     | Bonus shares         | 28 June 2022                 | 5 483                   | 23 248 |

<sup>1</sup> The balance of the shares, representing 30 839 Sanlam Shares in total, was subsequently transferred to HC Werth's spouse on 28 June 2022.

### 3.3 Sanlam Directors' interests in AfroCentric

No Sanlam Directors hold a direct or indirect interest in AfroCentric Shares, nor held such an interest in the period beginning 6 months prior to the Last Practicable Date and ending on the Last Practicable Date.

## 4. MATERIAL AGREEMENTS

Save for the Asset for Share Agreement (the material terms of which are set out in paragraph 3 of Section C of this Circular) and the agreements contemplated in paragraph 14.2 of Section E of this Circular, no agreement exists between Sanlam, or any person Acting in Concert with Sanlam, and:

- 4.1 AfroCentric;
- 4.2 any AfroCentric Directors, or persons who were AfroCentric Directors within the preceding 12 months from the Last Practicable Date; or
- 4.3 any AfroCentric Shareholder, or a person who was an AfroCentric Shareholder within the preceding 12 months from the Last Practicable Date, if the agreement is considered to be material to a decision regarding the Partial Offer to be taken by AfroCentric Shareholders.

## 5. FINANCIAL INFORMATION FOR SANLAM

### 5.1 Historical financial information

Extracts from the audited financial information of Sanlam for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 and reviewed historical financial information for the six months ended 30 June 2022, are included in Annexure 6 to this Circular.

### 5.2 Pro forma financial effects of the Proposed Transaction (based on the financial information for the year ended 31 December 2021)

5.2.1 The table below sets out the *pro forma* financial effects of the Proposed Transaction. *Pro forma* financial effects are presented in respect of the year ended 31 December 2021 for purposes of the Companies Act, regulation 106(6)(d)(ii) of the Takeover Regulations and the Listings Requirements.

5.2.2 The *pro forma* financial effects have been produced for a total of 6 scenarios which are as follows:

Scenario 1: Under this scenario the aggregate percentage of AfroCentric Shares tendered under the Partial Offer is expected to be 36.9%, the Minimum Shares Percentage. This scenario has two components; Scenario 1A and Scenario 1B. Scenario 1A assumes that AfroCentric Shareholders will all elect to receive the Offer Consideration wholly in Sanlam shares. Scenario 1B assumes that AfroCentric Shareholders will all elect to receive 50% of the Offer Consideration in cash and 50% of the Offer Consideration in Sanlam Shares.

Scenario 2: Under this scenario the aggregate percentage of AfroCentric Shares tendered under the Partial Offer is expected to be 43.9%, the Maximum Shares Percentage. This scenario has two components; Scenario 2A and Scenario 2B. Scenario 2A assumes that AfroCentric Shareholders will all elect to receive the Offer Consideration wholly in Sanlam Shares. Scenario 2B assumes that AfroCentric Shareholders will all elect to receive 50% of the Offer Consideration in cash and 50% of the Offer Consideration in Sanlam Shares.

Scenario 3: Under this scenario the aggregate percentage of AfroCentric Shares tendered under the Partial Offer is expected to be 64.45%, the Absolute Ceiling. This scenario has two components; Scenario 3A and Scenario 3B. Scenario 3A assumes that AfroCentric Shareholders will all elect to receive the Offer Consideration wholly in Sanlam Shares. Scenario 3B assumes that AfroCentric Shareholders will all elect to receive 50% of the Offer Consideration in cash and 50% of the Offer Consideration in Sanlam Shares.

The *pro forma* consolidated statement of comprehensive income for the year ended 31 December 2021 and *pro forma* consolidated statement of financial position at 31 December 2021 have been prepared for illustrative purposes only, in order to provide information about the financial effects of the Proposed Transaction on the historical financial information of Sanlam. Due to its nature, the *pro forma* financial information may not fairly present Sanlam's financial position, changes in equity and results of operations or cash flows after the Proposed Transaction, and are based on the assumptions that:

5.2.2.1 for the purpose of calculating earnings per share and headline earnings per share for the year ended 31 December 2021, the Proposed Transaction was implemented on 1 January 2021 from a Sanlam perspective and on 1 July 2021 from an AfroCentric perspective, based on the *pro forma* financial information of AfroCentric for the year ended 30 June 2022, adjusted as detailed in paragraph 15 of Section E and further detail included in Annexure 6; and

5.2.2.2 for the purpose of calculating Shareholders' fund at net asset value per share at 31 December 2021, the Proposed Transaction was implemented on 31 December 2021 from a Sanlam perspective and on 30 June 2022 from an AfroCentric perspective, based on the *pro forma* financial information of AfroCentric as at 30 June 2022, adjusted as detailed in paragraph 15 of Section E and further detail included in Annexure 6.

5.2.3 The *pro forma* financial information has been prepared using the most recent published annual financial statements of Sanlam for the year ended 31 December 2021 in accordance with Regulation 106 (6)(d)(ii) of the Companies Act.

The accounting policies of Sanlam have been used in calculating the *pro forma* financial effects. The accounting policies used are consistent with the existing accounting policies used by Sanlam for its latest annual financial statements for the year ended 31 December 2021 and the accounting policies herein have been applied on the same basis.

The accounting policies of AfroCentric have been assessed to be consistent with those applied by Sanlam in its latest annual financial statements for the year ended 31 December 2021. No *pro forma* adjustments were required to align the accounting policies of the two groups.

The Sanlam Directors are responsible for the preparation of the *pro forma* financial information contained in Section G of this Circular and have used the *pro forma* AfroCentric information as prepared by AfroCentric Directors as per Section E of this Circular.

The detailed *pro forma* financial information and notes thereto as a result of the Proposed Transaction is contained in Annexure 9 to this Circular. The Sanlam Reporting Accountant's limited assurance report on the *pro forma* financial information of Sanlam (based on the financial information for the year ended 31 December 2021) is set out in Annexure 10 to this Circular.

| <b>Scenario 1A</b>                                      |  |   |                 |
|---|--|---|-----------------|
| <b>Period ended 31 December 2021</b>                    |  |   |                 |
|   | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>After the<br/>Proposed<br/>Transaction</b> | <b>% Change</b> |
| Profit for the period (R million)                       | 11 350   | 11 359  | 0               |
| Headline earnings (R million)                           | 9 041  | 9 111   | 1               |
| Basic earnings per share (cents)                        | 459.4  | 444.8   | (3)             |
| Diluted basic earnings per share (cents)                | 453.7  | 439.3   | (3)             |
| Headline earnings per share (cents)                     | 438.4  | 438.0   | 0               |
| Diluted headline earnings per share (cents)             | 433.0  | 432.6   | 0               |
| Shareholders' fund at net asset value per share (cents) | 3 436.0  | 3 442.6                                       | 0               |
| Weighted average number of shares in issue (million)    | 2 062.1  | 2 080.2                                       | 1               |
| Shares in issue at the end of the period (million)      | 2 226.9  | 2 245.0                                       | 1               |

| <b>Scenario 1B</b>                                      |  |   |                 |
|---|--|---|-----------------|
| <b>Period ended 31 December 2021</b>                    |  |   |                 |
|   | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>After the<br/>Proposed<br/>Transaction</b> | <b>% Change</b> |
| Profit for the period (R million)                       | 11 350   | 11 359  | 0               |
| Headline earnings (R million)                           | 9 041  | 9 111   | 1               |
| Basic earnings per share (cents)                        | 459.4  | 446.7   | (3)             |
| Diluted basic earnings per share (cents)                | 453.7  | 441.2   | (3)             |
| Headline earnings per share (cents)                     | 438.4  | 439.9   | 0               |
| Diluted headline earnings per share (cents)             | 433.0  | 434.5   | 0               |
| Shareholders' fund at net asset value per share (cents) | 3 436.0  | 3 432.3                                       | 0               |
| Weighted average number of shares in issue (million)    | 2 062.1  | 2 071.1                                       | 0               |
| Shares in issue at the end of the period (million)      | 2 226.9  | 2 235.9                                       | 0               |

| <b>Scenario 2A</b>                                      |  |   |                 |
|---|--|---|-----------------|
| <b>Period ended 31 December 2021</b>                    |  |   |                 |
|   | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>After the<br/>Proposed<br/>Transaction</b> | <b>% Change</b> |
| Profit for the period (R million)                       | 11 350   | 11 241  | (1)             |
| Headline earnings (R million)                           | 9 041  | 9 153   | 1               |
| Basic earnings per share (cents)                        | 459.4  | 439.6   | (4)             |
| Diluted basic earnings per share (cents)                | 453.7  | 434.3   | (4)             |
| Headline earnings per share (cents)                     | 438.4  | 438.5   | 0               |
| Diluted headline earnings per share (cents)             | 433.0  | 433.1   | 0               |
| Shareholders' fund at net asset value per share (cents) | 3 436.0  | 3 445.7                                       | 0               |
| Weighted average number of shares in issue (million)    | 2 062.1  | 2 087.5                                       | 1               |
| Shares in issue at the end of the period (million)      | 2 226.9  | 2 252.3                                       | 1               |

| <b>Scenario 2B</b>                                      |  |   |                 |
|---|--|---|-----------------|
| <b>Period ended 31 December 2021</b>                    |  |   |                 |
|   | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>After the<br/>Proposed<br/>Transaction</b> | <b>% Change</b> |
| Profit for the period (R million)                       | 11 350   | 11 241  | (1)             |
| Headline earnings (R million)                           | 9 041  | 9 153   | 1               |
| Basic earnings per share (cents)                        | 459.4  | 442.3   | (4)             |
| Diluted basic earnings per share (cents)                | 453.7  | 436.9   | (4)             |
| Headline earnings per share (cents)                     | 438.4  | 441.2   | 1               |
| Diluted headline earnings per share (cents)             | 433.0  | 435.8   | 1               |
| Shareholders' fund at net asset value per share (cents) | 3 436.0  | 3 431.2                                       | 0               |
| Weighted average number of shares in issue (million)    | 2 062.1  | 2 074.8                                       | 1               |
| Shares in issue at the end of the period (million)      | 2 226.9  | 2 239.6                                       | 1               |

| <b>Scenario 3A</b>                                      |  |   |                 |
|---|--|---|-----------------|
| <b>Period ended 31 December 2021</b>                    |  |   |                 |
|   | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>After the<br/>Proposed<br/>Transaction</b> | <b>% Change</b> |
| Profit for the period (R million)                       | 11 350   | 11 050  | (3)             |
| Headline earnings (R million)                           | 9 041  | 9 222   | 2               |
| Basic earnings per share (cents)                        | 459.4  | 431.3   | (6)             |
| Diluted basic earnings per share (cents)                | 453.7  | 426.1   | (6)             |
| Headline earnings per share (cents)                     | 438.4  | 439.3   | 0               |
| Diluted headline earnings per share (cents)             | 433.0  | 434.0   | 0               |
| Shareholders' fund at net asset value per share (cents) | 3 436.0  | 3 450.8                                       | 0               |
| Weighted average number of shares in issue (million)    | 2 062.1  | 2 099.3                                       | 2               |
| Shares in issue at the end of the period (million)      | 2 226.9  | 2 264.1                                       | 2               |

| <b>Scenario 3B</b>                                      |  |   |                 |
|---|--|---|-----------------|
| <b>Period ended 31 December 2021</b>                    |  |   |                 |
|   | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>After the<br/>Proposed<br/>Transaction</b> | <b>% Change</b> |
| Profit for the period (R million)                       | 11 350   | 11 050  | (3)             |
| Headline earnings (R million)                           | 9 041  | 9 222   | 2               |
| Basic earnings per share (cents)                        | 459.4  | 435.1   | (5)             |
| Diluted basic earnings per share (cents)                | 453.7  | 429.8   | (5)             |
| Headline earnings per share (cents)                     | 438.4  | 443.2   | 1               |
| Diluted headline earnings per share (cents)             | 433.0  | 437.8   | 1               |
| Shareholders' fund at net asset value per share (cents) | 3 436.0  | 3 429.5                                       | 0               |
| Weighted average number of shares in issue (million)    | 2 062.1  | 2 080.7                                       | 1               |
| Shares in issue at the end of the period (million)      | 2 226.9  | 2 245.5                                       | 1               |

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## SECTION H: RESPONSIBILITY STATEMENTS

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### 1. OPINIONS AND RECOMMENDATIONS

#### 1.1 AfroCentric Board

The AfroCentric Board is of the opinion that, taking into account the rationale, terms and conditions of the Proposed Transaction (including the Offer Consideration) and the Independent Expert's opinion regarding the Partial Offer, that the Proposed Transaction is for the benefit of AfroCentric Shareholders. No other offers were received during the offer period or within 6 months before the offer period.

Accordingly, the AfroCentric Board recommends that AfroCentric Shareholders vote in favour of the General Meeting Resolutions necessary to approve and implement the Proposed Transaction.

Those AfroCentric Directors that hold a beneficial interest in AfroCentric Shares intend to vote their AfroCentric Shares in favour of the General Meeting Resolutions and to accept the Partial Offer in respect of their AfroCentric Shares, as follows:

Ms le Roux does not intend to offer any of the AfroCentric Shares held beneficially by her into the Partial Offer. Dr Anna Mokgokong, Joe Madungandaba, Dr Munisi and Mr Britz, each intend to offer 60% of the AfroCentric Shares held beneficially by them into the Partial Offer. The remaining AfroCentric Directors intend to offer all of their AfroCentric Shares held beneficially by them into the Partial Offer.

#### 1.2 Views of the Independent Board

The Independent Board appointed the Independent Expert (which meets the independent requirements set out in the Takeover Regulations) to advise it on the Partial Offer, including the Offer Consideration and, in particular, the Consideration Share Election, and to compile a fair and reasonable opinion in terms of *inter alia* regulations 90(4), 110(1) and 110(10)(b) of the Takeover Regulations to the Independent Board concerning the Partial Offer.

The Independent Expert has advised the Independent Board that it has considered the terms and conditions of the Proposed Transaction, including the Consideration Share Election, and the Offer Consideration and are of the opinion that it is fair and reasonable. A copy of the Independent Expert Report is included in Annexure 1 to this Circular and the Independent Expert Report has not been withdrawn prior to the publication of this Circular.

No other offers were received during the offer period or within 6 months before the offer period. The Independent Board has considered the terms and conditions of the Partial Offer (including the Offer Consideration) and is of the opinion that, taking into account the Independent Expert Report, the terms and conditions thereof, including the Offer Consideration, are fair and reasonable. In particular, the Independent Board has considered the fair value ranges of the AfroCentric Shares and the Sanlam Shares determined by the Independent Expert and is in agreement with the fair value ranges so determined and has placed reliance on the valuation performed by the Independent Expert. There were no factors considered to be too difficult to quantify or unquantifiable by the Independent Board when formulating its opinion. Accordingly, the Independent Board proposes the Proposed Transaction to AfroCentric Shareholders for their consideration.

#### 1.3 Sanlam Board

As required by regulation 106(6)(b) read with regulation 110(10) of the Takeover Regulations, and taking into account the Independent Expert Report, the Sanlam Board is of the opinion that the option available to AfroCentric Shareholders to elect to receive Sanlam Shares in settlement of all or a portion of the Offer Consideration is fair and reasonable.

### 2. RESPONSIBILITY STATEMENTS

#### 2.1 AfroCentric Board

The AfroCentric Board, individually and collectively, accepts full responsibility for the accuracy of the information contained in this Circular which relates to the AfroCentric Group and certifies that, to the best of its knowledge and belief, such information is true, and this Circular does not omit any facts which would make any of the information false or misleading or would be likely to affect

the importance of any information contained in this Circular. The AfroCentric Board has made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law and the JSE Listings Requirements.

## 2.2 Independent Board

The Independent Board, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular which relates to the Partial Offer as well as the extracts of information relating to AfroCentric and AHA and certifies that, to the best of their knowledge and belief, such information is true and this Circular does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular. The Independent Board has made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law.

## 2.3 Sanlam Board

The Sanlam Board, individually and collectively, accepts full responsibility for the accuracy of the information contained in this Circular which relates to the Partial Offer as well as the extracts of information relating to the Sanlam Group and certifies that, to the best of its knowledge and belief, such information is true and this Circular does not omit any facts which would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular. The Sanlam Board has made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law.

**AfroCentric Shareholders should note that the Circular includes Sections A to H, the annexures, the Notice of General Meeting, the Form of Proxy and the Form of Election and Surrender, and should be read in its entirety.**

SIGNED AT **JOHANNESBURG** ON BEHALF OF THE AFROCENTRIC BOARD ON 8 DECEMBER 2022 IN TERMS OF RESOLUTIONS PASSED BY THE AFROCENTRIC BOARD.

By order of the AfroCentric Board

**AFROCENTRIC INVESTMENT CORPORATION LIMITED**

A Banderker

Group Chief Executive Officer

Thursday, 8 December 2022

SIGNED AT **JOHANNESBURG** ON BEHALF OF THE SANLAM BOARD ON 8 DECEMBER 2022 IN TERMS OF RESOLUTIONS PASSED BY THE SANLAM BOARD.

By order of the Sanlam Board

**SANLAM LIMITED**

Paul Hanratty

Chief Executive Officer

Abigail Mukhuba

Finance Director

Thursday, 8 December 2022

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## ANNEXURE 1 – REPORT OF THE INDEPENDENT EXPERT

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 1, unless otherwise defined herein.

The Independent Board  
AfroCentric Investment Corporation Limited  
37 Conrad Street  
Florida North  
Roodepoort, 1709

2 December 2022

Dear Sirs/ Mesdames

### **INDEPENDENT EXPERT REPORT IN RESPECT OF THE PARTIAL OFFER BY SANLAM LIMITED TO ACQUIRE UP TO 43.9% OF THE ISSUED ORDINARY SHARE CAPITAL OF AFROCENTRIC INVESTMENT CORPORATION LIMITED**

#### **Introduction**

Sanlam Limited (“Sanlam”) and AfroCentric Investment Corporation Limited (“AfroCentric”) released a joint firm intention announcement (“FIA”) on the Stock Exchange News Service of the JSE Limited (“JSE”) (“SENS”) on Tuesday, 11 October 2022, whereby holders of ordinary shares with a par value of R0.01 per share in the share capital of AfroCentric (“AfroCentric Shares”) (“AfroCentric Shareholders”) were advised that the board of directors of AfroCentric (“AfroCentric Board” or “AfroCentric Directors”) had received an offer letter from Sanlam, expressing Sanlam’s firm intention to acquire AfroCentric Shares constituting no less than 36.9% of the issued AfroCentric Shares (“Minimum Shares Requirement”) and up to 43.9% of the issued AfroCentric Shares (“Maximum Shares Percentage”) from AfroCentric Shareholders, subject to Sanlam’s right, in its discretion, to (i) waive the Minimum Shares Requirement (provided Sanlam shall not acquire less than 31.3% of the issued AfroCentric Shares (the “Absolute Floor”)) or (ii) acquire more than the Maximum Shares Percentage (provided Sanlam shall not acquire more than 64.45% of the issued AfroCentric Shares (the “Absolute Ceiling”)), as applicable (the “Partial Offer”).

The offer is for a consideration of R6.00 per AfroCentric Share which an AfroCentric Shareholder (“Offer Participant”) offers to sell to Sanlam in terms of the Partial Offer (“Partial Offer Share”), payable by Sanlam to Offer Participants and which will be settled, at the election of each Offer Participant, in cash or Sanlam ordinary shares (“Sanlam Shares”) or a combination thereof and will be implemented by way of a partial offer as contemplated in section 125(3) of the Companies Act, No. 71 of 2008, as amended from time to time (“Companies Act”).

The Partial Offer is subject to a number of suspensive conditions which include the condition that AfroCentric Shareholders approve the issue by AfroCentric to Sanlam Life Insurance Limited (“Sanlam Life”) of 232 584 553 new AfroCentric Shares (“A4S Consideration Shares”), credited as fully paid-up and listed on the stock exchange operated by JSE Limited (“JSE”). The A4S Consideration Shares will constitute 28.7% of the issued AfroCentric Shares subsequent to such issue and will be issued in exchange for and as consideration for the disposal by Sanlam Life to AfroCentric of all the shares held by Sanlam Life in ACT Healthcare Assets Proprietary Limited (“AHA”) (“Asset for Share Transaction” which, together with the Partial Offer, constitutes the Proposed Transaction). Sanlam Life currently holds 28.7% of the issued share capital of AHA (“A4S Shares”).

The authorised and issued share capital of AfroCentric as at Friday, 2 December 2022, being the last practicable date prior to the finalisation of the circular to AfroCentric Shareholders in respect of the Proposed Transaction, dated Thursday, 8 December 2022 (the “Circular”) (“Last Practicable Date”) is set out below, which represents the Company’s securities affected by the proposed arrangement:

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#### **AfroCentric Ordinary Shares**

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##### **Authorised share capital**

1 000 000 000 AfroCentric Shares  
60 000 000 redeemable preference shares of 1 cent each

##### **Issued share capital**

578 814 586 AfroCentric Shares of which 999 999 AfroCentric Shares are held as treasury shares

The material interests of AfroCentric Directors are set out in paragraph 9 of Section E of the Circular and the effect of the Proposed Transaction on those interests and persons are set out in this section of the Circular. The Proposed Transaction will affect all AfroCentric Shareholders. The financial effects of the Proposed Transaction are set out in paragraph 15 of Section E and Annexure 7 of the Circular.

### **Independent expert report required in terms of the Companies Act**

The Partial Offer is an affected transaction as defined in section 117(1)(c)(iv) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with regulations 90 and 110 of the Companies Regulations, 2011, as amended (“Takeover Regulations”), the independent board of directors of AfroCentric constituted in terms of the Companies Act (“Independent Board”) is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and regulations 90 and 110 of the Companies Regulations, with regards to the Partial Offer and the Offer Consideration (the “Fair and Reasonable Opinion”).

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed as the independent expert by the Independent Board to assess the Partial Offer and the Offer Consideration as required in terms of section 114, as read with regulations 90 and 110 of the Companies Regulations, of the Companies Act and regulations 90 and 110 of the Companies Regulations and to provide the Fair and Reasonable Opinion. The Fair and Reasonable Opinion set out herein is provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the Partial Offer and the Offer Consideration for the benefit of AfroCentric Shareholders.

### **Responsibility**

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report to the Independent Board on whether the Partial Offer and the Offer Consideration are fair and reasonable to AfroCentric Shareholders.

### **Definition of the terms “fair” and “reasonable” applicable in the context of the Partial Offer**

The “fairness” of an offer is primarily based on quantitative issues. A transaction will generally be considered to be fair to a company’s shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

An offer may generally be considered to be fair to shareholders if the offer consideration is equal to or greater than the fair value of an offer share, or unfair if the offer consideration is less than the fair value of an offer share. Furthermore, in terms of regulation 110(8) of the Companies Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the offer. Hence, even though the consideration to be paid in respect of an offer may be lower than the market price, the offer may be considered reasonable after considering other significant qualitative factors. In terms of regulation 110(9) of the Companies Regulations, an offer is generally said to be reasonable if the offer consideration is greater than the trading price of an offer share as at the time of announcement of the offer consideration, or at some other more appropriate identifiable time.

### **Details and sources of information**

In arriving at our opinion we have relied upon the following principal sources of information:

- the terms and conditions of the Partial Offer, as set out in the Circular;
- financial information of AfroCentric comprising:
  - annual integrated report and audited annual financial statements for the years ended 30 June 2019, 2020, 2021 and 2022;
  - year-to-date management accounts for the three months ended 30 September 2022;
  - budget and forecast financial information prepared by the management of AfroCentric for the financial years ending 30 June 2023 to 30 June 2026;
- financial information of Sanlam comprising:
  - annual integrated report and audited annual financial statements for the years ended 31 December 2018, 2019, 2020 and 2021; and
  - interim financial information for the six months ended 30 June 2022;
- Consensus Analysts’ forecasts and analysts reports in respect of Sanlam as per Refinitiv and S&P Capital IQ;
- The rationale for the Partial Offer, as set out in the Circular;



- Discussions with executive management of AfroCentric and their professional advisors regarding the historical and forecast financial information of AfroCentric;
- Discussions with executive management of AfroCentric and their professional advisors on prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to AfroCentric and Sanlam that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

- Executive management of AfroCentric and their professional advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing AfroCentric.

### **Procedures**

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors:

- Reviewed the terms and conditions of the Partial Offer;
- Reviewed the audited and unaudited financial information related to AfroCentric and Sanlam;
- Held discussions with the management of AfroCentric and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed and obtained an understanding from management of AfroCentric as to the forecast financial information of AfroCentric prepared by management of AfroCentric. Considered the forecast cash flows and the basis of the assumptions therein including the prospects of the business of AfroCentric. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management of AfroCentric and assessed the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Determined the fair value of an AfroCentric Share and a Sanlam Share, respectively, by applying appropriate generally accepted valuation approaches and methods in use in the market from time to time;
- Considered appropriate minority discounts for a Sanlam Share;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience and knowledge of the Healthcare and Financial Services industries generally;
- Performed a sensitivity analysis on key assumptions included in the valuations;
- Evaluated the relative risks associated with AfroCentric and Sanlam and the industries in which their underlying businesses operate;
- Reviewed certain publicly available information relating to AfroCentric and Sanlam, respectively, and the sectors in which the companies and their underlying businesses operate that we deemed to be relevant, including company announcements and media articles, including available analyst coverage;
- Where relevant, representations made by management of AfroCentric were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which AfroCentric operates, and to analyse external factors that could influence the businesses of AfroCentric; and
- Held discussions with the directors and management of AfroCentric as to their strategy for the business and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the Healthcare sector.

### **Assumptions**

We arrived at our opinion based on the following assumptions, namely that:

- The Partial Offer will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives of AfroCentric or their professional advisors; and
- Reliance can be placed on the financial information of AfroCentric.

### **Appropriateness and reasonableness of underlying information and assumptions**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by determining the extent to which representations from management of AfroCentric were confirmed by documentary evidence as well as our understanding of AfroCentric and the economic environment in which its underlying businesses operate.

## **Limiting conditions**

This Fair and Reasonable Opinion is provided to the Independent Board in connection with and for the purposes of the Partial Offer. The Fair and Reasonable Opinion does not purport to cater for each individual AfroCentric Shareholder's perspective, but rather that of the general body of AfroCentric Shareholders.

Individual AfroCentric Shareholder's decisions regarding the Partial Offer may be influenced by such AfroCentric Shareholder's particular circumstances and, accordingly, each individual AfroCentric Shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Partial Offer.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the Partial Offer will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of, AfroCentric and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect our opinions, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## **Independence, competence and fees**

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in AfroCentric Shares, Sanlam Shares or the Partial Offer, nor have had within the immediately preceding 2 years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and we specifically declare, as required by regulations 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the Partial Offer and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our total professional fees of R1,450,000 are not contingent upon the success of the Partial Offer. Our fees are not payable in AfroCentric Shares or Sanlam Shares.

## **Valuation approach and results**

### *AfroCentric Share*

We performed a sum of the parts ("SOTP") valuation of AfroCentric as well as an AfroCentric Share based on an aggregation of the:

- Pharmaceuticals Segment (the discounted cash flow ("DCF") was applied as the primary valuation approach and capitalisation of maintainable earnings as a secondary methodology to perform the valuation of this segment);
- Services and Other Segment (the DCF was applied as the primary valuation approach and capitalisation of maintainable earnings as a secondary methodology to perform the valuation of this segment); and
- Head office (the head office and corporate function was valued using a capitalisation of maintainable earnings as a primary valuation approach).

### *Sanlam Share*

We performed a SOTP valuation of Sanlam as well as a Sanlam Share based on an aggregation of:

- Covered business consisting of the life insurance business segment of Sanlam (the valuation was based on embedded value and value of new business, based on a market multiple approach for each of South Africa and emerging markets as the primary valuation approach);
- Sanlam investments consisting of Sanlam Investments Group which incorporates investment and wealth management businesses (the capitalisation of maintainable earnings approach was applied as the primary valuation methodology);
- Short-term insurance consisting of Sanlam's shareholding in Santam Limited ("Santam") (the DCF approach was applied as the primary valuation approach); and
- Other group business consisting of all non-covered business i.e. general insurance (capitalisation of maintainable earnings approach was applied as a primary valuation approach).

## Valuation results

In undertaking the valuation exercise above, we have determined:

- a valuation range of R5.60 to R6.70 per AfroCentric Share, with a most likely value of R6.27 per AfroCentric Share on a control basis; and
- a valuation range R60.63 to R66.99 per Sanlam Share, with a most likely value of R63.83 per Sanlam Share on a minority marketable basis.

Three elections are available to AfroCentric Shareholders in respect of the Partial Offer:

- Per equivalent AfroCentric Share, based on an election to receive the Offer Consideration 100% in cash, we have determined the following fair value range:

| <b>Consideration (R)</b> | <b>Fair Value of AfroCentric Share</b> | <b>100% cash</b> |
|--------------------------|--|------------------|
| Low range                | 5.60                                   | 6.00             |
| Most likely              | 6.27                                   | 6.00             |
| High range               | 6.70                                   | 6.00             |

- Per equivalent AfroCentric Share, based on an election to receive the Offer Consideration 100% in Sanlam Shares, we have determined the following fair value range:

| <b>Consideration (R)</b> | <b>Fair Value of AfroCentric Share</b> | <b>100% Sanlam Shares</b> |
|--------------------------|--|---------------------------|
| Low range                | 5.60                                   | 6.06                      |
| Most likely              | 6.27                                   | 6.38                      |
| High range               | 6.70                                   | 6.70                      |

- Per equivalent AfroCentric Share, based on an election to receive 50% of the Offer Consideration in cash and 50% of the Offer Consideration in Sanlam Shares, we have determined the following fair value range:

| <b>Consideration (R)</b> | <b>Fair Value of AfroCentric Share</b> | <b>50% cash; 50% Sanlam Shares</b> |
|--------------------------|--|------------------------------------|
| Low range                | 5.60                                   | 6.03                               |
| Most likely              | 6.27                                   | 6.19                               |
| High range               | 6.70                                   | 6.35                               |

The valuation ranges above are provided solely in respect of this opinion and should not be used for any other purposes.

### Approach to reasonableness of the Partial Offer

The Partial Offer represents a premium of:

- 46.4% to the volume weighted average price (“VWAP”) of R4.10 per AfroCentric Share for the 30-day period ended on 10 October 2022 (the “Pre-FIA Date”);
- 45.5% to the VWAP of R4.12 per AfroCentric Share for the 90-day period ended on the Pre-FIA Date; and
- 35.6% to the VWAP of R4.43 per AfroCentric Share for the 180-day period ended on the Pre-FIA Date.

In opining on the reasonableness of the Partial Offer, we have also considered the rationale for the Partial Offer as well as potential synergies.

### Opinion

The Partial Offer will result in the acquisition of the Partial Offer Shares by Sanlam from AfroCentric Shareholders in exchange for the Offer Consideration. The most likely values for the Offer Consideration exceeds the lower end of the valuation range for an AfroCentric Share. The rationale for the Partial Offer is set out in paragraph 4 of the Circular. We are not aware of any material adverse effects of the Partial Offer.

We are not aware of any factors that are difficult to quantify or are unquantifiable in forming our opinion in respect of the Partial Offer and Offer Consideration.

BDO Corporate Finance has considered the terms and conditions of the Partial Offer.

Based upon and subject to the conditions set out herein, BDO Corporate Finance is of the opinion that the Partial Offer and the Offer Consideration are fair and reasonable to AfroCentric Shareholders.

Our opinion is necessarily based upon the information available to us up to the Last Practicable Date, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Partial Offer, will be timeously fulfilled or waived.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

**Consent**

We hereby consent to the inclusion of this Fair and Reasonable Opinion, in whole or in part, and references thereto in the Circular and any other announcement or document pertaining to the Partial Offer, in the form and context in which they appear.

Yours faithfully

**BDO Corporate Finance Proprietary Limited**

**Nick Lazanakis**

Director

52 Corlett Drive

Illovo

2196

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**ANNEXURE 2 – EXTRACT OF AUDITED HISTORICAL FINANCIAL  
INFORMATION OF AFROCENTRIC FOR THE YEARS ENDED JUNE 2020,  
JUNE 2021 AND JUNE 2022**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 2, unless otherwise defined herein.

Extracts of the consolidated annual financial statements of AfroCentric for the three financial years ended 30 June 2020, 30 June 2021 and 30 June 2022 as set out below. Detailed Accounting Policies, Basis of Preparation and notes to the consolidated annual financial statements have been incorporated by reference and are available in the relevant Integrated Annual Reports available in the <http://www.afrocentric.za.com/inv-annuals.php>. The detailed annual financial statements are also available for inspection as set out on page 36 of the Circular.

The report of historical financial information is the responsibility of the AfroCentric Directors.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

as at 30 June

| <b>R'000</b>   | <b>2022</b>      | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |                  |
| <b>Non-current assets</b>                                |                  |                  |                  |
| Property and equipment                                   | 697 618          | 690 569          | 471 957          |
| Right of use assets                                      | 147 964          | 176 924          | 234 980          |
| Investment property                                      | 7 631            | 7 765            | 15 418           |
| Intangible assets  | 3 076 336        | 2 782 866        | 2 695 187        |
| Investments in associates and joint ventures             | 33 340           | 31 541           | 33 307           |
| Deferred tax assets                                      | 77 072           | 89 463           | 84 607           |
| Other financial assets                                   | 75 736           | 29 661           | 3 711            |
| <b>Total non-current assets</b>                          | <b>4 115 697</b> | <b>3 808 789</b> | <b>3 539 167</b> |
| <b>Current assets</b>                                    |                  |                  |                  |
| Inventory  | 431 764          | 421 563          | 297 851          |
| Trade and other receivables                              | 724 321          | 503 270          | 504 335          |
| Current tax assets                                       | 27 235           | 32 560           | 28 133           |
| Other financial assets                                   | –                | 149 244          | –                |
| Cash and cash equivalents                                | 138 589          | 198 940          | 177 680          |
| <b>Total current assets</b>                              | <b>1 321 909</b> | <b>1 305 577</b> | <b>1 007 999</b> |
| <b>Total assets</b>                                      | <b>5 437 606</b> | <b>5 114 366</b> | <b>4 547 166</b> |
| <b>Equity and liabilities</b>                            |                  |                  |                  |
| <b>Equity</b>  |                  |                  |                  |
| Issued share capital                                     | 18 909           | 18 892           | 18 885           |
| Share premium  | 1 094 876        | 1 084 696        | 1 080 301        |
| Retained income  | 1 255 650        | 1 149 171        | 1 058 083        |
| Other reserves   | 23 085           | 18 339           | 3 461            |
| Capital contribution by non-controlling interest         | 55 874           | 55 874           | 55 874           |
| <b>Total equity attributable to owners of the parent</b> | <b>2 448 394</b> | <b>2 326 972</b> | <b>2 216 604</b> |
| Non-controlling interests                                | 997 491          | 928 752          | 902 491          |
| <b>Total equity</b>                                      | <b>3 445 885</b> | <b>3 255 724</b> | <b>3 119 095</b> |
| <b>Liabilities</b>                                       |                  |                  |                  |
| <b>Non-current liabilities</b>                           |                  |                  |                  |
| Deferred tax liabilities                                 | 242 367          | 250 040          | 246 809          |
| Other liabilities  | 18 886           | 10 487           | 10 945           |
| Lease liabilities  | 127 790          | 156 353          | 181 427          |
| Borrowings   | 531 082          | 655 785          | 266 311          |
| Contingent consideration                                 | 75 798           | –                | –                |
| <b>Total non-current liabilities</b>                     | <b>995 923</b>   | <b>1 072 665</b> | <b>705 492</b>   |
| <b>Current liabilities</b>                               |                  |                  |                  |
| Employment benefit liabilities                           | 143 122          | 130 616          | 102 776          |
| Trade and other payables                                 | 628 416          | 447 789          | 369 862          |
| Current tax liabilities                                  | 19 161           | 23 808           | 33 086           |
| Lease liabilities  | 68 610           | 63 764           | 96 855           |
| Borrowings   | 120 000          | 120 000          | 120 000          |
| Deferred payment   | 14 139           | –                | –                |
| Bank overdraft   | 2 350            | –                | –                |
| <b>Total current liabilities</b>                         | <b>995 798</b>   | <b>785 977</b>   | <b>722 579</b>   |
| <b>Total liabilities</b>                                 | <b>1 991 721</b> | <b>1 858 642</b> | <b>1 428 071</b> |
| <b>Total equity and liabilities</b>                      | <b>5 437 606</b> | <b>5 114 366</b> | <b>4 547 166</b> |

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 30 June

| <b>R'000</b>  | <b>2022</b>      | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|------------------|
| Revenue from contracts with customers                                       | 8 722 570        | 8 074 418        | 6 418 912        |
| Dividends received  | –                | 1 000            | –                |
| Fair value gains/(losses)   | 6 369            | (6 307)          | 183              |
| Finance income  | 15 086           | 19 595           | 26 503           |
| Other income  | 563              | 3 061            | –                |
| <b>Total income</b>   | <b>8 744 588</b> | <b>8 091 767</b> | <b>6 445 598</b> |
| Cost of distribution of pharmaceutical products                             | (98 694)         | (95 991)         | (72 561)         |
| Cost of pharmaceutical products and finished goods                          | (2 022 726)      | (1 809 606)      | (1 417 207)      |
| Employee benefit costs  | (2 364 724)      | (2 278 354)      | (2 232 445)      |
| Other expenses  | (2 879 641)      | (2 628 627)      | (1 638 163)      |
| Amortisation  | (231 269)        | (195 027)        | (164 091)        |
| Rent and property costs   | (96 089)         | (90 914)         | (85 494)         |
| Right of use assets depreciation  | (63 287)         | (66 564)         | (71 026)         |
| Depreciation  | (87 299)         | (78 202)         | (62 179)         |
| IT costs  | (152 416)        | (62 994)         | (13 091)         |
| Write off of intangibles  | (635)            | (26 793)         | –                |
| Impairment of intangibles   | –                | (42 349)         | (2 919)          |
| Reversal of impairment of intangibles                                       | –                | 39 167           | –                |
| Impairment of loans   | (3 203)          | (7 196)          | (11)             |
| Share of profits from associates and joint ventures                         | 6 991            | 8 294            | 7 990            |
| Interest on lease liabilities   | (19 354)         | (21 420)         | (27 839)         |
| Finance costs   | (57 049)         | (35 673)         | (43 888)         |
| <b>Profit before tax</b>  | <b>675 193</b>   | <b>699 518</b>   | <b>622 674</b>   |
| Income tax expense – continuing operations                                  | (193 453)        | (205 741)        | (155 865)        |
| <b>Profit from continuing operations</b>                                    | <b>481 740</b>   | <b>493 777</b>   | <b>466 809</b>   |
| Loss from discontinued operations   | –                | (14 008)         | (8 122)          |
| Loss on disposal of subsidiaries  | –                | (10 014)         | –                |
| <b>Profit for the year</b>  | <b>481 740</b>   | <b>469 755</b>   | <b>458 687</b>   |
| <b>Profit for the year attributable to:</b>                                 |                  |                  |                  |
| Owners of Parent  | 314 276          | 302 033          | 303 575          |
| Non-controlling interest  | 167 464          | 167 722          | 155 112          |
|   | <b>481 740</b>   | <b>469 755</b>   | <b>458 687</b>   |
| <b>Profit for the year attributable to equity shareholders arises from:</b> |                  |                  |                  |
| Continuing operations   | 314 276          | 316 041          | 311 697          |
| Discontinued operations   | –                | (14 008)         | (8 122)          |
|   | <b>314 276</b>   | <b>302 033</b>   | <b>303 575</b>   |

| <b>R'000</b>  | <b>2022</b>    | <b>2021</b>    | <b>2020</b>    |
|---|----------------|----------------|----------------|
| <b>Profit for the year</b>  | <b>481 740</b> | <b>469 755</b> | <b>458 687</b> |
| <b>Other comprehensive income</b>   |                |                |                |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b> |                |                |                |
| Remeasurement of post-employment benefit obligations  | (24)           | 179            | 16             |
| Income tax relating to these items  | 6              | (50)           | (4)            |
| <b>Total other comprehensive income that will not be reclassified to profit or loss</b>         | <b>(18)</b>    | <b>129</b>     | <b>12</b>      |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>     |                |                |                |
| <b>Exchange differences on translation of foreign operations</b>                                |                |                |                |
| Foreign exchange benefit/(loss) of continuing operations  | 1 519          | (5 636)        | 963            |
| Foreign exchange benefit/(loss) of discontinued operations                                      | –              | 11 658         | (1 343)        |
| <b>Total other comprehensive income that will be reclassified to profit or loss</b>             | <b>1 519</b>   | <b>6 022</b>   | <b>(380)</b>   |
| <b>Total other comprehensive income net of tax</b>  | <b>1 501</b>   | <b>6 151</b>   | <b>(368)</b>   |
| <b>Total comprehensive income</b>   | <b>483 241</b> | <b>475 906</b> | <b>458 319</b> |
| <b>Comprehensive income attributable to:</b>  |                |                |                |
| Comprehensive income attributable to owners of parent   | 315 341        | 310 655        | 303 207        |
| Comprehensive income attributable to non-controlling interests                                  | 167 900        | 165 251        | 155 112        |
|   | <b>483 241</b> | <b>475 906</b> | <b>458 319</b> |
| <b>Earnings per share (cents) attributable to equity holders of the parent</b>                  |                |                |                |
| <b>Basic earnings per share</b>   |                |                |                |
| Basic earnings per share from continuing operations   | 54.57          | 55.00          | 54.28          |
| Basic loss per share from discontinued operations   | –              | (2.44)         | (1.41)         |
| <b>Total basic earnings per share</b>   | <b>54.57</b>   | <b>52.56</b>   | <b>52.87</b>   |
| <b>Diluted earnings per share</b>   |                |                |                |
| Diluted earnings per share from continuing operations   | 52.75          | 53.45          | 53.18          |
| Diluted loss per share from discontinued operations   | –              | (2.37)         | (1.39)         |
| <b>Total diluted earnings per share</b>   | <b>52.75</b>   | <b>51.08</b>   | <b>51.79</b>   |



**CONSOLIDATED STATEMENT OF CASHFLOW**

for the year ended 30 June

| <b>R'000</b>   | <b>2022</b>      | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>  |                  |                  |                  |
| Cash receipts from customers   | 8 517 273        | 8 094 543        | 6 460 790        |
| Cash paid to suppliers and employees   | (7 415 423)      | (7 081 531)      | (5 521 045)      |
| <b>Cash generated from operations</b>  | <b>1 101 850</b> | <b>1 013 012</b> | <b>939 745</b>   |
| Dividend paid  | (293 917)        | (327 711)        | (239 142)        |
| Dividends received   | 5 191            | 4 292            | 4 626            |
| Interest paid  | (76 403)         | (57 093)         | (71 775)         |
| Interest received  | 15 086           | 19 595           | 26 888           |
| Income taxes paid  | (224 789)        | (266 831)        | (158 634)        |
| <b>Net cash generated from operating activities</b>  | <b>527 018</b>   | <b>385 264</b>   | <b>501 708</b>   |
| <b>Cash flows from investing activities</b>  |                  |                  |                  |
| Cash flows from disposal of subsidiaries   | –                | (2 835)          | –                |
| Business combinations  | (48 828)         | (85 209)         | (20 350)         |
| Other cash receipts from sales of interests in associates  | –                | 8 083            | –                |
| Proceeds from sales of tangible assets   | 7 631            | 68 048           | 17 115           |
| Purchase of tangible assets  | (106 487)        | (284 625)        | (136 969)        |
| Proceeds from sales of intangible assets   | 2 097            | 3 659            | –                |
| Purchase of intangible assets  | (197 203)        | (209 202)        | (284 210)        |
| Purchase of other financial assets   | (40 182)         | (156 133)        | –                |
| Payment toward deferred payment obligation   | –                | –                | (7 335)          |
| <b>Net cash utilised in investing activities</b>   | <b>(382 972)</b> | <b>(658 214)</b> | <b>(431 749)</b> |
| <b>Cash flows from financing activities</b>  |                  |                  |                  |
| Changes in ownership interests in subsidiaries that do not result in loss of control               | (13 023)         | (20 000)         | 6 303            |
| Lease liabilities capital repayment  | (70 540)         | (70 885)         | (58 243)         |
| Capital settlement of borrowings   | (144 703)        | (81 524)         | (155 255)        |
| Proceeds of borrowings   | 20 000           | 470 998          | 50 000           |
| <b>Net cash (utilised in)/generated from financing activities</b>                                  | <b>(208 266)</b> | <b>298 589</b>   | <b>(157 195)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents before effect of exchange rate changes</b> | <b>(64 220)</b>  | <b>25 639</b>    | <b>(87 236)</b>  |
| Effect of exchange rate changes on cash and cash equivalents                                       | 1 519            | (4 379)          | (380)            |
| Cash and cash equivalents at beginning of the year   | 198 940          | 177 680          | 265 296          |
| <b>Cash and cash equivalents at end of the year</b>  | <b>136 239</b>   | <b>198 940</b>   | <b>177 680</b>   |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June

|   | <b>Ordinary<br/>share<br/>capital<br/>R'000</b> | <b>Share<br/>premium<br/>R'000</b> |
|---|---|------------------------------------|
| <b>Balance 1 July 2019</b>  | <b>18 885</b>                                   | <b>1 080 301</b>                   |
| <b>Changes in equity</b>  |   |                                    |
| Profit for the year   | –   | –                                  |
| Other comprehensive income  | –   | –                                  |
| Remeasurement of post-employment benefit obligations  | –   | –                                  |
| Dividend recognised as distributions to shareholder   | –   | –                                  |
| Increase through changes in ownership interests in subsidiaries that do not result in loss of control | –   | –                                  |
| Reclassification  | –   | –                                  |
| Increase through share-based payment transactions   | –   | –                                  |
| Measurement period adjustments after acquisition date*  | –   | –                                  |
| <b>Balance at 30 June 2020</b>  | <b>18 885</b>                                   | <b>1 080 301</b>                   |
| <b>Balance at 1 July 2020</b>   | <b>18 885</b>                                   | <b>1 080 301</b>                   |
| <b>Changes in equity</b>  |   |                                    |
| Profit for the year   | –   | –                                  |
| Other comprehensive income**  | –   | –                                  |
| Issue of equity   | 7   | 4 395                              |
| Dividend recognised as distributions to shareholders  | –   | –                                  |
| Transactions with non-controlling interests   | –   | –                                  |
| Increase (decrease) through share-based payment transactions  | –   | –                                  |
| Disposal of subsidiary  | –   | –                                  |
| <b>Balance at 30 June 2021</b>  | <b>18 892</b>                                   | <b>1 084 696</b>                   |
| <b>Balance at 01 July 2021</b>  | <b>18 892</b>                                   | <b>1 084 696</b>                   |
| <b>Changes in equity</b>  |   |                                    |
| Profit for the year   | –   | –                                  |
| Other comprehensive income  | –   | –                                  |
| Issue of equity – share-based payment awards exercised  | 17  | 10 180                             |
| Dividend recognised as distributions to shareholders  | –   | –                                  |
| Transactions with non-controlling interests   | –   | –                                  |
| Increase through share-based payment transactions   | –   | –                                  |
| <b>Balance at 30 June 2022</b>  | <b>18 909</b>                                   | <b>1 094 876</b>                   |

\* In relation to the acquisition of Activo Health (Pty) Ltd in March 2019, in terms of the sale of shares agreement, a pre-acquisition dividend was declared and payment effected in December 2019. In terms of IFRS 3 Business Combination, the provisional accounting applied to the acquisition of Activo Health (Pty) Ltd was finalised in December 2019 (which is within the measurement period), resulting in the adjustments.

\*\* The foreign currency translation reserve balance of Medscheme Zimbabwe was accounted through other comprehensive income on disposal of the subsidiary during the prior financial year.

| <b>Other reserves<br/>R'000</b> | <b>Capital contribution<br/>by non-<br/>controlling<br/>interest<br/>R'000</b> | <b>Retained<br/>earnings<br/>R'000</b> | <b>Non-<br/>controlling<br/>interest<br/>R'000</b> | <b>Total<br/>equity<br/>R'000</b> |
|---------------------------------|--|--|--|-----------------------------------|
| <b>5 848</b>                    | <b>55 874</b>  | <b>934 374</b>                         | <b>787 713</b>                                     | <b>2 882 995</b>                  |
| -                               | -  | 303 575                                | 155 112  | <b>458 687</b>                    |
| (380)                           | -  | -                                      | -  | <b>(380)</b>                      |
| -                               | -  | 12                                     | -  | <b>12</b>                         |
| -                               | -  | (195 242)                              | (43 900)   | <b>(239 142)</b>                  |
| -                               | -  | 2 045                                  | 3 566  | <b>5 611</b>                      |
| (11 138)                        | -  | 11 138                                 | -  | <b>-</b>                          |
| 9 131                           | -  | -                                      | -  | <b>9 131</b>                      |
| -                               | -  | 2 181                                  | -  | <b>2 181</b>                      |
| <b>3 461</b>                    | <b>55 874</b>  | <b>1 058 083</b>                       | <b>902 491</b>                                     | <b>3 119 095</b>                  |
| <b>3 461</b>                    | <b>55 874</b>  | <b>1 058 083</b>                       | <b>902 491</b>                                     | <b>3 119 095</b>                  |
| -                               | -  | 302 033                                | 167 722  | <b>469 755</b>                    |
| 8 493                           | -  | 129                                    | (2 471)  | <b>6 151</b>                      |
| (4 402)                         | -  | -                                      | -  | <b>-</b>                          |
| -                               | -  | (194 788)                              | (132 923)  | <b>(327 711)</b>                  |
| -                               | -  | (15 011)                               | (4 989)  | <b>(20 000)</b>                   |
| 10 787                          | -  | -                                      | -  | <b>10 787</b>                     |
| -                               | -  | (1 275)                                | (1 078)  | <b>(2 353)</b>                    |
| <b>18 339</b>                   | <b>55 874</b>  | <b>1 149 171</b>                       | <b>928 752</b>                                     | <b>3 255 724</b>                  |
| <b>18 339</b>                   | <b>55 874</b>  | <b>1 149 171</b>                       | <b>928 752</b>                                     | <b>3 255 724</b>                  |
| -                               | -  | 314 276                                | 167 464  | <b>481 740</b>                    |
| 1 083                           | -  | (18)                                   | 436  | <b>1 501</b>                      |
| (10 197)                        | -  | -                                      | -  | <b>-</b>                          |
| -                               | -  | (195 137)                              | (98 780)   | <b>(293 917)</b>                  |
| -                               | -  | (12 642)                               | (381)  | <b>(13 023)</b>                   |
| 13 860                          | -  | -                                      | -  | <b>13 860</b>                     |
| <b>23 085</b>                   | <b>55 874</b>  | <b>1 255 650</b>                       | <b>997 491</b>                                     | <b>3 445 885</b>                  |

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## **ANNEXURE 3 – EXTRACT FROM THE REPORT OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF AHA FOR THE THREE YEARS ENDED 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 3, unless otherwise defined herein.

Extracts of the Report of Historical Consolidated Financial Information of AHA for the three financial years ended 30 June 2020, 30 June 2021 and 30 June 2022 are set out below. An extract of the complete Report of Historical Financial Information, including accounting policies, basis of preparation and notes have been incorporated by reference and are available on AfroCentric's website at <http://www.afrocentric.za.com/inv-circulars.php>. The detailed Report of Historical Consolidated Financial Information of AHA is also available for inspection as set out on paragraph 9 of Section D of the Circular.

The Report of Historical Consolidated Financial Information of AHA is the responsibility of the Directors of AfroCentric Directors.

### **Review of activities**

AHA is an investment holding company for all AfroCentric's operating entities. It is owned by AfroCentric (71.3%) and Sanlam Life (28.7%). AHA's operations mirror those of AfroCentric, i.e. a diverse range of healthcare related enterprises that provide specialised medical scheme administration and deliver a range of healthcare products and services to the public and private healthcare sectors. It provides these services through various majority owned operating companies, all of whom are directly or indirectly held by AfroCentric through AHA.

The operating companies include three main clusters, namely, the Services cluster, Pharmaceutical cluster, and Corporate Solutions cluster. It offers documentation-based care equipment and administration services to 28 musculoskeletal treatment centers; and engages in the retail and wholesale of pharmaceutical products under the Pharmacy Direct, MMed, Scriptpharm Risk Management, Curasana Wholesaler, and Activo Health names. The company also provides HIV and other healthcare management solutions. It operates in South Africa, Botswana, Mauritius, and Namibia.

### **Management commentary**

The Group's revenue for the year ended 30 June 2022 increased by 8% to R8 843 million from the prior year (R8 190 million) – this is mainly attributed to the 35% increase in the revenue from the DENIS Group, as it has now been incorporated into the Group results for a full year. The additional services from the GEMS managed care contract, coupled with the growth in the GEMS membership have contributed to a 14% growth in the Services Cluster revenue. The Service Cluster operating profit declined slightly by 2% due to the once-off investment in the vaccination project. Despite the challenges experienced by the Pharma Cluster in respect of the non-adherence to chronic medicines, the decline in the demand for preventative care medicines, as well as the price reduction in some of the products, the cluster has achieved a 13% increase in revenue.

The investment in the digitisation of the Group, as well as the investment in various new product initiatives, has resulted in a 3.3% decline in Profit before tax to R700.4 million (2021: R724.1 million).

### **Statement of compliance**

The preparation and presentation of the report of historical financial information is the responsibility of the directors of AHA. The historical financial information has been derived from the audited financial statements of AHA for the 3 years ended 30 June 2022, 2021 and 2020 using the historical results of operations, as well as assets and liabilities. ACT Healthcare Assets Proprietary Limited's audited consolidated financial statements have been prepared in accordance with IFRS and the SAICA Financial Reporting Guides.

The directors have relied on the fact that the historical financial information which has been derived from audited consolidated financial statements for the 3 years ended 30 June 2022, 2021 and 2020, are free from material misstatement, whether due to fraud or error, and that the AHA directors are responsible for the compilations of the annual financial statements for the 3 years ended 30 June 2022, 2021 and 2020 and the internal controls as they determined are necessary to enable the preparation and presentation of the aforementioned financial statements.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 30 June

| R'000  | 2022             | 2021             | 2020             |
|--|------------------|------------------|------------------|
| <b>Assets</b>  |                  |                  |                  |
| <b>Non-current assets</b>                                |                  |                  |                  |
| Property and equipment                                   | 697 618          | 690 569          | 471 957          |
| Right of use assets                                      | 147 964          | 176 924          | 234 980          |
| Investment property                                      | 7 631            | 7 765            | 15 418           |
| Intangible assets  | 3 076 336        | 2 782 866        | 2 695 187        |
| Investments in associates and joint ventures             | 33 340           | 31 541           | 33 307           |
| Deferred tax assets                                      | 109 925          | 149 763          | 151 407          |
| Investment in holding company                            | 8 780            | 8 840            | 7 380            |
| Other financial assets                                   | 75 736           | 29 661           | 3 711            |
| Loan to holding company                                  | 50 370           | 42 555           | –                |
| <b>Total non-current assets</b>                          | <b>4 207 700</b> | <b>3 920 484</b> | <b>3 613 347</b> |
| <b>Current assets</b>                                    |                  |                  |                  |
| Inventory  | 431 764          | 421 563          | 297 851          |
| Trade and other receivables                              | 726 614          | 494 534          | 505 921          |
| Current tax assets                                       | 27 267           | 31 485           | 25 456           |
| Other financial assets                                   | –                | 149 244          | –                |
| Loan to holding company                                  | –                | –                | 29 958           |
| Cash and cash equivalents                                | 135 388          | 195 674          | 175 746          |
| <b>Total current assets</b>                              | <b>1 321 033</b> | <b>1 292 500</b> | <b>1 034 932</b> |
| <b>Total assets</b>                                      | <b>5 528 733</b> | <b>5 212 984</b> | <b>4 648 279</b> |
| <b>Equity and liabilities</b>                            |                  |                  |                  |
| <b>Equity</b>  |                  |                  |                  |
| Issued share capital                                     | 1                | 1                | 1                |
| Share premium  | 1 131 143        | 1 131 143        | 1 131 143        |
| Retained income  | 2 299 678        | 2 124 514        | 1 943 155        |
| Non-distributable reserves                               | 486              | 486              | 2 161            |
| Foreign currency translation reserve                     | (7 092)          | (8 611)          | (14 633)         |
| <b>Total equity attributable to owners of the parent</b> | <b>3 424 216</b> | <b>3 247 533</b> | <b>3 061 827</b> |
| Non-controlling interests                                | 62 353           | 47 950           | 75 495           |
| <b>Total equity</b>                                      | <b>3 486 569</b> | <b>3 295 483</b> | <b>3 137 322</b> |
| <b>Liabilities</b>                                       |                  |                  |                  |
| <b>Non-current liabilities</b>                           |                  |                  |                  |
| Deferred tax liabilities                                 | 275 220          | 310 340          | 326 341          |
| Provision for post-retirement benefit                    | 1 915            | 2 138            | 2 594            |
| Lease liabilities  | 127 790          | 156 353          | 181 427          |
| Borrowings   | 531 082          | 655 785          | 266 311          |
| Cash settled share based payment liability               | 21 161           | 18 821           | 10 276           |
| Contingent consideration                                 | 75 798           | –                | –                |
| Other liabilities  | 8 620            | –                | –                |
| <b>Total non-current liabilities</b>                     | <b>1 041 586</b> | <b>1 143 437</b> | <b>786 949</b>   |
| <b>Current liabilities</b>                               |                  |                  |                  |
| Employment benefit liabilities                           | 143 122          | 130 616          | 102 776          |
| Trade and other payables                                 | 617 340          | 428 245          | 361 376          |
| Current tax liabilities                                  | 19 252           | 23 808           | 33 086           |
| Lease liabilities  | 68 610           | 63 764           | 96 855           |
| Borrowings   | 120 000          | 120 000          | 120 000          |
| Cash settled share based payment liability               | 15 765           | 7 631            | 9 915            |
| Deferred payment   | 14 139           | –                | –                |
| Bank overdraft   | 2 350            | –                | –                |
| <b>Total current liabilities</b>                         | <b>1 000 578</b> | <b>774 064</b>   | <b>724 008</b>   |
| <b>Total liabilities</b>                                 | <b>2 042 164</b> | <b>1 917 501</b> | <b>1 510 957</b> |
| <b>Total equity and liabilities</b>                      | <b>5 528 733</b> | <b>5 212 984</b> | <b>4 648 279</b> |

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 30 June

| <b>R'000</b>  | <b>2022</b>      | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|------------------|
| Revenue from contracts with customer                    | 8 842 596        | 8 189 808        | 6 423 317        |
| Dividends received                                      | 663              | 1 663            | –                |
| Fair value gains/(losses)                               | 6 369            | (6 290)          | 14               |
| Finance income  | 17 418           | 21 913           | 26 033           |
| Other income  | 563              | 1 314            | –                |
| <b>Total income</b>                                     | <b>8 867 609</b> | <b>8 208 408</b> | <b>6 449 364</b> |
| Cost of distribution of pharmaceutical products         | (98 694)         | (95 991)         | (72 561)         |
| Cost of pharmaceutical products and finished goods      | (2 022 726)      | (1 809 606)      | (1 417 207)      |
| Employee benefit costs                                  | (2 364 695)      | (2 278 354)      | (2 226 379)      |
| Other expenses  | (2 958 860)      | (2 699 224)      | (1 618 779)      |
| Amortisation  | (231 269)        | (195 027)        | (162 909)        |
| Rent and property costs                                 | (96 089)         | (90 914)         | (77 956)         |
| Right of use assets depreciation                        | (63 287)         | (66 564)         | (70 930)         |
| Depreciation  | (87 299)         | (78 202)         | (62 374)         |
| Loss on disposal of property and equipment              | (4 550)          | (3 947)          | (1 968)          |
| Increase in expected credit loss allowance              | 5 646            | (2 009)          | (3 686)          |
| Bad debt write-off                                      | (6 554)          | (8 705)          | (2 454)          |
| Share-based payment expense                             | (13 127)         | (6 870)          | (8 896)          |
| IT costs  | (152 418)        | (62 994)         | (15 257)         |
| Fair value (loss)/gain on investment in holding company | (60)             | 1 460            | (2 520)          |
| Write off of intangibles                                | (635)            | (26 793)         | –                |
| Impairment of intangibles                               | –                | (42 349)         | (2 920)          |
| Reversal of impairment of intangibles                   | –                | 39 167           | –                |
| Impairment of loans                                     | (3 203)          | (7 196)          | (10)             |
| Share of profits from associates and joint ventures     | 6 991            | 8 294            | 7 990            |
| Interest on lease liabilities                           | (19 354)         | (21 420)         | (27 772)         |
| Finance costs   | (57 049)         | (37 055)         | (49 938)         |
| <b>Profit before tax</b>                                | <b>700 377</b>   | <b>724 109</b>   | <b>632 838</b>   |
| Income tax expense – continuing operations              | (193 475)        | (192 979)        | (155 176)        |
| <b>Profit from continuing operations</b>                | <b>506 902</b>   | <b>531 130</b>   | <b>477 662</b>   |
| Loss from discontinued operations                       | –                | (14 008)         | (8 122)          |
| Loss on disposal of subsidiaries                        | –                | (10 014)         | –                |
| <b>Profit for the year</b>                              | <b>506 902</b>   | <b>507 108</b>   | <b>469 540</b>   |

| <b>R'000</b>  | <b>2022</b>    | <b>2021</b>    | <b>2020</b>    |
|---|----------------|----------------|----------------|
| <b>Profit for the year</b>  | <b>506 902</b> | <b>507 108</b> | <b>469 540</b> |
| <b>Other comprehensive income</b>   |                |                |                |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b> |                |                |                |
| Remeasurement of post-employment benefit obligations  | (24)           | 179            | 16             |
| Income tax relating to these items  | 6              | (50)           | (4)            |
| <b>Total other comprehensive income that will not be reclassified to profit or loss</b>         | <b>(18)</b>    | <b>129</b>     | <b>12</b>      |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>     |                |                |                |
| <b>Exchange differences on translation of foreign operations</b>                                |                |                |                |
| Foreign exchange benefit/(loss) of continuing operations  | 1 519          | (5 636)        | (380)          |
| Foreign exchange benefit of discontinued operations   | –              | 11 658         | –              |
| <b>Total other comprehensive income that will be reclassified to profit or loss</b>             | <b>1 519</b>   | <b>6 022</b>   | <b>(380)</b>   |
| <b>Total other comprehensive income net of tax</b>  | <b>1 501</b>   | <b>6 151</b>   | <b>(368)</b>   |
| <b>Total comprehensive income</b>   | <b>508 403</b> | <b>513 259</b> | <b>469 172</b> |
| <b>Profit for the year attributable to:</b>   |                |                |                |
| Owners of Parent  | 476 063        | 476 086        | 440 994        |
| Non-controlling interest  | 30 839         | 31 022         | 28 546         |
|   | <b>506 902</b> | <b>507 108</b> | <b>469 540</b> |
| <b>Comprehensive income attributable to:</b>  |                |                |                |
| Comprehensive income, attributable to owners of parent  | 477 564        | 482 237        | 440 626        |
| Comprehensive income, attributable to non-controlling interests                                 | 30 839         | 31 022         | 28 546         |
|   | <b>508 403</b> | <b>513 259</b> | <b>469 172</b> |
| <b>Comprehensive income for the year attributable to owners of the parent arises from:</b>      |                |                |                |
| Continuing operations   | 477 564        | 484 587        | 448 748        |
| Discontinued operations   | –              | (2 350)        | (8 122)        |
|   | <b>477 564</b> | <b>482 237</b> | <b>440 626</b> |
| <b>Basic earnings</b>   | <b>476 063</b> | <b>476 086</b> | <b>440 994</b> |
| Adjusted for:   |                |                |                |
| Reversal of impairment of intangible assets   | –              | 2 411          | 2 920          |
| Reversal of goodwill impairment   | –              | 771            | –              |
| Reversal of loss on disposal of subsidiaries  | –              | 10 014         | –              |
| Loss on disposal of tangible assets   | 4 550          | 3 947          | 1 968          |
| Scrapping of intangible assets  | 635            | 26 793         | –              |
| Reversal of profit on disposal of investments   | –              | (1 314)        | –              |
| Reversal of fair value losses on investment property  | 134            | 7 653          | –              |
| Reversal of foreign currency translation reverse reclassification                               | –              | 10 401         | –              |
| Total tax effects of adjustments  | (1 304)        | (22 759)       | (551)          |
| <b>Headline earnings</b>  | <b>480 078</b> | <b>514 003</b> | <b>445 331</b> |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June

|   | <b>Ordinary<br/>share<br/>capital<br/>R'000</b> | <b>Share<br/>premium<br/>R'000</b> |
|---|---|------------------------------------|
| <b>Balance 1 July 2019</b>  | <b>1</b>  | <b>1 131 143</b>                   |
| <b>Changes in equity</b>  |   |                                    |
| Profit for the year   | –   | –                                  |
| Other comprehensive income  | –   | –                                  |
| Dividend recognised as distributions to shareholder   | –   | –                                  |
| Increase through changes in ownership interests in subsidiaries that do not result in loss of control | –   | –                                  |
| Reclassification  | –   | –                                  |
| Measurement period adjustments after acquisition date   | –   | –                                  |
| <b>Balance at 30 June 2020</b>  | <b>1</b>  | <b>1 131 143</b>                   |
| <b>Balance at 1 July 2020</b>   | <b>1</b>  | <b>1 131 143</b>                   |
| <b>Changes in equity</b>  |   |                                    |
| Profit for the year   | –   | –                                  |
| Other comprehensive income  | –   | –                                  |
| Dividend recognised as distributions to shareholders  | –   | –                                  |
| Transactions with non-controlling interests   | –   | –                                  |
| Disposal of subsidiary  | –   | –                                  |
| <b>Balance at 30 June 2021</b>  | <b>1</b>  | <b>1 131 143</b>                   |
| <b>Balance at 01 July 2021</b>  | <b>1</b>  | <b>1 131 143</b>                   |
| <b>Changes in equity</b>  |   |                                    |
| Profit for the year   | –   | –                                  |
| Other comprehensive income  | –   | –                                  |
| Dividend recognised as distributions to shareholders  | –   | –                                  |
| Transactions with non-controlling interests   | –   | –                                  |
| <b>Balance at 30 June 2022</b>  | <b>1</b>  | <b>1 131 143</b>                   |



| <b>Foreign<br/>currency<br/>translation<br/>reserve<br/>R'000</b> | <b>Non-<br/>distributable<br/>reserve<br/>R'000</b> | <b>Retained<br/>earnings<br/>R'000</b> | <b>Non-<br/>controlling<br/>interest<br/>R'000</b> | <b>Total<br/>equity<br/>R'000</b> |
|---|---|--|--|-----------------------------------|
| <b>(3 115)</b>  | <b>2 179</b>  | <b>1 565 325</b>                       | <b>64 737</b>                                      | <b>2 760 270</b>                  |
| -   | -   | 440 994                                | 28 546   | <b>469 540</b>                    |
| (380)   | -   | 12                                     | -  | <b>(368)</b>                      |
| -   | -   | (78 558)                               | (21 354)   | <b>(99 912)</b>                   |
| -   | -   | 2 045                                  | 3 566  | <b>5 611</b>                      |
| (11 138)  | (18)  | 11 156                                 | -  | <b>-</b>                          |
| -   | -   | 2 181                                  | -  | <b>2 181</b>                      |
| <b>(14 633)</b>   | <b>2 161</b>  | <b>1 943 155</b>                       | <b>75 495</b>                                      | <b>3 137 322</b>                  |
| <b>(14 633)</b>   | <b>2 161</b>  | <b>1 943 155</b>                       | <b>75 495</b>                                      | <b>3 137 322</b>                  |
| -   | -   | 476 086                                | 31 022   | <b>507 108</b>                    |
| 6 022   | -   | 129                                    | -  | <b>6 151</b>                      |
| -   | -   | (280 218)                              | (52 500)   | <b>(332 718)</b>                  |
| -   | -   | (15 011)                               | (4 989)  | <b>(20 000)</b>                   |
| -   | (1 675)   | 373                                    | (1 078)  | <b>(2 380)</b>                    |
| <b>(8 611)</b>  | <b>486</b>  | <b>2 124 514</b>                       | <b>47 950</b>                                      | <b>3 295 483</b>                  |
| <b>(8 611)</b>  | <b>486</b>  | <b>2 124 514</b>                       | <b>47 950</b>                                      | <b>3 295 483</b>                  |
| -   | -   | 476 063                                | 30 839   | <b>506 902</b>                    |
| 1 519   | -   | (18)                                   | -  | <b>1 501</b>                      |
| -   | -   | (288 239)                              | (16 055)   | <b>(304 294)</b>                  |
| -   | -   | (12 642)                               | (381)  | <b>(13 023)</b>                   |
| <b>(7 092)</b>  | <b>486</b>  | <b>2 299 678</b>                       | <b>62 353</b>                                      | <b>3 486 569</b>                  |

**CONSOLIDATED STATEMENT OF CASHFLOW**

for the year ended 30 June

| <b>R'000</b>   | <b>2022</b>      | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>  |                  |                  |                  |
| Cash receipts from customers   | 8 857 298        | 8 211 848        | 6 460 790        |
| Cash paid to suppliers and employees   | (7 733 956)      | (7 182 587)      | (5 499 588)      |
| <b>Cash generated from operations</b>  | <b>1 123 342</b> | <b>1 029 261</b> | <b>961 202</b>   |
| Dividend paid  | (304 294)        | (332 718)        | (99 912)         |
| Dividends received   | 663              | 4 955            | 4 873            |
| Interest paid  | (76 403)         | (58 475)         | (77 826)         |
| Interest received  | 17 418           | 21 913           | 26 386           |
| Income taxes paid  | (225 828)        | (268 408)        | (159 169)        |
| <b>Net cash generated from operating activities</b>  | <b>534 898</b>   | <b>396 528</b>   | <b>655 554</b>   |
| <b>Cash flows from investing activities</b>  |                  |                  |                  |
| Cash flows from disposal of subsidiaries   | –                | (2 835)          | –                |
| Business combinations  | (48 828)         | (85 209)         | (20 350)         |
| Other cash receipts from sales of interests in associates  | –                | 8 083            | –                |
| Proceeds from sales of tangible assets   | 7 631            | 68 048           | 17 115           |
| Purchase of tangible assets  | (106 487)        | (284 625)        | (136 967)        |
| Proceeds from sales of intangible assets   | 2 097            | 3 659            | –                |
| Purchase of intangible assets  | (197 203)        | (209 202)        | (284 210)        |
| Loan advanced to holding company   | (7 815)          | (12 597)         | (29 958)         |
| Purchase of other financial assets   | (40 182)         | (156 133)        | –                |
| Payment toward deferred payment obligation   | –                | –                | (7 335)          |
| <b>Net cash utilised in investing activities</b>   | <b>(390 787)</b> | <b>(670 811)</b> | <b>(461 705)</b> |
| <b>Cash flows from financing activities</b>  |                  |                  |                  |
| Changes in ownership interests in subsidiaries that do not result in loss of control               | (13 023)         | (20 000)         | 6 303            |
| Lease liability capital repayment  | (70 540)         | (70 885)         | (58 243)         |
| Capital settlement of borrowings   | (144 703)        | (81 524)         | (155 255)        |
| Proceeds of borrowings   | 20 000           | 470 998          | 50 000           |
| Repayments of loan from holding company  | –                | –                | (115 507)        |
| <b>Net cash (outflow)/inflow from financing activities</b>   | <b>(208 266)</b> | <b>298 589</b>   | <b>(272 702)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents before effect of exchange rate changes</b> | <b>(64 155)</b>  | <b>24 306</b>    | <b>(78 853)</b>  |
| Effect of exchange rate changes on cash and cash equivalents                                       | 1 519            | (4 379)          | (380)            |
| Cash and cash equivalents at beginning of the year   | 195 674          | 175 747          | 254 979          |
| <b>Cash and cash equivalents at end of the year</b>  | <b>133 038</b>   | <b>195 674</b>   | <b>175 746</b>   |

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## **ANNEXURE 4 – INDEPENDENT REPORTING ACCOUNTANTS’ REVIEW REPORT ON THE HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF AHA FOR THE TWO YEARS ENDED 30 JUNE 2020 AND 30 JUNE 2021**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 4, unless otherwise defined herein.

### **Independent reporting accountants’ review report on the Historical Consolidated Financial Information of ACT Healthcare Assets Proprietary Limited (“AHA”)**

To the directors of AfroCentric Investment Corporation Limited

#### ***Introduction***

AfroCentric Investment Corporation Limited (“AfroCentric” or “the Company”) is issuing a Circular to AfroCentric Shareholders to be dated on or about 8 December 2022 (the “Circular”) regarding the partial offer and the proposed asset for share transaction resulting in AfroCentric issuing shares to Sanlam in exchange for 28.7% shareholding held by Sanlam in ACT Healthcare Assets Proprietary Limited (“the Acquisition”).

At your request and for the purpose of the Circular, we have reviewed the statement of financial position of AHA as at 30 June 2021 and 30 June 2020 and the related statements of profit and loss and other comprehensive income, changes in equity and cash flows for the period then ended, and selected notes, comprising a summary of significant accounting policies and other explanatory information (the “Historical Consolidated Financial Information”), as presented in Annexure 3 to the Circular, in compliance with the JSE Limited Listings Requirements.

#### ***Directors’ responsibility***

The directors of AfroCentric Investment Corporation Limited are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that AfroCentric Investment Corporation Limited complies with the requirements of the JSE Limited’s Listings Requirements.

The directors of ACT Healthcare Assets Proprietary Limited are responsible for the preparation and presentation of the Historical Consolidated Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Consolidated Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Historical Consolidated Financial Information, the directors of ACT Healthcare Assets Proprietary Limited are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### ***Reporting accountants’ responsibility***

Our responsibility is to express a conclusion on the Historical Consolidated Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of Historical Consolidated Financial Information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Historical Consolidated Financial Information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of historical consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Historical Consolidated Financial Information.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Historical Consolidated Financial Information of ACT Healthcare Assets Proprietary Limited, as presented in Annexure 3, do not present, in all material respects, the financial position of ACT Healthcare Assets Proprietary Limited as at 30 June 2021 and 30 June 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

**Purpose of the report**

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.  
Director: J Basson  
Registered Auditor  
4 Lisbon Lane, Waterfall City, Jukskei View, 2090  
Johannesburg, South Africa  
2 December 2022

SizweNtsalubaGobodo Grant Thornton Inc.  
Director: L de Jager  
Registered Auditor  
221 Garsfontein Road  
Menlyn Pretoria  
2 December 2022

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## **ANNEXURE 5 – INDEPENDENT ACCOUNTANTS’ AUDIT REPORT ON THE HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF AHA FOR THE YEAR ENDED 30 JUNE 2022**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 5, unless otherwise defined herein.

### **Independent reporting accountants’ audit report on the Historical Consolidated Financial Information of ACT Healthcare Assets Proprietary Limited (“AHA”)**

#### ***Independent reporting accountants’ audit report on the Historical Consolidated Financial Information***

To the directors of AfroCentric Investment Corporation Limited

#### ***Our opinion***

AfroCentric Investment Corporation Limited is issuing a circular to its shareholders (the “Circular”) regarding the partial offer by Sanlam Limited to acquire AfroCentric shares as well as an asset for share transaction resulting in AfroCentric issuing shares to Sanlam in exchange for Sanlam’s 28.7% shareholding in ACT Healthcare Assets Proprietary Limited (the “Proposed Transaction”).

In our opinion, the Historical Consolidated Financial Information as presented in Annexure 3 (the “Historical Consolidated Financial Information”) presents fairly, in all material respects, the consolidated financial position of ACT Healthcare Assets Proprietary Limited (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Limited Listings Requirements.

#### ***What we have audited***

At your request and solely for the purpose of the Circular to be dated on or about 8 December 2022, we have audited ACT Healthcare Assets Proprietary Limited’s Historical Consolidated Financial Information, which comprises:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated statement of profit and loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the historical consolidated financial information, which include a summary of significant accounting policies.

#### ***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 *Reporting accountants’ responsibilities for the audit of the Historical Consolidated Financial Information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

#### ***Purpose of this report***

This report has been prepared for the purpose of the Circular and for no other purpose.

#### ***Other Matter***

The Historical Consolidated Financial Information of ACT Healthcare Assets Proprietary Limited as at 30 June 2021 and as at 30 June 2020, and for the years then ended were not audited but subject to review. A review engagement is substantially less in scope than an audit. The review report dated 2 December 2022 expressed an unqualified conclusion.

### **Responsibilities of the directors for the Historical Consolidated Financial Information**

The directors of AfroCentric Investment Corporation Limited are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the AfroCentric Investment Corporation Limited complies with the requirements of the JSE Limited Listings Requirements.

The directors of ACT Healthcare Assets Proprietary Limited are responsible for the preparation and fair presentation of the Historical Consolidated Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Consolidated Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Historical Consolidated Financial Information, the directors of ACT Healthcare Assets Proprietary Limited are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Reporting accountants' responsibilities for the audit of the Historical Consolidated Financial Information**

Our objectives are to obtain reasonable assurance about whether the Historical Consolidated Financial Information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant'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 this Historical Consolidated Financial Information.

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 Historical Consolidated Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of ACT Healthcare Assets Proprietary Limited.
- Conclude on the appropriateness of the directors of ACT Healthcare Assets Proprietary Limited's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the Historical Consolidated Financial Information 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 reporting accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Consolidated Financial Information, including the disclosures, and whether the Historical Consolidated Financial Information represents 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 Historical Consolidated Financial Information. 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 of ACT Healthcare Assets Proprietary Limited 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.

PricewaterhouseCoopers Inc.  
Director: J Basson  
Registered Auditor  
4 Lisbon Lane, Waterfall City, Jukskei View, 2090  
Johannesburg, South Africa  
2 December 2022

SizweNtsalubaGobodo Grant Thornton Inc.  
Director: L de Jager  
Registered Auditor  
221 Garsfontein Road  
Menlyn Pretoria  
2 December 2022

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**ANNEXURE 6 – EXTRACT OF AUDITED HISTORICAL FINANCIAL  
INFORMATION OF SANLAM FOR THE THREE YEARS ENDED  
31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021 AND  
REVIEWED HISTORICAL FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 6, unless otherwise defined herein.

**GROUP STATEMENT OF FINANCIAL POSITION**

for the years ended:

| <b>R million</b>                                    | <b>December<br/>2021</b> | <b>December<br/>2020</b> | <b>December<br/>2019</b> |
|---|--------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                       |                          |                          |                          |
| Equipment   | 1 730                    | 1 652                    | 1 655                    |
| Right-of-use assets                                 | 1 481                    | 1 614                    | 1 912                    |
| Owner-occupied properties                           | 2 582                    | 2 692                    | 1 794                    |
| Goodwill  | 16 431                   | 16 703                   | 18 974                   |
| Value of business acquired                          | 4 718                    | 6 129                    | 8 768                    |
| Other intangible assets                             | 746                      | 788                      | 926                      |
| Deferred acquisition costs                          | 3 225                    | 3 374                    | 3 505                    |
| Long-term reinsurance assets                        | 2 188                    | 2 258                    | 2 042                    |
| Investments   | 834 287                  | 812 948                  | 770 995                  |
| Investment property                                 | 17 980                   | 20 302                   | 21 565                   |
| Investments in associates and joint ventures        | 22 755                   | 18 773                   | 18 682                   |
| Equities and similar securities                     | 191 958                  | 185 864                  | 201 501                  |
| Interest-bearing investments                        | 271 840                  | 261 434                  | 234 509                  |
| Structured transactions                             | 12 434                   | 29 566                   | 23 090                   |
| Investment funds                                    | 278 145                  | 252 026                  | 222 141                  |
| Cash, deposits and similar securities               | 39 175                   | 44 983                   | 49 507                   |
| Deferred tax asset                                  | 3 154                    | 2 843                    | 1 872                    |
| Non-current assets classified as held for sale      | 81 386                   | 2 218                    | 159                      |
| General insurance technical assets                  | 19 525                   | 13 847                   | 10 166                   |
| Working capital assets                              | 84 725                   | 75 604                   | 77 461                   |
| Trade and other receivables                         | 55 806                   | 44 568                   | 46 180                   |
| Taxation  | 1 218                    | 942                      | 912                      |
| Cash, deposits and similar securities               | 27 701                   | 30 094                   | 30 369                   |
| <b>Total assets</b>                                 | <b>1 056 178</b>         | <b>942 670</b>           | <b>900 229</b>           |
| <b>EQUITY AND LIABILITIES</b>                       |                          |                          |                          |
| Capital and reserves                                |                          |                          |                          |
| Share capital and premium                           | 12 784                   | 12 784                   | 13 452                   |
| Treasury shares                                     | (1 671)                  | (1 633)                  | (4 127)                  |
| Other reserves                                      | 6 078                    | 4 383                    | (1 859)                  |
| Retained earnings                                   | 52 188                   | 49 178                   | 59 851                   |
| <b>Shareholders' fund</b>                           | <b>69 379</b>            | <b>64 712</b>            | <b>67 317</b>            |
| Non-controlling interest                            | 13 517                   | 12 512                   | 12 043                   |
| <b>Total equity</b>                                 | <b>82 896</b>            | <b>77 224</b>            | <b>79 360</b>            |
| Long-term policy liabilities                        | 641 196                  | 625 527                  | 591 168                  |
| Insurance contracts                                 | 186 658                  | 190 943                  | 189 687                  |
| Investment contracts                                | 454 538                  | 434 584                  | 401 481                  |
| Term finance  | 15 116                   | 13 837                   | 11 187                   |
| Margin business                                     | 5 330                    | 5 330                    | 3 614                    |
| Other interest-bearing liabilities                  | 9 786                    | 8 507                    | 7 573                    |
| Lease liabilities                                   | 1 789                    | 1 878                    | 2 110                    |
| Structured transactions liabilities                 | 8 898                    | 22 970                   | 19 272                   |
| External investors in consolidated funds            | 85 506                   | 82 588                   | 85 187                   |
| Cell owners' interest (third party)                 | 4 900                    | 4 226                    | 3 935                    |
| Deferred tax liability                              | 7 311                    | 5 810                    | 5 766                    |
| Non-current liabilities classified as held for sale | 78 700                   | 454                      | –                        |
| General insurance technical provisions              | 57 559                   | 49 752                   | 41 332                   |
| Working capital liabilities                         | 72 307                   | 58 404                   | 60 912                   |
| Trade and other payables                            | 69 123                   | 55 356                   | 58 062                   |
| Provisions  | 628                      | 506                      | 523                      |
| Taxation  | 2 556                    | 2 542                    | 2 327                    |
| <b>Total equity and liabilities</b>                 | <b>1 056 178</b>         | <b>942 670</b>           | <b>900 229</b>           |



**GROUP STATEMENT OF FINANCIAL POSITION**

for the six months ended:

| <b>R million</b>                                    | <b>June<br/>2022</b> |
|---|----------------------|
| <b>ASSETS</b>                                       |                      |
| Equipment   | 1 120                |
| Right-of-use assets                                 | 1 139                |
| Owner-occupied properties                           | 868                  |
| Goodwill  | 4 190                |
| Value of business acquired                          | 978                  |
| Other intangible assets                             | 411                  |
| Deferred acquisition costs                          | 3 247                |
| Long-term reinsurance assets                        | 2 341                |
| Investments   | 759 708              |
| Investment property                                 | 10 212               |
| Investments in associates and joint ventures        | 19 420               |
| Equities and similar securities                     | 180 609              |
| Interest-bearing investments                        | 247 004              |
| Structured transactions                             | 13 381               |
| Investment funds                                    | 248 252              |
| Cash, deposits and similar securities               | 40 830               |
| Deferred tax asset                                  | 1 759                |
| Non-current assets classified as held for sale      | 114 210              |
| General insurance technical assets                  | 18 933               |
| Working capital assets                              | 64 804               |
| Trade and other receivables                         | 45 281               |
| Taxation  | 878                  |
| Cash, deposits and similar securities               | 18 645               |
| <b>Total assets</b>                                 | <b>973 708</b>       |
| <b>EQUITY AND LIABILITIES</b>                       |                      |
| Capital and reserves                                |                      |
| Share capital and premium                           | 12 784               |
| Treasury shares                                     | (1 982)              |
| Other reserves                                      | 4 912                |
| Retained earnings                                   | 49 905               |
| <b>Shareholders' fund</b>                           | <b>65 619</b>        |
| Non-controlling interest                            | 12 196               |
| <b>Total equity</b>                                 | <b>77 815</b>        |
| Long-term policy liabilities                        | 572 136              |
| Insurance contracts                                 | 146 285              |
| Investment contracts                                | 425 851              |
| Term finance  | 14 333               |
| Margin business                                     | 5 413                |
| Other interest-bearing liabilities                  | 8 920                |
| Lease liabilities                                   | 1 540                |
| Structured transactions liabilities                 | 15 422               |
| External investors in consolidated funds            | 96 837               |
| Cell owners' interest (third party)                 | 5 182                |
| Deferred tax liability                              | 1 916                |
| Non-current liabilities classified as held for sale | 82 073               |
| General insurance technical provisions              | 44 886               |
| Working capital liabilities                         | 61 568               |
| Trade and other payables                            | 59 552               |
| Provisions  | 247                  |
| Taxation  | 1 769                |
| <b>Total equity and liabilities</b>                 | <b>973 708</b>       |

## GROUP STATEMENT OF COMPREHENSIVE INCOME

for the years ended:

| R million  | December<br>2021 | December<br>2020 | December<br>2019 |
|--|------------------|------------------|------------------|
| <b>Continuing operations</b>   |                  |                  |                  |
| <b>Net income</b>  | 200 125          | 132 866          | 147 796          |
| Financial services income  | 116 887          | 104 701          | 95 520           |
| Reinsurance premiums paid  | (20 081)         | (18 794)         | (15 893)         |
| Reinsurance commission received  | 2 815            | 2 929            | 2 676            |
| Investment income  | 31 804           | 31 879           | 33 003           |
| Investment surpluses   | 84 717           | 11 001           | 43 064           |
| Finance cost – margin business   | (249)            | (216)            | (242)            |
| Change in fair value of external investors' liability  | (15 768)         | 1 366            | (10 332)         |
| <b>Net insurance and investment contract benefits and claims</b>   | (139 592)        | (75 896)         | (91 526)         |
| Long-term insurance contract benefits  | (44 340)         | (25 596)         | (30 802)         |
| Long-term investment contract benefits   | (73 767)         | (26 646)         | (39 506)         |
| General insurance claims   | (41 048)         | (37 593)         | (29 646)         |
| Reinsurance claims received  | 19 563           | 13 939           | 8 428            |
| <b>Expenses</b>  | (43 170)         | (42 201)         | (41 051)         |
| Sales remuneration   | (14 724)         | (14 319)         | (13 246)         |
| Administration costs   | (28 446)         | (27 882)         | (27 805)         |
| <b>Impairments</b>   | (88)             | (9 275)          | (742)            |
| Net impairment losses on financial assets  | (296)            | (1 903)          | (338)            |
| Other reversal of impairments/(impairments)  | 208              | (7 372)          | (404)            |
| <b>Amortisation of intangibles</b>   | (1 248)          | (1 323)          | (1 405)          |
| <b>Net operating result</b>  | 16 027           | 4 171            | 13 072           |
| Equity-accounted earnings  | 2 240            | 2 568            | 2 989            |
| Finance cost – other   | (763)            | (835)            | (1 500)          |
| Net monetary loss  | (2)              | (697)            | –                |
| <b>Profit before tax from continuing operations</b>  | 17 502           | 5 207            | 14 561           |
| Taxation   | (6 152)          | (3 805)          | (5 756)          |
| Shareholders' fund   | (3 694)          | (2 154)          | (4 017)          |
| Policyholders' fund  | (2 458)          | (1 651)          | (1 739)          |
| <b>Profit for the year from continuing operations</b>  | 11 350           | 1 402            | 8 805            |
| <b>Profit for the period from discontinued operations</b>  | –                | –                | –                |
| <b>Profit for the year</b>   | 11 350           | 1 402            | 8 805            |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     |                  |                  |                  |
| Movement in foreign currency translation reserve   | 2 082            | 3 143            | (4 707)          |
| Other comprehensive income of equity-accounted investments   | 17               | –                | (335)            |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods |                  |                  |                  |
| Employee benefits re-measurement loss  | (81)             | –                | 25               |
| <b>Comprehensive income for the year</b>   | 13 368           | 4 545            | 3 788            |
| <b>Allocation of comprehensive income:</b>   |                  |                  |                  |
| Profit for the year from continuing operations   | 11 350           | 1 402            | 8 805            |
| Shareholders' fund   | 9 473            | 718              | 7 150            |
| Non-controlling interest   | 1 877            | 684              | 1 655            |
| Comprehensive income for the year  | 13 368           | 4 545            | 3 788            |
| Shareholders' fund   | 10 886           | 3 531            | 2 951            |
| Non-controlling interest   | 2 482            | 1 014            | 837              |
| <b>Earnings attributable to shareholders (cents):</b>  |                  |                  |                  |
| Profit for the year  |                  |                  |                  |
| Basic earnings per share   | 459.5            | 34.8             | 345.8            |
| Diluted earnings per share   | 453.8            | 34.4             | 342.1            |

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

for the six months ended:

| <b>R million</b>   | <b>June<br/>2022</b> |
|--|----------------------|
| <b>Continuing operations</b>   |                      |
| <b>Net income</b>  | 10 627               |
| Financial services income  | 45 309               |
| Reinsurance premiums paid  | (8 881)              |
| Reinsurance commission received  | 1 086                |
| Investment income  | 15 527               |
| Investment surpluses   | (43 631)             |
| Finance cost – margin business   | (115)                |
| Change in fair value of external investors' liability  | 1 332                |
| <b>Net insurance and investment contract benefits and claims</b>   |                      |
| Long-term insurance and investment contract benefits   | 21 424               |
| General insurance claims   | (18 724)             |
| Reinsurance claims received  | 9 740                |
| <b>Expenses</b>  | (17 783)             |
| Sales remuneration   | (5 864)              |
| Administration costs   | (11 919)             |
| <b>Impairments</b>   | 10                   |
| Net impairment losses on financial assets  | (2)                  |
| Other reversal of impairments/(impairments)  | 12                   |
| <b>Amortisation of intangibles</b>   | (137)                |
| <b>Net operating result</b>  | 5 157                |
| Equity-accounted earnings  | 1 099                |
| Finance cost – other   | (350)                |
| Net monetary loss  | (10)                 |
| <b>Profit before tax from continuing operations</b>  | 5 896                |
| Taxation   | (320)                |
| Shareholders' fund   | (1 197)              |
| Policyholders' fund  | 877                  |
| <b>Profit for the year from continuing operations</b>  | 5 576                |
| <b>Profit for the period from discontinued operations</b>  | 369                  |
| <b>Profit for the year</b>   | 5 945                |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     |                      |
| Movement in foreign currency translation reserve   | (2 588)              |
| Other comprehensive income of equity-accounted investments   | (106)                |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods |                      |
| Employee benefits re-measurement loss  | 12                   |
| <b>Comprehensive income for the year</b>   | 3 263                |
| <b>Allocation of comprehensive income:</b>   |                      |
| Profit for the year from continuing operations   | 5 576                |
| Shareholders' fund   | 5 302                |
| Non-controlling interest   | 274                  |
| Comprehensive income for the year  | 3 263                |
| Shareholders' fund   | 3 511                |
| Non-controlling interest   | (248)                |
| <b>Earnings attributable to shareholders (cents):</b>  |                      |
| Profit for the year  |                      |
| Basic earnings per share   | 273.7                |
| Diluted earnings per share   | 270.3                |

**GROUP STATEMENT OF CHANGES IN EQUITY**

for the years ended:

| <b>R million</b>   | <b>Share capital</b> | <b>Share premium</b> | <b>Treasury shares</b> | <b>Non-distributable reserve</b> |
|--|----------------------|----------------------|------------------------|----------------------------------|
| <b>Balance at 1 January 2019</b>   | 22                   | 5 635                | (3 934)                | 10 154                           |
| Comprehensive income   | -                    | -                    | -                      | -                                |
| Profit for the year  | -                    | -                    | -                      | -                                |
| Other comprehensive income   | -                    | -                    | -                      | -                                |
| Shares issued  | 1                    | 7 794                | -                      | -                                |
| Net (acquisition)/disposal of treasury shares  | -                    | -                    | (193)                  | -                                |
| Share-based payments   | -                    | -                    | -                      | -                                |
| B-BBEE IFRS 2 costs  | -                    | -                    | -                      | -                                |
| Transfer from non-distributable reserve  | -                    | -                    | -                      | (173)                            |
| Transfer (from)/to consolidation reserve   | -                    | -                    | -                      | -                                |
| Dividends  | -                    | -                    | -                      | -                                |
| Acquisitions, disposals and other movements in interests   | -                    | -                    | -                      | (2)                              |
| <b>Balance at 31 December 2019</b>   | <b>23</b>            | <b>13 429</b>        | <b>(4 127)</b>         | <b>9 979</b>                     |
| Hyperinflation   | -                    | -                    | -                      | -                                |
| Comprehensive income   | -                    | -                    | -                      | -                                |
| Profit for the year  | -                    | -                    | -                      | -                                |
| Other comprehensive income   | -                    | -                    | -                      | -                                |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods | -                    | -                    | -                      | -                                |
| Movement in foreign currency translation reserve   | -                    | -                    | -                      | -                                |
| Other comprehensive income of equity accounted investments   | -                    | -                    | -                      | -                                |
| Shares issued  | (1)                  | (667)                | 2 744                  | -                                |
| Net (acquisition)/disposal of treasury shares  | -                    | -                    | (250)                  | -                                |
| Share-based payments   | -                    | -                    | -                      | -                                |
| Transfer from non-distributable reserve  | -                    | -                    | -                      | 81                               |
| Transfer (from)/to consolidation reserve   | -                    | -                    | -                      | -                                |
| Dividends  | -                    | -                    | -                      | -                                |
| Acquisitions, disposals and other movements in interests   | -                    | -                    | -                      | (15)                             |
| <b>Balance at 31 December 2020</b>   | <b>22</b>            | <b>12 762</b>        | <b>(1 633)</b>         | <b>10 045</b>                    |

| <b>Foreign<br/>currency<br/>translation<br/>reserve</b> | <b>Dis-<br/>continued<br/>operations</b> | <b>Retained<br/>earnings</b> | <b>Subtotal:<br/>equity</b> | <b>Consolid-<br/>ation<br/>reserve<sup>(3)</sup></b> | <b>Share-<br/>holders'<br/>fund</b> | <b>Non-<br/>controlling<br/>interest</b> | <b>Total<br/>equity</b> |
|---|--|------------------------------|-----------------------------|--|-------------------------------------|--|-------------------------|
| 1 210   | –  | 57 288                       | 70 375                      | (869)  | 69 506                              | 12 111                                   | 81 617                  |
| (3 888)   | –  | 6 839                        | 2 951                       | –  | 2 951                               | 837                                      | 3 788                   |
| –   | –  | 7 150                        | 7 150                       | –  | 7 150                               | 1 655                                    | 8 805                   |
| (3 888)   | –  | (311)                        | (4 199)                     | –  | (4 199)                             | (818)                                    | (5 017)                 |
| –   | –  | –                            | 7 795                       | –  | 7 795                               | –  | 7 795                   |
| –   | –  | (338)                        | (531)                       | (7 871)  | (8 402)                             | 1  | (8 401)                 |
| –   | –  | 391                          | 391                         | –  | 391                                 | 33                                       | 424                     |
| –   | –  | 1 686                        | 1 686                       | –  | 1 686                               | –  | 1 686                   |
| –   | –  | 173                          | –                           | –  | –                                   | –  | –                       |
| –   | –  | 456                          | 456                         | (456)  | –                                   | –  | –                       |
| –   | –  | (6 500)                      | (6 500)                     | –  | (6 500)                             | (1 095)                                  | (7 595)                 |
| 36  | –  | (144)                        | (110)                       | –  | (110)                               | 156                                      | 46                      |
| <b>(2 642)</b>  | <b>–</b>                                 | <b>59 851</b>                | <b>76 513</b>               | <b>(9 196)</b>                                       | <b>67 317</b>                       | <b>12 043</b>                            | <b>79 360</b>           |
| 911   | –  | –                            | 911                         | –  | 911                                 | 87                                       | 998                     |
| 2 813   | –  | 718                          | 3 531                       | –  | 3 531                               | 1 014                                    | 4 545                   |
| –   | –  | 718                          | 718                         | –  | 718                                 | 684                                      | 1 402                   |
| 2 813   | –  | –                            | 2 813                       | –  | 2 813                               | 330                                      | 3 143                   |
| 2 767   | –  | –                            | 2 767                       | –  | 2 767                               | 376                                      | 3 143                   |
| 46  | –  | –                            | 46                          | –  | 46                                  | (46)                                     | –                       |
| –   | –  | (2 076)                      | –                           | –  | –                                   | –  | –                       |
| –   | –  | (577)                        | (827)                       | (351)  | (1 178)                             | (60)                                     | (1 238)                 |
| –   | –  | 474                          | 474                         | –  | 474                                 | 32                                       | 506                     |
| –   | –  | (81)                         | –                           | –  | –                                   | –  | –                       |
| –   | –  | (2 791)                      | (2 791)                     | 2 791  | –                                   | –  | –                       |
| –   | –  | (6 938)                      | (6 938)                     | –  | (6 938)                             | (816)                                    | (7 754)                 |
| 12  | –  | 598                          | 595                         | –  | 595                                 | 212                                      | 807                     |
| <b>1 094</b>  | <b>–</b>                                 | <b>49 178</b>                | <b>71 468</b>               | <b>(6 756)</b>                                       | <b>64 712</b>                       | <b>12 512</b>                            | <b>77 224</b>           |

| <b>R million</b>   | <b>Share capital</b> | <b>Share premium</b> | <b>Treasury shares</b> | <b>Non-distributable reserve</b> |
|--|----------------------|----------------------|------------------------|----------------------------------|
| Comprehensive income   | -                    | -                    | -                      | -                                |
| Profit for the year  | -                    | -                    | -                      | -                                |
| Other comprehensive income   | -                    | -                    | -                      | -                                |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     |                      |                      |                        |                                  |
| Movement in foreign currency translation reserve   | -                    | -                    | -                      | -                                |
| Other comprehensive income of equity accounted investments   | -                    | -                    | -                      | -                                |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods |                      |                      |                        |                                  |
| Employee benefits re-measurement loss  | -                    | -                    | -                      | -                                |
| Net (acquisition)/disposal of treasury shares <sup>(1)</sup>   | -                    | -                    | <b>(44)</b>            | -                                |
| Share-based payments   | -                    | -                    | -                      | -                                |
| Transfer from non-distributable reserve  | -                    | -                    | -                      | <b>(13)</b>                      |
| Transfer (from)/to consolidation reserve   | -                    | -                    | -                      | -                                |
| Dividends <sup>(2)</sup>   | -                    | -                    | -                      | -                                |
| Acquisitions, disposals and other movements in interests <sup>(4)</sup>                                  | -                    | -                    | <b>6</b>               | <b>2</b>                         |
| <b>Balance at 31 December 2021</b>   | <b>22</b>            | <b>12 762</b>        | <b>(1 671)</b>         | <b>10 034</b>                    |

<sup>(1)</sup> Comprises movement in cost of shares held by subsidiaries, the share incentive trust, other consolidated funds and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV).

<sup>(2)</sup> A dividend of 334 cents per share (2020: 300 cents per share) was declared in 2022 in respect of the 2021 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R6,9 billion (after allowing for treasury shares), but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.

<sup>(3)</sup> Refer to note 13 for additional information.

<sup>(4)</sup> Movement line mostly relates to the disposal of Nucleus (R519 million), the change of ownership of Centres Asset Management (R105 million) and African Rainbow Life (R79 million) as well as the acquisition of the remaining interest in Mirabilis Engineering (R174 million).

| <b>Foreign<br/>currency<br/>translation<br/>reserve</b> | <b>Dis-<br/>continued<br/>operations</b> | <b>Retained<br/>earnings</b> | <b>Subtotal:<br/>equity</b> | <b>Consolid-<br/>ation<br/>reserve<sup>(3)</sup></b> | <b>Share-<br/>holders'<br/>fund</b> | <b>Non-<br/>controlling<br/>interest</b> | <b>Total<br/>equity</b> |
|---|--|------------------------------|-----------------------------|--|-------------------------------------|--|-------------------------|
| <b>1 495</b>  | -  | <b>9 391</b>                 | <b>10 886</b>               | -  | <b>10 886</b>                       | <b>2 482</b>                             | <b>13 368</b>           |
| -   | -  | <b>9 473</b>                 | <b>9 473</b>                | -  | <b>9 473</b>                        | <b>1 877</b>                             | <b>11 350</b>           |
| <b>1 495</b>  | -  | <b>(82)</b>                  | <b>1 413</b>                | -  | <b>1 413</b>                        | <b>605</b>                               | <b>2 018</b>            |
| <b>1 481</b>  | -  | -                            | <b>1 481</b>                | -  | <b>1 481</b>                        | <b>601</b>                               | <b>2 082</b>            |
| <b>14</b>   | -  | <b>(1)</b>                   | <b>13</b>                   | -  | <b>13</b>                           | <b>4</b>                                 | <b>17</b>               |
| -   | -  | <b>(81)</b>                  | <b>(81)</b>                 | -  | <b>(81)</b>                         | -  | <b>(81)</b>             |
| -   | -  | <b>(461)</b>                 | <b>(505)</b>                | <b>176</b>   | <b>(329)</b>                        | <b>(44)</b>                              | <b>(373)</b>            |
| -   | -  | <b>468</b>                   | <b>468</b>                  | -  | <b>468</b>                          | <b>38</b>                                | <b>506</b>              |
| -   | -  | <b>13</b>                    | -                           | -  | -                                   | -  | -                       |
| -   | -  | <b>(31)</b>                  | <b>(31)</b>                 | <b>31</b>  | -                                   | -  | -                       |
| -   | -  | <b>(6 233)</b>               | <b>(6 233)</b>              | -  | <b>(6 233)</b>                      | <b>(752)</b>                             | <b>(6 985)</b>          |
| <b>4</b>  | -  | <b>(137)</b>                 | <b>(125)</b>                | -  | <b>(125)</b>                        | <b>(719)</b>                             | <b>(844)</b>            |
| <b>2 593</b>  | -  | <b>52 188</b>                | <b>75 928</b>               | <b>(6 549)</b>                                       | <b>69 379</b>                       | <b>13 517</b>                            | <b>82 896</b>           |

**GROUP STATEMENT OF CHANGES IN EQUITY**

for the six months ended:

| <b>R million</b>  | <b>June<br/>2022</b> |
|---|----------------------|
| <b>Shareholders' fund</b>   |                      |
| Balance at the beginning of the period  | 69 379               |
| Comprehensive income  | 3 511                |
| Profit/(loss) for the period  | 5 611                |
| Other comprehensive income/(loss)   | (2 100)              |
| Other comprehensive income/(loss) (net of tax): to be recycled through profit or loss in subsequent periods |                      |
| Movement in foreign currency translation reserve  | (2 002)              |
| Other comprehensive loss of equity-accounted investments  | (106)                |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods    |                      |
| Employee benefits re-measurement gain   | 8                    |
| Net acquisition of treasury shares <sup>(1)</sup>   | (424)                |
| Share-based payments  | 216                  |
| Change in ownership of subsidiaries   | (104)                |
| Dividends paid <sup>(2)</sup>   | (6 959)              |
| <b>Balance at end of the period</b>   | <b>65 619</b>        |
| <b>Non-controlling interests</b>  |                      |
| Balance at the beginning of the period  | 13 517               |
| Comprehensive income/(loss)   | (248)                |
| Profit for the period   | 334                  |
| Other comprehensive income/(loss)   | (582)                |
| Other comprehensive loss (net of tax): to be recycled through profit or loss in subsequent periods          |                      |
| Movement in foreign currency translation reserve  | (586)                |
| Other comprehensive loss of equity-accounted investments  | -                    |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods    |                      |
| Employee benefits re-measurement gain   | 4                    |
| Net acquisition of treasury shares <sup>(1)</sup>   | (63)                 |
| Share-based payments  | 19                   |
| Acquisitions, disposals and other movements in interests  | 14                   |
| Dividends paid  | (1 043)              |
| <b>Balance at end of the period</b>   | <b>12 196</b>        |
| Shareholders' fund  | 69 379               |
| Non-controlling interests   | 13 517               |
| <b>Total equity at the beginning of the period</b>  | <b>82 896</b>        |
| Shareholders' fund  | 65 619               |
| Non-controlling interests   | 12 196               |
| <b>Total equity at the end of the period</b>  | <b>77 815</b>        |

<sup>(1)</sup> Comprises movement in cost of shares held by subsidiaries, the share incentive trust, other consolidated funds and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV).

<sup>(2)</sup> Dividend of 334 cents per share declared and paid during 2022 in respect of the 2021 financial year (2021: 300 cents).



**GROUP STATEMENT OF CASH FLOWS**

for the years ended:

| <b>R million</b>   | <b>December<br/>2021</b> | <b>December<br/>2020</b> | <b>December<br/>2019</b> |
|--|--------------------------|--------------------------|--------------------------|
| <b>Cash flow from operating activities</b>                       | (1 450)                  | (6 082)                  | 7 320                    |
| Cash utilised in operations                                      | (15 499)                 | (18 175)                 | (9 235)                  |
| Interest and preference share dividends received                 | 15 514                   | 15 535                   | 17 541                   |
| Interest paid  | (858)                    | (1 004)                  | (1 094)                  |
| Dividends received   | 10 887                   | 10 672                   | 13 198                   |
| Dividends paid   | (6 965)                  | (8 454)                  | (7 433)                  |
| Taxation paid  | (4 529)                  | (4 656)                  | (5 657)                  |
| <b>Cash flow from investment activities</b>                      | 695                      | (1 733)                  | (509)                    |
| Payments made for the acquisition of equipment                   | (586)                    | (737)                    | –                        |
| Proceeds in respect of the disposal of equipment                 | 48                       | 61                       | –                        |
| Payments made for the acquisition of owner-occupied properties   | (175)                    | (405)                    | –                        |
| Proceeds in respect of the disposal of owner-occupied properties | 18                       | 441                      | –                        |
| Acquisition of subsidiaries and associated companies             | (93)                     | (1 144)                  | (685)                    |
| Disposal of subsidiaries and associated companies                | 1 483                    | 51                       | 176                      |
| <b>Cash flow from financing activities</b>                       | 172                      | 1 792                    | 2 503                    |
| Shares issued  | –                        | –                        | 7 795                    |
| Acquisition of treasury shares                                   | (632)                    | (1 241)                  | (8 401)                  |
| Disposal of treasury shares                                      | 261                      | –                        | –                        |
| (Disposal)/acquisition of non-controlling interest               | (326)                    | 818                      | –                        |
| Term finance raised  | 3 136                    | 3 530                    | 3 998                    |
| Term finance repaid  | (1 848)                  | (664)                    | (299)                    |
| Lease liabilities repaid   | (419)                    | (651)                    | (590)                    |
| <b>Net (decrease)/increase in cash and cash equivalents</b>      | <b>(583)</b>             | (6 023)                  | 9 314                    |
| Effect of exchange rate movements on cash balances               | <b>2 251</b>             | 1 695                    | (325)                    |
| Cash and cash equivalents at the beginning of the year           | <b>48 410</b>            | 52 738                   | 43 749                   |
| <b>Cash and cash equivalents at the end of the year</b>          | <b>50 078</b>            | 48 410                   | 52 738                   |

**GROUP STATEMENT OF CASH FLOWS**

for the six months ended:

| <b>R million</b>   | <b>June<br/>2022</b> |
|--|----------------------|
| <b>Cash flow from operating activities</b>                       | (234)                |
| Cash utilised in operations                                      | (4 260)              |
| Interest and preference share dividends received                 | 9 129                |
| Interest paid  | (482)                |
| Dividends received   | 5 907                |
| Dividends paid   | (7 992)              |
| Taxation paid  | (2 536)              |
| <b>Cash flow from investment activities</b>                      | 137                  |
| Payments made for the acquisition of equipment                   | 281                  |
| Proceeds in respect of the disposal of equipment                 | 97                   |
| Payments made for the acquisition of owner-occupied properties   | (258)                |
| Proceeds in respect of the disposal of owner-occupied properties | 26                   |
| Acquisition of subsidiaries and associated companies             | (47)                 |
| Disposal of subsidiaries and associated companies                | 136                  |
| <b>Cash flow from financing activities</b>                       | (449)                |
| Shares issued  | (631)                |
| Acquisition of treasury shares                                   | 145                  |
| Acquisition of non-controlling interest                          | 36                   |
| Term finance raised  | 1 427                |
| Term finance repaid  | (1 270)              |
| Lease liabilities repaid   | (156)                |
| <b>Net (decrease)/increase in cash and cash equivalents</b>      | (546)                |
| Effect of exchange rate movements on cash balances               | (403)                |
| Cash and cash equivalents at the beginning of the year           | 50 078               |
| <b>Cash and cash equivalents at the end of the year</b>          | 49 129               |

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## **ANNEXURE 7 – AFROCENTRIC *PRO FORMA* FINANCIAL INFORMATION OF THE ASSET FOR SHARE TRANSACTION**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 7, unless otherwise defined herein.

The *pro forma* financial information of AfroCentric for the year ended 30 June 2022 is set out below. The *pro forma* consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2022, *pro forma* consolidated statement of financial position at 30 June 2022, notes thereto and *pro forma* financial effects (“the *pro forma* financial information”) have been prepared for illustrative purposes only to illustrate the impact of the Asset for Share Transaction on the reported financial information of AfroCentric for the year ended 30 June 2022, had the Asset for Share Transaction occurred on 1 July 2021 for the consolidated statement of profit and loss and other comprehensive income purposes and at 30 June 2022 for the consolidated statement of financial position.

Due to its nature, the *pro forma* financial information may not fairly present AfroCentric’s financial position, changes in equity and results of operations or cash flows after the Asset for Share Transaction.

The *pro forma* financial information has been prepared using the most recent published consolidated annual financial statements of AfroCentric for the year ended 30 June 2022 in accordance with the Listings Requirements, the Companies Act and guidelines issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus.

The accounting policies of AfroCentric have been used in determining the *pro forma* financial information. The accounting policies used are consistent with the existing accounting policies used by AfroCentric for its latest annual financial statements for the year ended 30 June 2022 and the accounting policies herein have been applied on the same basis.

The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it is prepared, is the responsibility of the Directors. Their responsibility includes determining that the AfroCentric *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of AfroCentric and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the JSE Listings Requirements.

The *pro forma* financial information should be read in conjunction with the Reporting Accountant’s assurance report on the *pro forma* financial information set out in Annexure 8 to this Circular.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

|  | 2021 LTIP<br>vested<br>shares but<br>only                       | 2022 exercised in<br>August | Buy-back of<br>treasury<br>shares <sup>3</sup> | Vesting of<br>LTIP<br>shares <sup>4</sup> | Revised<br>Before<br>Asset for<br>Share<br>Transaction | Asset for<br>Share<br>Trans-<br>action <sup>5,6</sup> | Pro forma<br>After the<br>Asset for<br>Share<br>Transaction |
|--|---|-----------------------------|--|---|--|---|---|
| <b>R'000</b>   | <b>Year ended<br/>30 June<br/>Audited<br/>R'000<sup>1</sup></b> | <b>2022<sup>2</sup></b>     | <b>shares<sup>3</sup></b>                      | <b>shares<sup>4</sup></b>                 | <b>Transaction<br/>costs<sup>7</sup></b>               | <b>costs<sup>7</sup></b>                              | <b>Transaction</b>  |
| <b>Assets</b>  |   |                             |  |   |  |   |   |
| <b>Non-current assets</b>                                |   |                             |  |   |  |   |   |
| Property and equipment                                   | 697 618   | -                           | -  | -   | 697 618  | -   | 697 618   |
| Right of use assets                                      | 147 964   | -                           | -  | -   | 147 964  | -   | 147 964   |
| Investment property                                      | 7 631   | -                           | -  | -   | 7 631  | -   | 7 631   |
| Intangible assets  | 3 076 336   | -                           | -  | -   | 3 076 336  | -   | 3 076 336   |
| Investments in associates and joint ventures             | 33 340  | -                           | -  | -   | 33 340   | -   | 33 340  |
| Deferred tax assets                                      | 77 072  | -                           | -  | -   | 77 072   | -   | 77 072  |
| Other financial assets                                   | 75 736  | -                           | -  | -   | 75 736   | -   | 75 736  |
| <b>Total non-current assets</b>                          | <b>4 115 697</b>  | <b>-</b>                    | <b>-</b>                                       | <b>-</b>                                  | <b>4 115 697</b>                                       | <b>-</b>  | <b>4 115 697</b>  |
| <b>Current assets</b>                                    |   |                             |  |   |  |   |   |
| Inventory  | 431 764   | -                           | -  | -   | 431 764  | -   | 431 764   |
| Trade and other receivables                              | 724 321   | -                           | -  | -   | 724 321  | -   | 724 321   |
| Current tax assets                                       | 27 235  | -                           | -  | -   | 27 235   | -   | 27 235  |
| Cash and cash equivalents                                | 138 589   | -                           | -  | -   | 138 589  | (12 000)  | 126 589   |
| <b>Total current assets</b>                              | <b>1 321 909</b>  | <b>-</b>                    | <b>-</b>                                       | <b>-</b>                                  | <b>1 321 909</b>                                       | <b>(12 000)</b>                                       | <b>1 309 909</b>  |
| <b>Total assets</b>                                      | <b>5 437 606</b>  | <b>-</b>                    | <b>-</b>                                       | <b>-</b>                                  | <b>5 437 606</b>                                       | <b>(12 000)</b>                                       | <b>5 425 606</b>  |
| <b>Equity and liabilities</b>                            |   |                             |  |   |  |   |   |
| <b>Equity</b>  |   |                             |  |   |  |   |   |
| Issued share capital                                     | 18 909  | -                           | (10)   | 31  | 18 930   | -   | 21 256  |
| Share premium  | 1 094 876   | 73                          | (1 152)  | 14 492                                    | 1 108 289  | 1 393 181   | 2 501 471   |
| Retained income  | 1 255 650   | -                           | -  | -   | 1 255 650  | (363 199)   | 880 451   |
| Other reserves   | 23 085  | (73)                        | 1 162  | (14 523)                                  | 9 651  | -   | 9 651   |
| Capital contribution by non-controlling interest         | 55 874  | -                           | -  | -   | 55 874   | (55 874)  | -   |
| <b>Total equity attributable to owners of the parent</b> | <b>2 448 394</b>  | <b>-</b>                    | <b>-</b>                                       | <b>-</b>                                  | <b>2 448 394</b>                                       | <b>(12 000)</b>                                       | <b>3 412 828</b>  |
| Non-controlling interests                                | 997 491   | -                           | -  | -   | 997 491  | (976 434)   | 21 057  |
| <b>Total equity</b>                                      | <b>3 445 885</b>  | <b>-</b>                    | <b>-</b>                                       | <b>-</b>                                  | <b>3 445 885</b>                                       | <b>(12 000)</b>                                       | <b>3 433 885</b>  |

|                                      | Year ended<br>30 June<br>2022<br>Audited<br>R'000 <sup>1</sup> | 2021 LTIP<br>vested<br>shares but<br>only<br>exercised in<br>August<br>2022 <sup>2</sup> | Buy-back of<br>treasury<br>shares <sup>3</sup> | Vesting of<br>LTIP<br>shares <sup>4</sup> | Revised<br>Before<br>Asset for<br>Share<br>Transaction | Asset for<br>Share<br>Trans-<br>action <sup>5,6</sup> | Transaction<br>costs <sup>7</sup> | <i>Pro forma</i><br>After the<br>Asset for<br>Share<br>Transaction |
|--------------------------------------|--|--|--|---|--|---|-----------------------------------|--|
| <b>R'000</b>                         |  |  |  |   |  |   |                                   |  |
| <b>Liabilities</b>                   |  |  |  |   |  |   |                                   |  |
| <b>Non-current liabilities</b>       |  |  |  |   |  |   |                                   |  |
| Deferred tax liabilities             | 242 367  | -  | -  | -   | 242 367  | -   | -                                 | 242 367  |
| Other liabilities                    | 18 886   | -  | -  | -   | 18 886   | -   | -                                 | 18 886   |
| Lease liabilities                    | 127 790  | -  | -  | -   | 127 790  | -   | -                                 | 127 790  |
| Borrowings                           | 531 082  | -  | -  | -   | 531 082  | -   | -                                 | 531 082  |
| Loan from group company              | -  | -  | -  | -   | -  | -   | -                                 | -  |
| Contingent consideration             | 75 798   | -  | -  | -   | 75 798   | -   | -                                 | 75 798   |
| <b>Total non-current liabilities</b> | <b>995 923</b>   | <b>-</b>   | <b>-</b>                                       | <b>-</b>                                  | <b>995 923</b>   | <b>-</b>  | <b>-</b>                          | <b>995 923</b>   |
| <b>Current liabilities</b>           |  |  |  |   |  |   |                                   |  |
| Employment benefit liabilities       | 143 122  | -  | -  | -   | 143 122  | -   | -                                 | 143 122  |
| Trade and other payables             | 628 416  | -  | -  | -   | 628 416  | -   | -                                 | 628 416  |
| Current tax liabilities              | 19 161   | -  | -  | -   | 19 161   | -   | -                                 | 19 161   |
| Lease liabilities                    | 68 610   | -  | -  | -   | 68 610   | -   | -                                 | 68 610   |
| Borrowings                           | 120 000  | -  | -  | -   | 120 000  | -   | -                                 | 120 000  |
| Deferred payment                     | 14 139   | -  | -  | -   | 14 139   | -   | -                                 | 14 139   |
| Bank overdraft                       | 2 350  | -  | -  | -   | 2 350  | -   | -                                 | 2 350  |
| <b>Total current liabilities</b>     | <b>995 798</b>   | <b>-</b>   | <b>-</b>                                       | <b>-</b>                                  | <b>995 798</b>   | <b>-</b>  | <b>-</b>                          | <b>995 798</b>   |
| <b>Total liabilities</b>             | <b>1 991 721</b>   | <b>-</b>   | <b>-</b>                                       | <b>-</b>                                  | <b>1 991 721</b>                                       | <b>-</b>  | <b>-</b>                          | <b>1 991 721</b>   |
| <b>Total equity and liabilities</b>  | <b>5 437 606</b>   | <b>-</b>   | <b>-</b>                                       | <b>-</b>                                  | <b>5 437 606</b>                                       | <b>-</b>  | <b>(12 000)</b>                   | <b>5 425 606</b>   |

|  | Year ended<br>30 June 2022 | 2021 LTIP<br>vested<br>shares but<br>only<br>exercised in<br>August<br>2022 | Vesting of<br>LTIP shares | Revised<br>Before<br>Asset for<br>Share<br>Transaction | Asset for<br>Share<br>Transaction | After the<br>Asset for<br>Share<br>Transaction |
|--|----------------------------|---|---------------------------|--|-----------------------------------|--|
| <b>30 June 2022</b>                                      |                            |   |                           |  |                                   |  |
| <b>Number of shares in issue (excl. treasury shares)</b> | 574 711 258                | 13 333  | 3 089 995                 | 577 814 586  | 232 584 553                       | 810 399 139                                    |
| <b>NAV</b>   | 426                        | -   | -                         | 424  | -                                 | 421  |
| <b>NTAV</b>  | (123)                      | -   | -                         | (122)  | -                                 | 32   |

#### Notes and assumptions

1. Extracted, without modification from the audited consolidated financial statements of AfroCentric Investment Corporation Limited and its subsidiaries for the year ended 30 June 2022, which were audited by the Company's external auditor PwC who expressed an unmodified opinion thereon. The consolidated financial statements can be viewed in full on AfroCentric's website, SEENS or at the registered office in person.
2. Accounting for the 13 333 LTIP shares from the 2021 reward cycle that vested in November 2021 but were only exercised in August 2022.
3. Accounting for purchase of 1 000 000 treasury shares from AfroCentric Health Management Services. These shares will be used as part of the LTIP share allocation for the shares that are vesting in November 2022.
4. Accounting for the 3 089 995 LTIP shares that will vest in the ordinary course in November 2022 and will be issued to the eligible employees. Upon vesting, the share-based payment reserve is released to share capital and share premium.
5. The issue of 232 584 553 AfroCentric shares at a R6 per share to Sanlam Life in terms of the Asset for Share Transaction as consideration for the disposal by Sanlam Life to AfroCentric of all the shares held by Sanlam Life in ACT Healthcare Assets. As at 30 June 2022, Sanlam Life holds 28.7% of the AHA shares and AfroCentric holds the remaining 71.3%.
6. Reversal of capital contribution by minority shareholder.
7. Once off transaction costs of R1.2 million are expensed as incurred.

**PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022**

|   | Year ended<br>30 June<br>2022<br>Audited<br>R'000 <sup>1</sup> | 2021 LTIP<br>vested<br>shares but<br>only<br>exercised in<br>August<br>2022 <sup>2</sup> | Buy-back of<br>treasury<br>shares <sup>3</sup> | Vesting of<br>LTIP<br>shares <sup>4</sup> | Revised<br>Before<br>Asset for<br>Share<br>Transaction<br>costs <sup>5</sup> | Asset for<br>Share<br>Trans-<br>action <sup>5</sup> | Pro forma<br>After the<br>Asset for<br>Share<br>Transaction<br>costs <sup>6</sup> |
|---|--|--|--|---|--|---|---|
| <b>R'000</b>  |  |  |  |   |  |   |   |
| Revenue from contracts with customers               | 8 722 570  | -  | -  | -   | 8 722 570  | -   | 8 722 570   |
| Dividends received                                  | -  | -  | -  | -   | -  | -   | -   |
| Fair value gains                                    | 6 369  | -  | -  | -   | 6 369  | -   | 6 369   |
| Finance income                                      | 15 086   | -  | -  | -   | 15 086   | -   | 15 086  |
| Other income  | 563  | -  | -  | -   | 563  | -   | 563   |
| <b>Total income</b>                                 | <b>8 744 588</b>   | -  | -  | -   | <b>8 744 588</b>   | -   | <b>8 744 588</b>  |
| Cost of distribution of pharmaceutical products     | (98 694)   | -  | -  | -   | (98 694)   | -   | (98 694)  |
| Cost of pharmaceutical products and finished goods  | (2 022 726)  | -  | -  | -   | (2 022 726)  | -   | (2 022 726)   |
| Employee benefit costs                              | (2 364 724)  | -  | -  | -   | (2 364 724)  | -   | (2 364 724)   |
| Other expenses                                      | (2 879 641)  | -  | -  | -   | (2 879 641)  | (12 000)  | (2 891 641)   |
| Amortisation  | (231 269)  | -  | -  | -   | (231 269)  | -   | (231 269)   |
| Rent and property costs                             | (96 089)   | -  | -  | -   | (96 089)   | -   | (96 089)  |
| Right of use assets depreciation                    | (63 287)   | -  | -  | -   | (63 287)   | -   | (63 287)  |
| Depreciation  | (87 299)   | -  | -  | -   | (87 299)   | -   | (87 299)  |
| IT costs  | (152 416)  | -  | -  | -   | (152 416)  | -   | (152 416)   |
| Write off of intangibles                            | (635)  | -  | -  | -   | (635)  | -   | (635)   |
| Impairment of loans                                 | (3 203)  | -  | -  | -   | (3 203)  | -   | (3 203)   |
| Share of profit from associates and joint ventures  | 6 991  | -  | -  | -   | 6 991  | -   | 6 991   |
| Interest on lease liabilities                       | (19 354)   | -  | -  | -   | (19 354)   | -   | (19 354)  |
| Finance costs                                       | (57 049)   | -  | -  | -   | (57 049)   | -   | (57 049)  |
| <b>Profit before tax</b>                            | <b>675 193</b>   | -  | -  | -   | <b>675 193</b>   | -   | <b>663 193</b>  |
| Income tax (expense)/credit – continuing operations | (193 453)  | -  | -  | -   | (193 453)  | -   | (193 453)   |
| <b>Profit for the year</b>                          | <b>481 740</b>   | -  | -  | -   | <b>481 740</b>   | -   | <b>469 740</b>  |
| Profit for the year attributable to:                |  |  |  |   |  |   |   |
| Owners of Parent                                    | 314 276  | -  | -  | -   | 314 276  | 136 625   | 438 901   |
| Non-controlling interest                            | 167 464  | -  | -  | -   | 167 464  | (136 625)   | 30 839  |
|   | <b>481 740</b>   | -  | -  | -   | <b>481 740</b>   | -   | <b>469 740</b>  |

|   | Year ended<br>30 June<br>2022<br>Audited<br>R'000 <sup>1</sup> | 2021 LTIP<br>vested<br>shares but<br>only<br>exercised in<br>August<br>2022 <sup>2</sup> | Buy-back of<br>treasury<br>shares <sup>3</sup> | Vesting of<br>LTIP<br>shares <sup>4</sup> | Revised<br>Before<br>Asset for<br>Share<br>Transaction | Asset for<br>Share<br>Trans-<br>action <sup>5</sup> | Pro forma<br>After the<br>Asset for<br>Share<br>Transaction |
|---|--|--|--|---|--|---|---|
| <b>R'000</b>  |  |  |  |   |  |   |   |
| <b>Other comprehensive income</b>   |  |  |  |   |  |   |   |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b> |  |  |  |   |  |   |   |
| Remeasurement of post-employment benefit obligations  | (24)   | -  | -  | -   | (24)   | -   | (24)  |
| Income tax relating to these items  | 6  | -  | -  | -   | 6  | -   | 6   |
| <b>Total other comprehensive income that will not be reclassified to profit or loss</b>         | (18)   | -  | -  | -   | (18)   | -   | (18)  |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>     |  |  |  |   |  |   |   |
| Exchange differences on translation of foreign operations                                       |  |  |  |   |  |   |   |
| Foreign exchange benefit/(loss) of continuing operations  | 1 519  | -  | -  | -   | 1 519  | -   | 1 519   |
| <b>Total other comprehensive income that will be reclassified to profit or loss</b>             | 1 519  | -  | -  | -   | 1 519  | -   | 1 519   |
| <b>Total other comprehensive income net of tax</b>  | 1 501  | -  | -  | -   | 1 501  | -   | 1 501   |
| <b>Total comprehensive income</b>   | <b>483 241</b>   | -  | -  | -   | <b>483 241</b>   | -   | <b>471 241</b>  |
| <b>Comprehensive income attributable to:</b>  |  |  |  |   |  |   |   |
| Owners of Parent  | 315 341  | -  | -  | -   | 315 341  | 137 061   | 440 402   |
| Non-controlling interest  | 167 900  | -  | -  | -   | 167 900  | (137 061)   | 30 839  |
|   | <b>483 241</b>   | -  | -  | -   | <b>483 241</b>   | -   | <b>471 241</b>  |
| <b>Reconciliation of headline earnings per share</b>  |  |  |  |   |  |   |   |
| Total profit attributed to the parent   | 314 276  | -  | -  | -   | 314 276  | 136 625   | 488 901   |
| <b>Basic earnings</b>   | <b>314 276</b>   | -  | -  | -   | <b>314 276</b>   | <b>136 625</b>                                      | <b>488 901</b>  |



|  | Year ended<br>30 June<br>2022<br>Audited<br>R'000 <sup>1</sup> | 2021 LTIP<br>vested<br>shares but<br>only<br>exercised in<br>August<br>2022 <sup>2</sup> | Buy-back of<br>treasury<br>shares <sup>3</sup> | Vesting of<br>LTIP<br>shares <sup>4</sup> | Revised<br>Before<br>Asset for<br>Share<br>Transaction | Asset for<br>Share<br>Trans-<br>action <sup>5</sup> | Pro forma<br>After the<br>Asset for<br>Share<br>Transaction |
|--|--|--|--|---|--|---|---|
| <b>R'000</b>   |  |  |  |   |  |   |   |
| Adjusted for:  |  |  |  |   |  |   |   |
| Loss on disposal of tangible assets  | 4 550  | -  | -  | -   | 4 550  | -   | 4 550   |
| Scrapping of intangible assets   | 635  | -  | -  | -   | 635  | -   | 635   |
| Reversal of fair value losses on investment property   | 134  | -  | -  | -   | 134  | -   | 134   |
| Total non-controlling interest effect of adjustments   | (1 152)  | -  | -  | -   | (1 152)  | -   | (1 152)   |
| Transaction costs  | -  | -  | -  | -   | -  | 12 000  | 12 000  |
| Total tax effects of adjustments   | (1 304)  | -  | -  | -   | (1 304)  | -   | (1 304)   |
| <b>Headline earnings</b>   | <b>317 139</b>   | -  | -  | -   | <b>317 139</b>   | <b>136 625</b>                                      | <b>453 764</b>  |
| <b>Number of shares</b>  |  |  |  |   |  |   |   |
| Weighted average number of ordinary shares   | 575 878 754  | -  | -  | -   | -  | -   | -   |
| Less treasury shares   | (1 999 999)  | -  | -  | -   | -  | -   | -   |
| Weighted average number of ordinary shares (excluding treasury shares)                           | 573 878 755  | 13 333   | -  | 3 089 995                                 | 576 982 083  | 232 584 553   | 809 566 636   |
| Dilutionary impact of contingent shares*   | 19 850 000   | (13 333)   | -  | (3 089 995)                               | 16 746 672   | -   | 16 746 672  |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share | <b>593 728 755</b>   | -  | -  | -   | <b>593 728 755</b>                                     | <b>232 584 553</b>                                  | <b>826 313 308</b>  |
| * The contingent shares relate to the share-based payment awards.                                |  |  |  |   |  |   |   |
| Basic earnings per share (cents)   | 54.57  | -  | -  | -   | 54.47  | -   | 54.21   |
| Diluted earnings per share (cents)   | 52.75  | -  | -  | -   | 52.93  | -   | 53.12   |
| Headline earnings per share (cents)  | 55.07  | -  | -  | -   | 54.97  | -   | 56.05   |
| Diluted headline earnings per share (cents)  | 53.24  | -  | -  | -   | 53.41  | -   | 54.91   |

**Notes and assumptions**

1. Extracted, without modification from the audited consolidated financial statements of AfroCentric Investment Corporation Limited and its subsidiaries for the year ended 30 June 2022, which were audited by the Company's external auditor PwC who expressed an unmodified opinion thereon. The consolidated financial statements can be viewed in full on AfroCentric's website, SEENS or at the registered office in person.
2. Accounting for the 13 333 LTIP shares from the 2021 reward cycle that vested in November 2021 but were only exercised in August 2022.
3. Accounting for purchase of 1 000 000 treasury shares from AfroCentric Health Management Services. These shares will be used as part of the LTIP share allocation for the shares that are vesting in November 2022.
4. Accounting for the 3 089 995 LTIP shares that will vest in the ordinary course in November 2022 and will be issued to the eligible employees. Consequently, no additional IFRS2: Share-based Payment charge will arise on vesting.
5. The issue of 232 584 553 AfroCentric shares at a R6 per share to Sanlam Life in terms of the Asset for Share Transaction as consideration for the disposal by Sanlam Life to AfroCentric of all the shares held by Sanlam Life in ACT Healthcare Assets. As at 30 June 2022, Sanlam Life holds 28.7% of the AHA shares and AfroCentric holds the remaining 71.3%.
6. Once off transaction costs of R12 million are expensed as incurred. This is a once-off cost.
7. All adjustments are of a recurring nature except where otherwise stated.

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## **ANNEXURE 8 – AFROCENTRIC REPORTING ACCOUNTANT’S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF AFROCENTRIC**

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The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this Annexure 8, unless otherwise defined herein.

To the Directors of AfroCentric Investment Corporation Limited

### **Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in a Circular**

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of AfroCentric Investment Corporation (the “Company”) by the directors. The *pro forma* financial information, as set out in Annexure 7 of the combined AfroCentric and Sanlam circular to shareholders to be dated on or about 8 December 2022 (“the Circular”) consist of the statement of financial position as at 30 June 2022, the *pro forma* statement of profit or loss and other comprehensive income for the year ended 30 June 2022, related notes and *pro forma* financial effects (“*Pro Forma* Financial Information”). The applicable criteria on the basis of which the directors have compiled the *Pro Forma* Financial Information are specified in the JSE Limited (JSE) Listings Requirements and described in Annexure 7 of the Circular.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Asset-for-Share Transaction. As part of this process, information about the Company’s financial position and financial performance has been extracted by the directors from the Company’s financial statements for the year ended 30 June 2022, on which an audit report has been published.

#### *Directors’ responsibility*

The directors of the Company are responsible for compiling the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 7 of the Circular.

#### *Our independence and quality control*

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors’ (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Reporting accountant’s responsibility*

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 7 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included* in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 7 of the Circular.

PricewaterhouseCoopers Inc.  
Director: L Sihiya  
Registered Auditor  
4 Lisbon Lane, Waterfall City, Jukskei View, 2090  
Johannesburg, South Africa  
2 December 2022

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## **ANNEXURE 9 – SANLAM *PRO FORMA* FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION FOR THE YEAR ENDED 31 DECEMBER 2021**

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The definitions and interpretations commencing on page 8 of this Circular apply, *mutatis mutandis*, to this Annexure 9, unless otherwise defined herein.

The *pro forma* consolidated statement of comprehensive income for the year ended 31 December 2021 and *pro forma* consolidated statement of financial position at 31 December 2021 have been prepared for illustrative purposes only, based on current information available to management, in order to provide information about the financial results and position of Sanlam. Due to its nature, the *pro forma* financial information may not fairly present Sanlam's financial position, changes in equity and results of operations or cash flows after the Proposed Transaction, and are based on the assumptions that:

- for the purpose of calculating earnings per share and headline earnings per share, the Proposed Transaction was implemented on 1 January 2021 from a Sanlam perspective and on 1 July 2021 from an AfroCentric perspective, based on the *pro forma* financial information of AfroCentric for the year ended 30 June 2022, adjusted as detailed in paragraph 15 of Section E and further detail included in Annexure 6; and
- for the purpose of calculating total asset value per share and net asset value per share and the Proposed Transaction was implemented on 1 January 2021 from a Sanlam perspective and on 30 June 2022 from an AfroCentric perspective, based on the *pro forma* financial information of AfroCentric as at 30 June 2022, adjusted as detailed in paragraph 15 of Section E and further detail included in Annexure 6.

The *pro forma* financial information has been prepared using the most recent published consolidated annual financial statements of Sanlam for the year ended 31 December 2021 in accordance with Regulation 106 (6)(d)(ii) of the Companies Act.

The accounting policies of Sanlam have been used in determining the *pro forma* financial effects. The accounting policies used are consistent with the existing accounting policies used by Sanlam for its latest annual financial statements for the year ended 31 December 2021 and the accounting policies herein have been applied on the same basis.

The accounting policies of AfroCentric have been assessed to be consistent with those applied by Sanlam in its latest annual financial statements for the year ended 31 December 2021. No *pro forma* adjustments were required to align the accounting policies of the two groups.

The *pro forma* financial effects for this period for a total of six scenarios have been considered, as set out below:

**Scenario 1:** Under this scenario the aggregate percentage of AfroCentric shares tendered under the Partial Offer is expected to be 36.9%, the Minimum Shares Percentage (prior to the implementation of the Asset for Share Transaction). This scenario has two components; Scenario 1A and Scenario 1B. Scenario 1A assumes that AfroCentric Shareholders will all elect to receive the Offer Consideration wholly in Sanlam Shares. Scenario 1B assumes that AfroCentric Shareholders will all elect to receive 50% of the Offer Consideration in cash and 50% of the Offer Consideration in Sanlam Shares.

**Scenario 2:** Under this scenario the aggregate percentage of AfroCentric Shares tendered under the Partial Offer is expected to be 43.9%, the Maximum Shares Percentage (prior to the implementation of the Asset for Share Transaction). This scenario has two components; Scenario 2A and Scenario 2B. Scenario 2A assumes that AfroCentric Shareholders will all elect to receive the Offer Consideration wholly in Sanlam Shares. Scenario 2B assumes that AfroCentric Shareholders will all elect to receive 50% of the Offer Consideration in cash and 50% of the Offer Consideration in Sanlam Shares.

**Scenario 3:** Under this scenario the aggregate percentage of AfroCentric shares tendered under the Partial Offer is expected to be 64.45%, the Absolute Ceiling (prior to the implementation of the Asset for Share Transaction). This scenario has two components: Scenario 3A and Scenario 3B. Scenario 3A assumes that AfroCentric Shareholders will all elect to receive the Offer Consideration wholly in Sanlam Shares. Scenario 3B assumes that AfroCentric Shareholders will all elect to receive 50% of the Offer Consideration in cash and 50% of the Offer Consideration in Sanlam Shares.

**All scenarios have been produced in this Annexure 9.**

The Sanlam Directors are responsible for the preparation of the *pro forma* financial information contained in this Annexure and have used the *pro forma* AfroCentric information as prepared by AfroCentric Directors as per Section E of this Circular.

The Sanlam Reporting Accountant's limited assurance report on the *pro forma* financial information is set out in Annexure 10 to this Circular.

**PRO FORMA STATEMENT OF FINANCIAL POSITION OF SANLAM AT 31 DECEMBER 2021 (SCENARIO 1A)**

The *pro forma* statement of financial position set out below presents the *pro forma* financial effects of Sanlam as at 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b><i>Pro forma</i><br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|--|
| <b>R million</b>                               | <b>(1)</b>   | <b>(2)</b>                              | <b>(3)</b>                                | <b>(4)</b>                   | <b>(5)</b>                                   | <b>(6)</b>                           | <b>Transaction</b>   |
| <b>ASSETS</b>                                  |  |   |   |                              |  |                                      |  |
| Equipment                                      | 1 730  | -                                       | -   | 698                          | -  | -                                    | 2 428  |
| Right-of-use assets                            | 1 481  | -                                       | -   | 148                          | -  | -                                    | 1 629  |
| Owner-occupied properties                      | 2 582  | -                                       | -   | -                            | -  | -                                    | 2 582  |
| Goodwill                                       | 16 431   | -                                       | -   | 1 558                        | (257)  | -                                    | 17 733   |
| Value of business acquired                     | 4 718  | -                                       | -   | -                            | -  | -                                    | 4 718  |
| Other intangible assets                        | 746  | -                                       | -   | 1 518                        | -  | -                                    | 2 264  |
| Deferred acquisition costs                     | 3 225  | -                                       | -   | -                            | -  | -                                    | 3 225  |
| Long-term reinsurance assets                   | 2 188  | -                                       | -   | -                            | -  | -                                    | 2 188  |
| Investments                                    | 834 287  | 1 084                                   | -   | 117                          | (2 294)                                      | (30)                                 | 833 164  |
| Investment property                            | 17 980   | -                                       | -   | 8                            | -  | -                                    | 17 988   |
| Investments in associates and joint ventures   | 22 755   | 1 084                                   | (2 294)                                   | 33                           | -  | -                                    | 21 578   |
| Investments in subsidiaries                    | -  | -                                       | 2 294                                     | -                            | (2 294)                                      | -                                    | -  |
| Equities and similar securities                | 191 958  | -                                       | -   | 76                           | -  | -                                    | 192 034  |
| Interest-bearing investments                   | 271 840  | -                                       | -   | -                            | -  | -                                    | 271 840  |
| Structured transactions                        | 12 434   | -                                       | -   | -                            | -  | -                                    | 12 434   |
| Investment funds                               | 278 145  | -                                       | -   | -                            | -  | -                                    | 278 145  |
| Cash, deposits and similar securities          | 39 175   | -                                       | -   | -                            | -  | (30)                                 | 39 145   |
| Deferred tax asset                             | 3 154  | -                                       | -   | 77                           | -  | -                                    | 3 231  |
| Non-current assets classified as held for sale | 81 386   | -                                       | -   | -                            | -  | -                                    | 81 386   |
| General insurance technical assets             | 19 525   | -                                       | -   | -                            | -  | -                                    | 19 525   |
| Working capital assets                         | 84 725   | -                                       | -   | 1 310                        | -  | -                                    | 86 035   |
| Trade and other receivables                    | 55 806   | -                                       | -   | 1 156                        | -  | -                                    | 56 962   |
| Taxation                                       | 1 218  | -                                       | -   | 27                           | -  | -                                    | 1 245  |
| Cash, deposits and similar securities          | 27 701   | -                                       | -   | 127                          | -  | -                                    | 27 828   |
| <b>Total assets</b>                            | <b>1 056 178</b>                                       | <b>1 084</b>                            | <b>-</b>                                  | <b>5 426</b>                 | <b>(2 551)</b>                               | <b>(30)</b>                          | <b>1 060 107</b>   |

|   | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>Partial Offer<br/>Step 1</b> | <b>Asset for<br/>Share Step 2</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|---|--|---------------------------------|-----------------------------------|------------------------------|--|--------------------------------------|---|
| <b>R. million</b>                                   | <b>(1)</b>                                     | <b>(2)</b>                      | <b>(3)</b>                        | <b>(4)</b>                   | <b>(5)</b>                                   | <b>(6)</b>                           | <b>Transaction</b>  |
| <b>EQUITY AND LIABILITIES</b>                       |  |                                 |                                   |                              |  |                                      |   |
| Capital and reserves                                | -  | -                               | -                                 | -                            | -  | -                                    | -   |
| Share capital and premium                           | 12 784   | 1 084                           | -                                 | 2 523                        | (2 523)                                      | -                                    | 13 868  |
| Treasury shares                                     | (1 671)  | -                               | -                                 | -                            | (10)   | -                                    | (1 671)   |
| Other reserves                                      | 6 078  | -                               | -                                 | 10                           | (10)   | -                                    | 6 078   |
| Retained earnings                                   | 52 188   | -                               | -                                 | 880                          | (1 171)                                      | (30)                                 | 51 867  |
| <b>Shareholders' fund</b>                           | 69 379   | 1 084                           | -                                 | 3 413                        | (3 704)                                      | (30)                                 | 70 142  |
| Non-controlling interests                           | 13 517   | -                               | -                                 | 21                           | 653  | -                                    | 14 191  |
| <b>Total equity</b>                                 | 82 896   | 1 084                           | -                                 | 3 434                        | (3 051)                                      | (30)                                 | 84 333  |
| Long-term policy liabilities                        | 641 196  | -                               | -                                 | -                            | -  | -                                    | 641 196   |
| Insurance contracts                                 | 186 658  | -                               | -                                 | -                            | -  | -                                    | 186 658   |
| Investment contracts                                | 454 538  | -                               | -                                 | -                            | -  | -                                    | 454 538   |
| Term finance  | 15 116   | -                               | -                                 | 651                          | -  | -                                    | 15 767  |
| Margin business                                     | 5 330  | -                               | -                                 | -                            | -  | -                                    | 5 330   |
| Other interest-bearing liabilities                  | 9 786  | -                               | -                                 | 651                          | -  | -                                    | 10 437  |
| Lease liabilities                                   | 1 789  | -                               | -                                 | 196                          | -  | -                                    | 1 985   |
| Structured transactions liabilities                 | 8 898  | -                               | -                                 | -                            | -  | -                                    | 8 898   |
| External investors in consolidated funds            | 85 506   | -                               | -                                 | -                            | -  | -                                    | 85 506  |
| Cell owners' interest (third party)                 | 4 900  | -                               | -                                 | -                            | -  | -                                    | 4 900   |
| Deferred tax liability                              | 7 311  | -                               | -                                 | 242                          | -  | -                                    | 7 553   |
| Non-current liabilities classified as held for sale | 78 700   | -                               | -                                 | -                            | -  | -                                    | 78 700  |
| General insurance technical provisions              | 57 559   | -                               | -                                 | -                            | -  | -                                    | 57 559  |
| Net defined benefit liability                       | -  | -                               | -                                 | -                            | -  | -                                    | -   |
| Working capital liabilities                         | 72 307   | -                               | -                                 | 902                          | 500  | -                                    | 73 709  |
| Trade and other payables                            | 69 123   | -                               | -                                 | 650                          | -  | -                                    | 69 773  |
| Provisions  | 628  | -                               | -                                 | 233                          | 500  | -                                    | 1 361   |
| Taxation  | 2 556  | -                               | -                                 | 19                           | -  | -                                    | 2 575   |
| <b>Total equity and liabilities</b>                 | <b>1 056 178</b>                               | <b>1 084</b>                    | <b>-</b>                          | <b>5 426</b>                 | <b>(2 551)</b>                               | <b>(30)</b>                          | <b>1 060 107</b>  |

- The amounts set out in the “Before the Proposed Transaction” column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
- Step 1 of the Proposed Transaction represents a Partial Offer to the AfroCentric shareholders. Under scenario 1A, the aggregate percentage of the AfroCentric shares tendered and accepted by Sanlam is expected to be 31.3%. A total of 180 719 008 AfroCentric shares have been taken into account under Step 1. Sanlam will acquire the investment in AfroCentric through issuing its own shares to the value of R1 084 million. The investment in AfroCentric will be recognised at cost of R1 084 million and accounted for as an investment in associate in line with IAS 28 Investments in Associates and Joint Ventures.
- Step 2 of the Proposed Transaction represents the Asset for Share transaction in which Sanlam will exchange in 28.7% stake in ACT Healthcare Assets (Pty) Ltd for a 28.7% stake in AfroCentric. Post the Asset for Share transaction, Sanlam’s shareholding in AfroCentric will be 51.0%. The investment in AHA which is currently accounted for as an investment in associate will be derecognised at its carrying amount of R1 210 million which will be the cost of the investment in AfroCentric. The initial investment in AfroCentric recognised under step 1, will be reclassified to investments in subsidiaries as Sanlam now holds more than 50% of AfroCentric shares.
- The amounts set out in the “Consolidation” column have been extracted from the audited financial statements of AfroCentric Limited at and for the year ended 30 June 2022.
- The amounts set out in the “Consolidation adjustments” column represent the purchase price allocation (“PPA”) in terms of IFRS 3 Business Combinations. Step 2 will result in Sanlam obtaining control of AfroCentric. The PPA is calculated as follows:

|   |                |     |
|---|----------------|-----|
| Assets transferred (Carrying amount of AHA)           | 1 210          | (a) |
| Fair value of previously held interest in AfroCentric | 793            | (b) |
| <b>Total consideration transferred</b>                | <b>2 003</b>   |     |
| <b>Fair value of net identifiable assets acquired</b> | <b>(1 375)</b> |     |
| Total assets and liabilities assumed                  | 3 434          | (c) |
| Contingent liability                                  | (500)          | (d) |
| Pre-existing goodwill                                 | (1 558)        | (e) |
| Non-controlling interest                              | 674            | (f) |
| <b>Goodwill</b>                                       | <b>1 302</b>   | (g) |

- Assets transferred represent the carrying amount of AHA under step 2. Applying IFRS 3.38, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in profit or loss on assets and liabilities it retains control over after the business combination.
  - For a business combination achieved in stages, IFRS 3.42 requires the acquirer to remeasure its previously held interest at its acquisition-date fair value and recognise any resulting gain or loss in profit or loss. The fair value has been determined by valuing the AfroCentric shares (180 719 008) at the issued share price of R4.39 as at 30 June 2022.
  - Extracted from the audited financial statements of AfroCentric as at 30 June 2022.
  - AfroCentric is involved in ongoing litigation with Neil Harvey & Associates (“NHA”). The contingent consideration has been recognised at its fair value.
  - Represents AfroCentric’s pre-existing goodwill extracted from the audited financial statements as at 30 June 2022.
  - Non-controlling interest is recognised at the proportionate share of AfroCentric net assets acquired.
  - Represents the total goodwill to be recognised in the Sanlam group.
- Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These have been reflected as having been settled in cash.



**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SANLAM FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 1A)**

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of Sanlam for the year ended 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Continuing operations</b>                                     |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net income</b>  | 200 125                                    | -                               | -                                 | 6 623                    | (291)                                | -                            | 206 457   |
| Financial services income  | 116 887                                    | -                               | -                                 | 6 602                    | -                                    | -                            | 123 489   |
| Reinsurance premiums paid  | (20 081)                                   | -                               | -                                 | -                        | -                                    | -                            | (20 081)  |
| Reinsurance commission received                                  | 2 815                                      | -                               | -                                 | -                        | -                                    | -                            | 2 815   |
| Investment income  | 31 804                                     | -                               | -                                 | 15                       | -                                    | -                            | 31 819  |
| Investment (deficits)/surpluses                                  | 84 717                                     | -                               | -                                 | 6                        | (291)                                | -                            | 84 432  |
| Finance cost – margin business                                   | (249)                                      | -                               | -                                 | -                        | -                                    | -                            | (249)   |
| Change in fair value of external investors' liability            | (15 768)                                   | -                               | -                                 | -                        | -                                    | -                            | (15 768)  |
| <b>Net insurance and investment contract benefits and claims</b> | (139 592)                                  | -                               | -                                 | -                        | -                                    | -                            | (139 592)                                       |
| Long-term insurance and investment contract benefits             | (44 340)                                   | -                               | -                                 | -                        | -                                    | -                            | (44 340)  |
| Long-term investment contract benefits                           | (73 767)                                   | -                               | -                                 | -                        | -                                    | -                            | (73 767)  |
| General insurance claims   | (41 048)                                   | -                               | -                                 | -                        | -                                    | -                            | (41 048)  |
| Reinsurance claims received                                      | 19 563                                     | -                               | -                                 | -                        | -                                    | -                            | 19 563  |
| <b>Expenses</b>  | (43 170)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (48 855)  |
| Sales remuneration   | (14 724)                                   | -                               | -                                 | -                        | -                                    | -                            | (14 724)  |
| Administration costs   | (28 446)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (34 131)  |
| <b>Impairments</b>   | (88)                                       | -                               | -                                 | (3)                      | -                                    | -                            | (91)  |
| Net impairment losses on financial assets                        | (296)                                      | -                               | -                                 | (3)                      | -                                    | -                            | (299)   |
| Other reversal of impairments                                    | 208  | -                               | -                                 | -                        | -                                    | -                            | 208   |
| <b>Amortisation of intangibles</b>                               | (1 248)                                    | -                               | -                                 | (232)                    | -                                    | -                            | (1 480)   |
| <b>Net operating result</b>                                      | 16 027                                     | -                               | -                                 | 733                      | (291)                                | (30)                         | 16 439  |
| Equity-accounted earnings  | 2 240                                      | -                               | -                                 | 7                        | (140)                                | -                            | 2 107   |
| Finance cost – other   | (763)                                      | -                               | -                                 | (76)                     | -                                    | -                            | (839)   |
| Net monetary loss  | (2)  | -                               | -                                 | -                        | -                                    | -                            | (2)   |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1 (2)</b> | <b>Asset for<br/>Share Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs (6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|-------------------------------------|---|--|--|----------------------------------|---|
| <b>R million</b>   |  |                                     |   |  |  |                                  |   |
| <b>Profit/(loss) before tax from continuing operations</b>   | 17 502   | -                                   | -   | 663  | (431)  | (30)                             | 17 704  |
| Taxation   | (6 152)  | -                                   | -   | (193)  | -  | -                                | (6 345)   |
| Shareholders' fund   | (3 694)  | -                                   | -   | (193)  | -  | -                                | (3 887)   |
| Policyholders' fund  | (2 458)  | -                                   | -   | -  | -  | -                                | (2 458)   |
| <b>Profit/(loss) for the period from continuing operations</b>   | 11 350   | -                                   | -   | 470  | (431)  | (30)                             | 11 359  |
| <b>Profit for the period from discontinued operations</b>  | -  | -                                   | -   | -  | -  | -                                | -   |
| <b>Profit/(loss) for the period</b>  | 11 350   | -                                   | -   | 470  | (431)  | (30)                             | 11 359  |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     | -  | -                                   | -   | -  | -  | -                                | -   |
| Movement in foreign currency translation reserve   | 2 082  | -                                   | -   | -  | -  | -                                | 2 082   |
| Other comprehensive income of equity-accounted investments   | 17   | -                                   | -   | -  | -  | -                                | 17  |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods | -  | -                                   | -   | -  | -  | -                                | -   |
| Employee benefits re-measurement gain/(loss)   | (81)   | -                                   | -   | -  | -  | -                                | (81)  |
| <b>Comprehensive income for the period</b>   | 13 368   | -                                   | -   | 470  | (431)  | (30)                             | 13 377  |
| <b>Allocation of comprehensive income:</b>   |  |                                     |   |  |  |                                  |   |
| Profit/(loss) for the period from continuing operations  | 11 350   | -                                   | -   | 470  | (431)  | (30)                             | 11 359  |
| Shareholders' fund   | 9 473  | -                                   | -   | 240  | (431)  | (30)                             | 9 252   |
| Non-controlling interests  | 1 877  | -                                   | -   | 230  | -  | -                                | 2 107   |
| Profit for the period from discontinued operations   | -  | -                                   | -   | -  | -  | -                                | -   |
| Shareholders' fund   | -  | -                                   | -   | -  | -  | -                                | -   |
| Non-controlling interests  | -  | -                                   | -   | -  | -  | -                                | -   |

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| Comprehensive income for the period  | 13 368                                     | -                               | -                                 | -                        | -                                    | -                            | 13 368  |
| Shareholders' fund   | 10 886                                     | -                               | -                                 | -                        | -                                    | -                            | 10 886  |
| Non-controlling interests  | 2 482                                      | -                               | -                                 | -                        | -                                    | -                            | 2 482   |
| <b>Earnings attributable to shareholders (cents):</b>                          |  |                                 |                                   |                          |                                      |                              |   |
| Profit for the period:   | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Basic earnings per share   | 460  | -                               | -                                 | 12                       | (21)                                 | (1)                          | 449   |
| Diluted earnings per share   | 454  | -                               | -                                 | 11                       | (20)                                 | (1)                          | 443   |
| <b>Earnings attributable to shareholders (cents) of continuing operations:</b> |  |                                 |                                   |                          |                                      |                              |   |
| Profit for the period from continuing operations:                              | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Basic earnings per share from continuing operations                            | 460  | -                               | -                                 | 12                       | (21)                                 | (1)                          | 449   |
| Diluted earnings per share from continuing operations                          | 454  | -                               | -                                 | 11                       | (20)                                 | (1)                          | 443   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
2. Step 1 of the Partial Offer will have a dilutionary impact to the statement of comprehensive income from the additional shares issued. This will have a continuing effect on the statement of comprehensive income.
3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 *Consolidated Financial Statements*, the results of AfroCentric will be consolidated (see note 4 below).
4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022 (refer Annexure 6). This is a recurring adjustment.
5. Amounts set out in the "Consolidation" adjustment column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.
6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA FINANCIAL EFFECTS (SCENARIO 1A)**

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1a)</b> | <b>Partial<br/>Offer<br/>Step 1</b> | <b>Asset for<br/>Share<br/>Step 2</b> | <b>Consolidation<br/>adjustments</b> | <b>Transaction<br/>costs</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|---|-------------------------------------|---------------------------------------|--------------------------------------|------------------------------|---|
| <b>IFRS information</b>  |   |                                     |                                       |                                      |                              |   |
| Basic earnings per share ("EPS") (cents)                                 | 459.4   | (4)                                 | 12                                    | (21)                                 | (1)                          | 444.8   |
| Diluted EPS (cents)  | 453.7   | (4)                                 | 11                                    | (20)                                 | (1)                          | 439.3   |
| Basic headline earnings per share ("HEPS") (cents)                       | 438.4   | (4)                                 | 12                                    | (7)                                  | (1)                          | 438.0   |
| Diluted HEPS (cents)   | 433.0   | (4)                                 | 11                                    | (7)                                  | (1)                          | 432.6   |
| Number of ordinary shares in issue (million)                             | 2 226.9   | 18                                  | -                                     | -                                    | -                            | 2 245.0   |
| Weighted average number of shares at period-end (million)                | 2 062.1   | 18                                  | -                                     | -                                    | -                            | 2 080.2   |
| Weighted average number of diluted shares (million)                      | 2 087.8   | 18                                  | -                                     | -                                    | -                            | 2 105.9   |
| <b>Analysis of earnings</b>  |   |                                     |                                       |                                      |                              |   |
| <b>Attributable earnings per Group statement of comprehensive income</b> |   |                                     |                                       |                                      |                              |   |
| Net profit on disposal of subsidiaries and associated companies          | 9 473   | -                                   | 240                                   | (463)                                | (30)                         | 9 220   |
| Impairments  | (229)   | -                                   | -                                     | 291                                  | -                            | 62  |
| Net equity-accounted non-headline earnings                               | (211)   | -                                   | -                                     | -                                    | -                            | (211)   |
| <b>Headline earnings</b>   | 8   | -                                   | -                                     | 32                                   | -                            | 40  |
|  | 9 041   | -                                   | 240                                   | (140)                                | (30)                         | 9 111   |
| <b>Shareholders' information (Non-IFRS measures)</b>                     |   |                                     |                                       |                                      |                              |   |
| GEV per share ("GEVPS") (cents)  | 6 444.0   | (4)                                 | 15                                    | -                                    | (1)                          | 6 454.0   |
| RoGEV per share ("RoGEVPS")  | 13.9%   | -                                   | -                                     | 0.3%                                 | -                            | 14.2%   |
| Shareholders' fund at net asset value per share (cents)                  | 3 436.0   | 21                                  | 153                                   | (166)                                | (1)                          | 3 442.6   |
| Net result from financial services per share ("NRFFSPS") (cents)         | 425.8   | (3)                                 | 15                                    | (8)                                  | -                            | 429.9   |
| Number of shares for GEVPS and RoGEVPS (million)                         | 2 209.6   | 18                                  | -                                     | -                                    | -                            | 2 227.7   |
| Weighted average number of diluted shares for NRFFSPS and NAEPS          | 2 224.0   | 18                                  | -                                     | -                                    | -                            | 2 242.1   |
| Profit attributable to shareholders fund per share                       | 443.3   | (4)                                 | 13                                    | (21)                                 | (1)                          | 431.1   |

1. The amounts set out in the “Before the Proposed Transaction” column have been extracted from the following sources:
  - a. The amounts set out under the IFRS Information sub-heading have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021;
  - b. The amounts set out under the Shareholders’ information (Non-IFRS measures) sub-heading have been extracted from the audited Sanlam Limited Shareholders’ Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein. The Shareholders’ Information is prepared to provide additional information in respect of the Group shareholders’ fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders’ Information may not be suitable for another purpose.
2. Group Equity Value (“GEV”) per share is calculated as the total GEV divided by the number of shares for Group Equity Value per share (“GEVPS”) and Group Equity Value per share (“RoGEVPS”).

GEV is calculated by adjusting the shareholders’ fund at fair value with the following:

  - Adjustments to net worth; and
  - Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.
3. Return on Group Equity Value (“RoGEV”) is calculated as the change in GEV as per the *pro forma* financial effects to the shareholders’ information and after-tax earnings per the Shareholders’ Fund Income Statement divided by the opening GEV (31 December 2020).
4. The impact on shareholders fund is calculated as the net asset value attributable to the shareholders divided by the number of issued shares
5. Net result from financial services per share is calculated as net result from financial services per the Shareholders’ Fund Income Statement divided by weighted average number of weighted average number of diluted shares for NRFFSPS and Normalised attributable earnings per share (“NAEPS”).
6. The number of shares for GEVPS and RoGEVPS is increased by the number of Sanlam shares issued under step 1.
7. Profit attributable to shareholders fund per share is calculated as normalised attributable earnings per the Shareholders’ Fund Income Statement divided by the weighted number of diluted shares for NRFFSPS and NAEPS

A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam’s Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' INFORMATION (SCENARIO 1A) (at 31 December 2021, unless otherwise stated)**

|  |       | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1</b> | <b>Asset for<br/>Share Step 2</b> | <b>Consolidation<br/>adjustments</b> | <b>Transaction<br/>costs</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|-------|--|---------------------------------|-----------------------------------|--------------------------------------|------------------------------|---|
| <b>R'million</b>                                   |       |  |                                 |                                   |                                      |                              |   |
| <b>Group Equity Value</b>                          |       |  |                                 |                                   |                                      |                              |   |
| Group Equity Value                                 | (2)   | 142 390  | 1 084                           | 331                               | -                                    | (30)                         | 143 775   |
| Group Equity Value per share                       | (3) c | 6 444  | (4)                             | 15                                | -                                    | (1)                          | 6 454   |
| Group Equity Value per share –<br>31/12/2020       | c     | 5 920  | -                               | -                                 | -                                    | -                            | 5 920   |
| Return on Group Equity Value (earnings)            | (4)   | 17 208   | -                               | 331                               | 141                                  | (30)                         | 17 650  |
| Return on Group Equity Value per share             | (5)   | 13.9%  | -                               | -                                 | 0.3%                                 | -                            | 14.2%   |
| Opening Group Equity Value –<br>31/12/2020         | (5)   | 131 812  | -                               | -                                 | -                                    | -                            | 131 812   |
| <b>Shareholders' fund at net asset value</b>       |       |  |                                 |                                   |                                      |                              |   |
| Shareholders' fund at net asset value              | (6)   | 75 928   | 1 084                           | -                                 | 3 413                                | (30)                         | 76 691  |
| Shareholders' fund at net asset value per<br>share | (7) c | 3 436  | 21                              | -                                 | 153                                  | (1)                          | 3 443   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.

2. The ultimate GEV impact will depend on the final valuation methodology and can be separated into the impact on the existing holding plus the impact of the additional acquisition at R6.00 per share. At the transaction price of R6.00 per share, the total GEV uplift will be R331 million.

3. GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.

4. The impact of the Return on Group Equity Value is because of attributable earnings and GEV uplift.

5. The Return on Group Equity Value per share is calculated as change in GEV and after-tax earnings per the Shareholders' Fund Income Statement divided by the opening GEV (31 December 2020).

6. Shareholders' fund net asset value is calculated as the impact to the net asset value of the group attributable to shareholders.

7. Shareholders' fund at net asset value per share is calculated as Shareholders' fund net asset value divided by the number of shares for GEVPS and RoGEVPS.

A glossary containing explanations of technical terms used in this Annexure is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' FUND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 1A)**

|  | <b>Before the<br/>Proposed<br/>Transaction</b> | <b>Partial Offer<br/>Step 1 (2)</b> | <b>Asset for<br/>Share Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs (6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|-------------------------------------|---|--|--|----------------------------------|---|
| <b>R million</b>   | <b>(1)</b>                                     | <b>(2)</b>                          | <b>(3)</b>                                | <b>(4)</b>                                   | <b>(5)</b>                                   | <b>(6)</b>                       |   |
| <b>Shareholders' fund income statement</b>                           |  |                                     |   |  |  |                                  |   |
| Financial services income  | 99 632   | -                                   | -   | 6 602  | (227)  | -                                | 106 007   |
| Sales remuneration   | (11 881)                                       | -                                   | -   | -  | -  | -                                | (11 881)  |
| <b>Income after sales remuneration</b>                               | <b>87 751</b>                                  | <b>-</b>                            | <b>-</b>                                  | <b>6 602</b>                                 | <b>(227)</b>                                 | <b>-</b>                         | <b>94 126</b>   |
| Underwriting policy benefits   | (46 671)                                       | -                                   | -   | -  | -  | -                                | (46 671)  |
| Administration costs   | (25 057)                                       | -                                   | -   | (5 674)                                      | -  | -                                | (30 731)  |
| <b>Result from financial services before tax</b>                     | <b>16 023</b>                                  | <b>-</b>                            | <b>-</b>                                  | <b>928</b>                                   | <b>(227)</b>                                 | <b>-</b>                         | <b>16 723</b>   |
| Tax on result from financial services                                | (4 644)  | -                                   | -   | (258)  | 55   | -                                | (4 847)   |
| <b>Result from financial services after tax</b>                      | <b>11 379</b>                                  | <b>-</b>                            | <b>-</b>                                  | <b>669</b>                                   | <b>(172)</b>                                 | <b>-</b>                         | <b>11 876</b>   |
| Non-controlling interest   | (1 910)  | -                                   | -   | (328)  | -  | -                                | (2 238)   |
| <b>Net result from financial services</b>                            | <b>9 469</b>                                   | <b>-</b>                            | <b>-</b>                                  | <b>341</b>                                   | <b>(172)</b>                                 | <b>-</b>                         | <b>9 638</b>  |
| Net investment income  | 766  | -                                   | -   | (22)   | -  | -                                | 744   |
| Investment income  | 1 072  | -                                   | -   | (42)   | -  | -                                | 1 030   |
| Tax on investment income   | (196)  | -                                   | -   | (1)  | -  | -                                | (197)   |
| Non-controlling interest   | (110)  | -                                   | -   | 21   | -  | -                                | (89)  |
| Net investment surpluses   | 544  | -                                   | -   | 4  | -  | -                                | 548   |
| Investment surpluses   | 873  | -                                   | -   | 6  | -  | -                                | -   |
| Tax on investment surpluses  | (231)  | -                                   | -   | 1  | -  | -                                | -   |
| Non-controlling interest   | (98)   | -                                   | -   | (3)  | -  | -                                | -   |
| Project expenses   | (491)  | -                                   | -   | -  | -  | (30)                             | (521)   |
| <b>Net operational earnings</b>                                      | <b>10 288</b>                                  | <b>-</b>                            | <b>-</b>                                  | <b>323</b>                                   | <b>(172)</b>                                 | <b>(30)</b>                      | <b>10 409</b>   |
| Net amortisation of value of business acquired and other intangibles | (738)  | -                                   | -   | (27)   | -  | -                                | (765)   |
| Equity participation costs   | (1)  | -                                   | -   | -  | -  | -                                | (1)   |
| Net non-operational equity-accounted earnings                        | 16   | -                                   | -   | 5  | -  | -                                | 21  |
| Non-operational equity-accounted earnings                            | 49   | -                                   | -   | 7  | -  | -                                | 56  |
| Tax on non-operational equity-accounted headline earnings            | (2)  | -                                   | -   | 2  | -  | -                                | -   |
| Non-controlling interest   | (31)   | -                                   | -   | (4)  | -  | -                                | (35)  |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1 (2)</b> | <b>Asset for<br/>Share Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs (6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|-------------------------------------|---|--|--|----------------------------------|---|
| <b>R million</b>   | <b>(1)</b>   | <b>(2)</b>                          | <b>(3)</b>                                | <b>(4)</b>                                   | <b>(5)</b>                                   | <b>(6)</b>                       | <b>Transaction</b>  |
| Net profit on disposal of subsidiary and associated companies                  | <b>229</b>   |                                     |   | -  | (291)  |                                  | <b>(62)</b>   |
| Impairment charges   | <b>66</b>  |                                     |   | (3)  |  |                                  | <b>63</b>   |
| <b>Normalised attributable earnings</b>  | <b>9 860</b>   |                                     |   | 299  | (463)  | (30)                             | <b>9 666</b>  |
| Fund transfers   | <b>(387)</b>   |                                     |   | (59)   |  |                                  | <b>(446)</b>  |
| <b>Attributable earnings per Group statement of comprehensive income</b>       | <b>9 473</b>   |                                     |   | 240  | (463)  | (30)                             | <b>9 220</b>  |
| Weighted average number of shares for operational earnings per share (million) | <b>2 224</b>   | 18                                  |   |  |  |                                  | <b>2 242</b>  |
| Net result from financial services (cents)                                     | <b>426</b>   | (3)                                 |   | 18   | (8)  |                                  | <b>432</b>  |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.

2. Step 1 of the Partial Offer will have a dilutionary impact to the shareholders' fund income statement from the additional shares issued. This will have a continuing effect on the shareholders' fund income statement.

3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 Consolidated Financial Statements, the results of AfroCentric will be consolidated (see note 4 below).

4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022. This is a recurring adjustment.

5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.

6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.



**PRO FORMA EARNINGS AND NET ASSET VALUE EFFECTS PER AFROCENTRIC SHARE SUBSEQUENT TO THE PROPOSED TRANSACTION (SCENARIO 1A)**

The *pro forma* financial effects set out below have been prepared to assist AfroCentric shareholders to assess the impact of the transaction on the EPS, HEPS, NAV and dividend per AfroCentric Share. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the combined group's financial position or the results of its operations after implementation of the transaction.

The *pro forma* financial effects have been prepared in terms of Regulation 106 of the Companies Regulations and the Guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the directors and are provided for illustrative purposes only.

The *pro forma* statement of financial position at 31 December 2021 gives effect to the transaction as if it had occurred on 31 December 2021. The *pro forma* statement of profit or loss and other comprehensive income for the year ended 31 December 2021 are presented as if the transaction had become operative at the beginning of the relevant period.

The impact below is based on the assumption that each AfroCentric shareholder that tenders their shares will only own Sanlam shares post the proposed the transaction.

*Pro forma* financial effects on AfroCentric shareholder

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>After the<br/>Proposed<br/>Transaction<br/>(2)</b> | <b>Percentage<br/>change %</b> |
|---|--|---|--------------------------------|
| Basic earnings per share (cents)            | 54.21  | 44.48   | (17.96)                        |
| Diluted earnings per share (cents)          | 53.12  | 43.93   | (17.30)                        |
| Headline earnings per share (cents)         | 56.05  | 43.80   | (21.86)                        |
| Diluted headline earnings per share (cents) | 54.91  | 43.26   | (21.21)                        |
| Net asset value per share (cents)           | 421.1  | 344.3   | (18.25)                        |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited financial statements of AfroCentric at and for the year ended 30 June 2022.
2. The amounts set out in the "After the Proposed Transaction" column have been prepared by dividing the Sanlam's *pro forma* financial effects after the Proposed Transaction, in respect of Basic earnings per share, Diluted earnings per share, Headline earning per share, Diluted headline earnings per share and Shareholders' fund net asset value per share (as set out in the *pro forma* Financial Effect (Scenario 1A) and *Pro forma* financial effects of the shareholders' information), by the exchange ratio of 0.1 (i.e., 1 Sanlam share to each 10 AfroCentric shares held, assuming that the 30-day VWAP is lower than R60 per Sanlam share on the Offer Closing Date).

**PRO FORMA STATEMENT OF FINANCIAL POSITION OF SANLAM AT 31 DECEMBER 2021 (SCENARIO 1B)**

The *pro forma* statement of financial position set out below presents the *pro forma* financial effects of Sanlam as at 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--|--------------------------------------|---|
| <b>R million</b>                               | <b>(1)</b>   | <b>(2)</b>                              | <b>(3)</b>                                | <b>(4)</b>                                   | <b>(5)</b>                                   | <b>(6)</b>                           | <b>Transaction</b>  |
| <b>ASSETS</b>                                  |  |   |   |  |  |                                      |   |
| Equipment                                      | 1 730  | -                                       | -   | 698  | -  | -                                    | 2 428   |
| Right-of-use assets                            | 1 481  | -                                       | -   | 148  | -  | -                                    | 1 629   |
| Owner-occupied properties                      | 2 582  | -                                       | -   | -  | -  | -                                    | 2 582   |
| Goodwill                                       | 16 431   | -                                       | -   | 1 558  | (257)  | -                                    | 17 733  |
| Value of business acquired                     | 4 718  | -                                       | -   | -  | -  | -                                    | 4 718   |
| Other intangible assets                        | 746  | -                                       | -   | 1 518  | -  | -                                    | 2 264   |
| Deferred acquisition costs                     | 3 225  | -                                       | -   | -  | -  | -                                    | 3 225   |
| Long-term reinsurance assets                   | 2 188  | -                                       | -   | -  | -  | -                                    | 2 188   |
| Investments                                    | 834 287  | 542                                     | -   | 117  | (2 294)                                      | (30)                                 | 832 622   |
| Investment property                            | 17 980   | -                                       | -   | 8  | -  | -                                    | 17 988  |
| Investments in associates and joint ventures   | 22 755   | 1 084                                   | (2 294)                                   | 33   | -  | -                                    | 21 578  |
| Investments in subsidiaries                    | -  | -                                       | 2 294                                     | -  | (2 294)                                      | -                                    | -   |
| Equities and similar securities                | 191 958  | -                                       | -   | 76   | -  | -                                    | 192 034   |
| Interest-bearing investments                   | 271 840  | -                                       | -   | -  | -  | -                                    | 271 840   |
| Structured transactions                        | 12 434   | -                                       | -   | -  | -  | -                                    | 12 434  |
| Investment funds                               | 278 145  | -                                       | -   | -  | -  | -                                    | 278 145   |
| Cash, deposits and similar securities          | 39 175   | (542)                                   | -   | -  | -  | (30)                                 | 38 603  |
| Deferred tax asset                             | 3 154  | -                                       | -   | 77   | -  | -                                    | 3 231   |
| Non-current assets classified as held for sale | 81 386   | -                                       | -   | -  | -  | -                                    | 81 386  |
| General insurance technical assets             | 19 525   | -                                       | -   | -  | -  | -                                    | 19 525  |
| Working capital assets                         | 84 725   | -                                       | -   | 1 310  | -  | -                                    | 86 035  |
| Trade and other receivables                    | 55 806   | -                                       | -   | 1 156  | -  | -                                    | 56 962  |
| Taxation                                       | 1 218  | -                                       | -   | 27   | -  | -                                    | 1 245   |
| Cash, deposits and similar securities          | 27 701   | -                                       | -   | 127  | -  | -                                    | 27 828  |
| <b>Total assets</b>                            | <b>1 056 178</b>                                       | <b>542</b>                              | <b>-</b>                                  | <b>5 426</b>                                 | <b>(2 551)</b>                               | <b>(30)</b>                          | <b>1 059 565</b>  |

|   | Before the<br>Proposed<br>Transaction<br><b>(1)</b> | Partial Offer<br>Step 1<br><b>(2)</b> | Asset for<br>Share Step 2<br><b>(3)</b> | Consolidation<br><b>(4)</b> | Consolidation<br>adjustments<br><b>(5)</b> | Transaction<br>costs<br><b>(6)</b> | <i>Pro forma</i><br>after the<br>Proposed<br>Transaction |
|---|---|---------------------------------------|---|-----------------------------|--|------------------------------------|--|
| <b>R million</b>                                    |   |                                       |   |                             |  |                                    |  |
| <b>EQUITY AND LIABILITIES</b>                       |   |                                       |   |                             |  |                                    |  |
| Capital and reserves                                | -   | -                                     | -                                       | -                           | -  | -                                  | -  |
| Share capital and premium                           | 12 784  | 542                                   | -                                       | 2 523                       | (2 523)                                    | -                                  | 13 326   |
| Treasury shares                                     | (1 671)   | -                                     | -                                       | -                           | -  | -                                  | (1 671)  |
| Other reserves                                      | 6 078   | -                                     | -                                       | 10                          | (10)                                       | -                                  | 6 078  |
| Retained earnings                                   | 52 188  | -                                     | -                                       | 880                         | (1 171)                                    | (30)                               | 51 867   |
| <b>Shareholders' fund</b>                           | <b>69 379</b>                                       | <b>542</b>                            | <b>-</b>                                | <b>3 413</b>                | <b>(3 704)</b>                             | <b>(30)</b>                        | <b>69 600</b>  |
| Non-controlling interests                           | 13 517  | -                                     | -                                       | 21                          | 653  | -                                  | 14 191   |
| <b>Total equity</b>                                 | <b>82 896</b>                                       | <b>542</b>                            | <b>-</b>                                | <b>3 434</b>                | <b>(3 051)</b>                             | <b>(30)</b>                        | <b>83 791</b>  |
| Long-term policy liabilities                        | 641 196   | -                                     | -                                       | -                           | -  | -                                  | 641 196  |
| Insurance contracts                                 | 186 658   | -                                     | -                                       | -                           | -  | -                                  | 186 658  |
| Investment contracts                                | 454 538   | -                                     | -                                       | -                           | -  | -                                  | 454 538  |
| Term finance  | 15 116  | -                                     | -                                       | 651                         | -  | -                                  | 15 767   |
| Margin business                                     | 5 330   | -                                     | -                                       | -                           | -  | -                                  | 5 330  |
| Other interest-bearing liabilities                  | 9 786   | -                                     | -                                       | 651                         | -  | -                                  | 10 437   |
| Lease liabilities                                   | 1 789   | -                                     | -                                       | 196                         | -  | -                                  | 1 985  |
| Structured transactions liabilities                 | 8 898   | -                                     | -                                       | -                           | -  | -                                  | 8 898  |
| External investors in consolidated funds            | 85 506  | -                                     | -                                       | -                           | -  | -                                  | 85 506   |
| Cell owners' interest (third party)                 | 4 900   | -                                     | -                                       | -                           | -  | -                                  | 4 900  |
| Deferred tax liability                              | 7 311   | -                                     | -                                       | 242                         | -  | -                                  | 7 553  |
| Non-current liabilities classified as held for sale | 78 700  | -                                     | -                                       | -                           | -  | -                                  | 78 700   |
| General insurance technical provisions              | 57 559  | -                                     | -                                       | -                           | -  | -                                  | 57 559   |
| Net defined benefit liability                       | -   | -                                     | -                                       | -                           | -  | -                                  | -  |
| Working capital liabilities                         | 72 307  | -                                     | -                                       | 902                         | 500  | -                                  | 73 709   |
| Trade and other payables                            | 69 123  | -                                     | -                                       | 650                         | -  | -                                  | 69 773   |
| Provisions  | 628   | -                                     | -                                       | 233                         | 500  | -                                  | 1 361  |
| Taxation  | 2 556   | -                                     | -                                       | 19                          | -  | -                                  | 2 575  |
| <b>Total equity and liabilities</b>                 | <b>1 056 178</b>                                    | <b>542</b>                            | <b>-</b>                                | <b>5 426</b>                | <b>(2 551)</b>                             | <b>(30)</b>                        | <b>1 059 565</b>   |

- The amounts set out in the “Before the Proposed Transaction” column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
- Step 1 of the Proposed Transaction represents a Partial Offer to the AfroCentric shareholders. Under scenario 1B, the aggregate percentage of the AfroCentric shares tendered and accepted by Sanlam is expected to be 31.3%. A total of 180 719 008 AfroCentric shares have been taken into account under Step 1. Sanlam will acquire the investment in AfroCentric through issuing its own shares and cash to the value of R1 084 million. The investment in AfroCentric will be recognised at cost of R1 084 million and accounted for as an investment in associate in line with IAS 28 Investments in Associates and Joint Ventures.
- Step 2 of the Proposed Transaction represents the Asset for Share transaction in which Sanlam will exchange in 28.7% stake in ACT Healthcare Assets (Pty) Ltd for a 28.7% stake in AfroCentric. Post the Asset for Share transaction, Sanlam’s shareholding in AfroCentric will be 51.0%. The investment in AHA which is currently accounted for as an investment in associate will be derecognised at its carrying amount of R1 210 million which will be the cost of the investment in AfroCentric. The initial investment in AfroCentric recognised under step 1, will be reclassified to investments in subsidiaries as Sanlam now holds more than 50% of AfroCentric shares.
- The amounts set out in the “Consolidation” column have been extracted from the audited financial statements of AfroCentric Limited at and for the year ended 30 June 2022.
- The amounts set out in the “Consolidation adjustments” column represent the purchase price allocation (“PPA”) in terms of IFRS 3 Business Combinations. Step 2 will result in Sanlam obtaining control of AfroCentric. The PPA is calculated as follows:

|   |                |     |
|---|----------------|-----|
| Assets transferred (Carrying amount of AHA)           | 1 210          | (a) |
| Fair value of previously held interest in AfroCentric | 793            | (b) |
| <b>Total consideration transferred</b>                | <b>2 003</b>   |     |
| <b>Fair value of net identifiable assets acquired</b> | <b>(1 375)</b> |     |
| Total assets and liabilities assumed                  | 3 434          | (c) |
| Contingent liability                                  | (500)          | (d) |
| Pre-existing goodwill                                 | (1 558)        | (e) |
| Non-controlling interest                              | 674            | (f) |
| <b>Goodwill</b>                                       | <b>1 302</b>   | (g) |

- Assets transferred represent the carrying amount of AHA under step 2. Applying IFRS 3.38, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in profit or loss on assets and liabilities it retains control over after the business combination.
  - For a business combination achieved in stages, IFRS 3.42 requires the acquirer to remeasure its previously held interest at its acquisition-date fair value and recognise any resulting gain or loss in profit or loss. The fair value has been determined by valuing the AfroCentric shares (180 719 008) at the issued share price of R4.39 as at 30 June 2022.
  - Extracted from the audited financial statements of AfroCentric as at 30 June 2022.
  - AfroCentric is involved in ongoing litigation with Neil Harvey & Associates (“NHA”). The contingent consideration has been recognised at its fair value.
  - Represents AfroCentric’s pre-existing goodwill extracted from the audited financial statements as at 30 June 2022.
  - Non-controlling interest is recognised at the proportionate share of AfroCentric net assets acquired.
  - Represents the total goodwill to be recognised in the Sanlam group.
- Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These have been reflected as having been settled in cash.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SANLAM FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 1B)**

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of Sanlam for the year ended 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation adjustments (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|------------------------------|---|
| <b>R. million</b>  |  |                                 |                                   |                                      |                                      |                              |   |
| <b>Continuing operations</b>                                     |  |                                 |                                   |                                      |                                      |                              |   |
| <b>Net income</b>  | 200 125                                    | -                               | -                                 | 6 623                                | (291)                                | -                            | 206 457   |
| Financial services income  | 116 887                                    | -                               | -                                 | 6 602                                | -                                    | -                            | 123 489   |
| Reinsurance premiums paid  | (20 081)                                   | -                               | -                                 | -                                    | -                                    | -                            | (20 081)  |
| Reinsurance commission received                                  | 2 815                                      | -                               | -                                 | -                                    | -                                    | -                            | 2 815   |
| Investment income  | 31 804                                     | -                               | -                                 | 15                                   | -                                    | -                            | 31 819  |
| Investment (deficits)/surpluses                                  | 84 717                                     | -                               | -                                 | 6                                    | (291)                                | -                            | 84 432  |
| Finance cost – margin business                                   | (249)                                      | -                               | -                                 | -                                    | -                                    | -                            | (249)   |
| Change in fair value of external investors' liability            | (15 768)                                   | -                               | -                                 | -                                    | -                                    | -                            | (15 768)  |
| <b>Net insurance and investment contract benefits and claims</b> | (139 592)                                  | -                               | -                                 | -                                    | -                                    | -                            | (139 592)                                       |
| Long-term insurance and investment contract benefits             | (44 340)                                   | -                               | -                                 | -                                    | -                                    | -                            | (44 340)  |
| Long-term investment contract benefits                           | (73 767)                                   | -                               | -                                 | -                                    | -                                    | -                            | (73 767)  |
| General insurance claims   | (41 048)                                   | -                               | -                                 | -                                    | -                                    | -                            | (41 048)  |
| Reinsurance claims received                                      | 19 563                                     | -                               | -                                 | -                                    | -                                    | -                            | 19 563  |
| <b>Expenses</b>  | (43 170)                                   | -                               | -                                 | (5 655)                              | -                                    | (30)                         | (48 855)  |
| Sales remuneration   | (14 724)                                   | -                               | -                                 | -                                    | -                                    | -                            | (14 724)  |
| Administration costs   | (28 446)                                   | -                               | -                                 | (5 655)                              | -                                    | (30)                         | (34 131)  |
| <b>Impairments</b>   | (88)                                       | -                               | -                                 | (3)                                  | -                                    | -                            | (91)  |
| Net impairment losses on financial assets                        | (296)                                      | -                               | -                                 | (3)                                  | -                                    | -                            | (299)   |
| Other reversal of impairments                                    | 208  | -                               | -                                 | -                                    | -                                    | -                            | 208   |
| <b>Amortisation of intangibles</b>                               | (1 248)                                    | -                               | -                                 | (232)                                | -                                    | -                            | (1 480)   |
| <b>Net operating result</b>                                      | 16 027                                     | -                               | -                                 | 733                                  | (291)                                | (30)                         | 16 439  |
| Equity-accounted earnings  | 2 240                                      | -                               | -                                 | 7                                    | (140)                                | -                            | 2 107   |
| Finance cost – other   | (763)                                      | -                               | -                                 | (76)                                 | -                                    | -                            | (839)   |
| Net monetary loss  | (2)  | -                               | -                                 | -                                    | -                                    | -                            | (2)   |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial<br/>Offer Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--------------------------------------|---|
| <b>R million</b>   | <b>(1)</b>   | <b>(2)</b>                              | <b>(3)</b>                                    | <b>(5)</b>                                   | <b>(6)</b>                           | <b>Transaction</b>  |
| <b>Profit/(loss) before tax from continuing operations</b>   | 17 502   | -                                       | -   | (431)  | (30)                                 | 17 704  |
| Taxation   | (6 152)  | -                                       | 663<br>(193)                                  | -  | -                                    | (6 345)   |
| Shareholders' fund   | (3 694)  | -                                       | -   | (193)  | -                                    | (3 887)   |
| Policyholders' fund  | (2 458)  | -                                       | -   | -  | -                                    | (2 458)   |
| <b>Profit/(loss) for the period from continuing operations</b>   | 11 350   | -                                       | -   | (431)  | (30)                                 | 11 359  |
| <b>Profit for the period from discontinued operations</b>  | -  | -                                       | -   | -  | -                                    | -   |
| <b>Profit/(loss) for the period</b>  | 11 350   | -                                       | -   | (431)  | (30)                                 | 11 359  |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     | 2 082  | -                                       | -   | -  | -                                    | 2 082   |
| Movement in foreign currency translation reserve   |  |   |   |  |                                      |   |
| Other comprehensive income of equity-accounted investments   | 17   | -                                       | -   | -  | -                                    | 17  |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods | -  | -                                       | -   | -  | -                                    | -   |
| Employee benefits re-measurement gain/(loss)   | (81)   | -                                       | -   | -  | -                                    | (81)  |
| <b>Comprehensive income for the period</b>   | 13 368   | -                                       | -   | (431)  | (30)                                 | 13 377  |
| <b>Allocation of comprehensive income:</b>   |  |   |   |  |                                      |   |
| Profit/(loss) for the period from continuing operations  | 11 350   | -                                       | -   | (431)  | (30)                                 | 11 359  |
| Shareholders' fund   | 9 473  | -                                       | -   | (431)  | (30)                                 | 9 252   |
| Non-controlling interests  | 1 877  | -                                       | 240<br>230                                    | -  | -                                    | 2 107   |
| Profit for the period from discontinued operations   | -  | -                                       | -   | -  | -                                    | -   |
| Shareholders' fund   | -  | -                                       | -   | -  | -                                    | -   |
| Non-controlling interests  | -  | -                                       | -   | -  | -                                    | -   |
| Comprehensive income for the period  | 13 368   | -                                       | -   | -  | -                                    | 13 368  |
| Shareholders' fund   | 10 886   | -                                       | -   | -  | -                                    | 10 886  |
| Non-controlling interests  | 2 482  | -                                       | -   | -  | -                                    | 2 482   |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial<br/>Offer Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--|--------------------------------------|---|
| <b>R million</b>   |  |   |   |  |  |                                      |   |
| <b>Earnings attributable to shareholders (cents):</b>                          |  |   |   |  |  |                                      |   |
| Profit for the period:   |  |   |   |  |  |                                      |   |
| Basic earnings per share   | 460  | -                                       | -   | 1.2  | (21)   | (1)                                  | 449   |
| Diluted earnings per share   | 454  | -                                       | -   | 1.1  | (21)   | (1)                                  | 443   |
| <b>Earnings attributable to shareholders (cents) of continuing operations:</b> |  |   |   |  |  |                                      |   |
| Profit for the period from continuing operations:                              |  |   |   |  |  |                                      |   |
| Basic earnings per share from continuing operations                            | 460  | -                                       | -   | 1.2  | (21)   | (1)                                  | 449   |
| Diluted earnings per share from continuing operations                          | 454  | -                                       | -   | 1.1  | (21)   | (1)                                  | 443   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
2. Step 1 of the Partial Offer will have a dilutionary impact to the statement of comprehensive income from the additional shares issued. This will have a continuing effect on the statement of comprehensive income.
3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 *Consolidated Financial Statements*, the results of AfroCentric will be consolidated (see note 4 below).
4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022 (refer Annexure 6). This is a recurring adjustment.
5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.
6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA FINANCIAL EFFECTS (SCENARIO 1B)**

|  | <b>Before the Proposed Transaction (1a)</b> | <b>Partial Offer Step 1</b> | <b>Asset for Share Step 2</b> | <b>Consolidation</b> | <b>Consolidation adjustments</b> | <b>Transaction costs</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|---|-----------------------------|-------------------------------|----------------------|----------------------------------|--------------------------|---|
| <b>IFRS information</b>  |   |                             |                               |                      |                                  |                          |   |
| Basic earnings per share ("EPS") (cents)                                 | 459.4                                       | (2)                         | -                             | 12                   | (21)                             | (1)                      | 446.7   |
| Diluted EPS (cents)  | 453.7                                       | (2)                         | -                             | 11                   | (21)                             | (1)                      | 441.2   |
| Basic headline earnings per share ("HEPS") (cents)                       | 438.4                                       | (2)                         | -                             | 12                   | (7)                              | (1)                      | 439.9   |
| Diluted HEPS (cents)   | 433.0                                       | (2)                         | -                             | 11                   | (7)                              | (1)                      | 434.5   |
| Number of ordinary shares in issue (million)                             | 2 226.9                                     | 9                           | -                             | -                    | -                                | -                        | 2 235.9   |
| Weighted average number of shares at period end (million)                | 2 062.1                                     | 9                           | -                             | -                    | -                                | -                        | 2 071.1   |
| Weighted average number of diluted shares (million)                      | 2 087.8                                     | 9                           | -                             | -                    | -                                | -                        | 2 096.8   |
| <b>Analysis of earnings</b>  |   |                             |                               |                      |                                  |                          |   |
| <b>Attributable earnings per Group statement of comprehensive income</b> |   |                             |                               |                      |                                  |                          |   |
| Net profit on disposal of subsidiaries and associated companies          | 9 473                                       | -                           | -                             | 240                  | (463)                            | (30)                     | 9 220   |
| Impairments  | (229)                                       | -                           | -                             | -                    | 291                              | -                        | 62  |
| Net equity-accounted non-headline earnings                               | (211)                                       | -                           | -                             | -                    | -                                | -                        | (211)   |
| 8  |   |                             |                               |                      |                                  |                          | 40  |
| <b>Headline earnings</b>   | 9 041                                       | -                           | -                             | 240                  | (140)                            | (30)                     | 9 111   |
| <b>Shareholders' information</b>   |   |                             |                               |                      |                                  |                          |   |
| <b>(Non-IFRS measures)</b>   |   |                             |                               |                      |                                  |                          |   |
| GEVPS (cents)  | 6 444.0                                     | (2)                         | 15                            | -                    | -                                | (1)                      | 6 456.0   |
| RoGEVPS  | 13.9%                                       | -                           | -                             | -                    | 0.3%                             | -                        | 14.2%   |
| Shareholders' fund at net asset value per share (cents)                  | 3 436.0                                     | 11                          | -                             | 154                  | (167)                            | (1)                      | 3 432.3   |
| NRFFSPS (cents)  | 425.8                                       | (2)                         | -                             | 15                   | (8)                              | -                        | 431.6   |
| Number of shares for GEVPS and RoGEVPS (million)                         | 2 209.6                                     | 9                           | -                             | -                    | -                                | -                        | 2 218.6   |
| Weighted average number of diluted shares for NRFFSPS and NAEPS          | 2 224.0                                     | 9                           | -                             | -                    | -                                | -                        | 2 233.0   |
| Profit attributable to shareholders fund per share                       | 443.3                                       | (2)                         | -                             | 13                   | (21)                             | (1)                      | 432.9   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the following sources:

- The amounts set out under the IFRS Information sub-heading have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021;
- The amounts set out under the Shareholders' information (Non-IFRS measures) sub-heading have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein. The Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders' Information may not be suitable for another purpose.



2. GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS. GEV is calculated by adjusting the shareholders' fund at fair value with the following:
    - Adjustments to net worth; and
    - Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.
  3. RoGEV is calculated as the change in GEV as per the *pro forma* financial effects to the shareholders' information and after-tax earnings per the Shareholders' Fund Income Statement divided by the opening GEV (31 December 2020).
  4. The impact on shareholders fund is calculated as the net asset value attributable to the shareholders divided by the number of issued shares.
  5. Net result from financial services per share is calculated as net result from financial services per the Shareholders' Fund Income Statement divided by weighted average number of diluted shares for NRRFSPS and NAEPS.
  6. The number of shares for GEVPS and RoGEVPS is increased by the number of Sanlam shares issued under step 1.
  7. Profit attributable to shareholders fund per share is calculated as normalised attributable earnings per the Shareholders' Fund Income Statement divided by the weighted number of diluted shares for NRRFSPS and NAEPS
- A glossary containing explanations of technical terms used in this Annexure is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' INFORMATION (SCENARIO 1B) (at 31 December 2021, unless otherwise stated)**

| R'million                                       | Before the Proposed Transaction (1a) | Partial Offer Step 1 | Asset for Share Step 2 | Consolidation adjustments | Transaction costs | Pro forma after the Proposed Transaction |
|---|--------------------------------------|----------------------|------------------------|---------------------------|-------------------|--|
| <b>Group Equity Value</b>                       |                                      |                      |                        |                           |                   |  |
| Group Equity Value                              | (2) 142 390                          | 542                  | 331                    | -                         | (30)              | 143 233                                  |
| Group Equity Value per share                    | (3) c 6 444                          | (2)                  | 15                     | -                         | (1)               | 6 456.0                                  |
| Group Equity Value per share – 31/12/2020       | c 5 920                              | -                    | -                      | -                         | -                 | 5 920                                    |
| Return on Group Equity Value (earnings)         | (4) 17 208                           | -                    | 331                    | 141                       | (30)              | 17 650                                   |
| Return on Group Equity Value per share          | (5) 13.9%                            | -                    | -                      | 0.3%                      | -                 | 14.2%                                    |
| Opening Group Equity Value – 31/12/2020         | (5) 131 812                          | -                    | -                      | -                         | -                 | 131 812                                  |
| <b>Shareholders' fund at net asset value</b>    |                                      |                      |                        |                           |                   |  |
| Shareholders' fund at net asset value           | (6) 75 928                           | 542                  | -                      | (3 704)                   | (30)              | 76 149                                   |
| Shareholders' fund at net asset value per share | (7) c 3 436                          | 11                   | -                      | (167)                     | (1)               | 3 432                                    |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.
2. The ultimate GEV impact will depend on the final valuation methodology and can be separated into the impact on the existing holding plus the impact of the additional acquisition at R6.00 per share. At the transaction price of R6.00 per share, the total GEV uplift will be R331 million.
3. GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.
4. The impact of the Return on Group Equity Value is as a result of attributable earnings and GEV uplift.
5. The Return on Group Equity Value per share is calculated as change in GEV and after-tax earnings per the Shareholders' Fund Income Statement divided by the opening GEV (31 December 2020).
6. Shareholders fund net asset value is calculated as the impact to the net asset value of the group attributable to shareholders.
7. Shareholders fund at net asset value per share is calculated as Shareholders' fund net asset value divided by the number of shares for GEVPS and RoGEVPS.

A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' FUND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 1B)**

| <b>R million</b>                                 | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>Shareholders' fund income statement</b>       |  |                                 |                                   |                          |                                      |                              |   |
| Financial services income                        | 99 632                                     | -                               | -                                 | 6 602                    | (227)                                | -                            | 106 006   |
| Sales remuneration                               | (11 881)                                   | -                               | -                                 | -                        | -                                    | -                            | (11 881)  |
| <b>Income after sales remuneration</b>           | <b>87 751</b>                              | <b>-</b>                        | <b>-</b>                          | <b>6 602</b>             | <b>(227)</b>                         | <b>-</b>                     | <b>94 125</b>                                   |
| Underwriting policy benefits                     | (46 671)                                   | -                               | -                                 | -                        | -                                    | -                            | (46 671)  |
| Administration costs                             | (25 057)                                   | -                               | -                                 | (5 674)                  | -                                    | -                            | (30 731)  |
| <b>Result from financial services before tax</b> |  |                                 |                                   |                          |                                      |                              |   |
| Tax on result from financial services            | 16 023                                     | -                               | -                                 | 927                      | (227)                                | -                            | 16 723  |
|  | (4 644)                                    | -                               | -                                 | (257)                    | 55                                   | -                            | (4 846)   |
| <b>Result from financial services after tax</b>  |  |                                 |                                   |                          |                                      |                              |   |
| Non-controlling interest                         | 11 379                                     | -                               | -                                 | 670                      | (172)                                | -                            | 11 877  |
|  | (1 910)                                    | -                               | -                                 | (328)                    | -                                    | -                            | (2 238)   |
| <b>Net result from financial services</b>        |  |                                 |                                   |                          |                                      |                              |   |
| Net investment income                            | 9 469                                      | -                               | -                                 | 342                      | (172)                                | -                            | 9 638   |
|  | 766  | -                               | -                                 | (22)                     | -                                    | -                            | 744   |
| Investment income                                | 1 072                                      | -                               | -                                 | (42)                     | -                                    | -                            | 1 030   |
| Tax on investment income                         | (196)                                      | -                               | -                                 | (1)                      | -                                    | -                            | (197)   |
| Non-controlling interest                         | (110)                                      | -                               | -                                 | 21                       | -                                    | -                            | (89)  |
| Net investment surpluses                         | 544  | -                               | -                                 | 4                        | -                                    | -                            | 548   |
| Investment surpluses                             | 873  | -                               | -                                 | 6                        | -                                    | -                            | -   |
| Tax on investment surpluses                      | (231)                                      | -                               | -                                 | 1                        | -                                    | -                            | -   |
| Non-controlling interest                         | (98)                                       | -                               | -                                 | (3)                      | -                                    | -                            | -   |
| Project expenses                                 | (491)                                      | -                               | -                                 | -                        | -                                    | (30)                         | (521)   |

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net operational earnings</b>  | 10 288                                     | -                               | -                                 | 324                      | (172)                                | (30)                         | 10 409  |
| Net amortisation of value of business acquired and other intangibles           | (738)                                      | -                               | -                                 | (27)                     | -                                    | -                            | (765)   |
| Equity participation costs   | (1)  | -                               | -                                 | -                        | -                                    | -                            | (1)   |
| Net non-operational equity-accounted earnings                                  | 16   | -                               | -                                 | 5                        | -                                    | -                            | 21  |
| Non-operational equity-accounted earnings                                      | 49   | -                               | -                                 | 7                        | -                                    | -                            | 56  |
| Tax on non-operational equity-accounted headline earnings                      | (2)  | -                               | -                                 | 2                        | -                                    | -                            | -   |
| Non-controlling interest   | (31)                                       | -                               | -                                 | (4)                      | -                                    | -                            | (35)  |
| Net profit on disposal of subsidiary and associated companies                  | 229  | -                               | -                                 | -                        | (291)                                | -                            | (62)  |
| Impairment charges   | 66   | -                               | -                                 | (3)                      | -                                    | -                            | 63  |
| <b>Normalised attributable earnings</b>  | 9 860                                      | -                               | -                                 | 299                      | (463)                                | (30)                         | 9 666   |
| Fund transfers   | (387)                                      | -                               | -                                 | (59)                     | -                                    | -                            | (446)   |
| <b>Attributable earnings per Group statement of comprehensive income</b>       | 9 473                                      | -                               | -                                 | 240                      | (463)                                | (30)                         | 9 220   |
| Weighted average number of shares for operational earnings per share (million) | 2 224                                      | 9                               | -                                 | -                        | -                                    | -                            | 2 233   |
| Net result from financial services (cents)                                     | 426  | (2)                             | -                                 | 18                       | (8)                                  | -                            | 434   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.

2. Step 1 of the Partial Offer will have a dilutionary impact to the shareholders fund income statement from the additional shares issued. This will have a continuing effect on the shareholders fund income statement.

3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 Consolidated Financial Statements, the results of AfroCentric will be consolidated (see note 4 below).

4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022. This is a recurring adjustment.

5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.

6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA EARNINGS AND NET ASSET VALUE EFFECTS PER AFROCENTRIC SHARE SUBSEQUENT TO THE PROPOSED TRANSACTION (SCENARIO 1B)**

The *pro forma* financial effects set out below have been prepared to assist AfroCentric shareholders to assess the impact of the transaction on the EPS, HEPS, NAV and dividend per AfroCentric Share. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the combined group's financial position or the results of its operations after implementation of the transaction.

The *pro forma* financial effects have been prepared in terms of Regulation 106 of the Companies Regulations and the Guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the directors and are provided for illustrative purposes only.

The *pro forma* statement of financial position at 31 December 2021 gives effect to the transaction as if it had occurred on 31 December 2021. The *pro forma* statement of profit or loss and other comprehensive income for the year ended 31 December 2021 are presented as if the transaction had become operative at the beginning of the relevant period.

The impact below is based on the assumption that each AfroCentric shareholder that tenders their shares will only own Sanlam shares post the proposed the transaction.

*Pro forma* financial effects on AfroCentric shareholder

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>After the<br/>Proposed<br/>Transaction<br/>(2)</b> | <b>Percentage<br/>change %</b> |
|---|--|---|--------------------------------|
| Basic earnings per share (cents)            | 54.21  | 44.67   | (17.60)                        |
| Diluted earnings per share (cents)          | 53.12  | 44.12   | (16.94)                        |
| Headline earnings per share (cents)         | 56.05  | 43.99   | (21.52)                        |
| Diluted headline earnings per share (cents) | 54.91  | 43.45   | (20.87)                        |
| Net asset value per share (cents)           | 421.1  | 343.2   | (18.50)                        |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited financial statements of AfroCentric at and for the year ended 30 June 2022.
2. The amounts set out in the "After the Proposed Transaction" column have been prepared by dividing the Sanlam's *pro forma* financial effects after the Proposed Transaction, in respect of Basic earnings per share, Diluted earnings per share, Headline earning per share, Diluted headline earnings per share and Shareholders' fund net asset value per share (as set out in the *pro forma* Financial Effect (Scenario 2A) and *pro forma* financial effects of the shareholders' information), by the exchange ratio of 0.1 (i.e., 1 Sanlam share to each 10 AfroCentric shares held, assuming that the 30-day VWAP is lower than R60 per Sanlam share on the Offer Closing Date).

**PRO FORMA STATEMENT OF FINANCIAL POSITION OF SANLAM AT 31 DECEMBER 2021 (SCENARIO 2A)**

The *pro forma* statement of financial position set out below presents the *pro forma* financial effects of Sanlam as at 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b><i>Pro forma</i><br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|--|
| <b>ASSETS</b>                                  |  |   |   |                              |  |                                      |  |
| Equipment                                      | 1 730  | -                                       | -   | 698                          | -  | -                                    | 2 428  |
| Right-of-use assets                            | 1 481  | -                                       | -   | 148                          | -  | -                                    | 1 629  |
| Owner-occupied properties                      | 2 582  | -                                       | -   | -                            | -  | -                                    | 2 582  |
| Goodwill                                       | 16 431   | -                                       | -   | 1 558                        | (60)   | -                                    | 17 929   |
| Value of business acquired                     | 4 718  | -                                       | -   | -                            | -  | -                                    | 4 718  |
| Other intangible assets                        | 746  | -                                       | -   | 1 518                        | -  | -                                    | 2 264  |
| Deferred acquisition costs                     | 3 225  | -                                       | -   | -                            | -  | -                                    | 3 225  |
| Long-term reinsurance assets                   | 2 188  | -                                       | -   | -                            | -  | -                                    | 2 188  |
| Investments                                    | 834 287  | 1 522                                   | -   | 117                          | (2 732)                                      | (30)                                 | 833 164  |
| Investment property                            | 17 980   | -                                       | -   | 8                            | -  | -                                    | 17 988   |
| Investments in associates and joint ventures   | 22 755   | 1 522                                   | (2 732)                                       | 33                           | -  | -                                    | 21 578   |
| Investments in subsidiaries                    | -  | -                                       | 2 732   | -                            | (2 732)                                      | -                                    | -  |
| Equities and similar securities                | 191 958  | -                                       | -   | 76                           | -  | -                                    | 192 034  |
| Interest-bearing investments                   | 271 840  | -                                       | -   | -                            | -  | -                                    | 271 840  |
| Structured transactions                        | 12 434   | -                                       | -   | -                            | -  | -                                    | 12 434   |
| Investment funds                               | 278 145  | -                                       | -   | -                            | -  | -                                    | 278 145  |
| Cash, deposits and similar securities          | 39 175   | -                                       | -   | -                            | -  | (30)                                 | 39 145   |
| Deferred tax asset                             | 3 154  | -                                       | -   | 77                           | -  | -                                    | 3 231  |
| Non-current assets classified as held for sale | 81 386   | -                                       | -   | -                            | -  | -                                    | 81 386   |
| General insurance technical assets             | 19 525   | -                                       | -   | -                            | -  | -                                    | 19 525   |
| Working capital assets                         | 84 725   | -                                       | -   | 1 310                        | -  | -                                    | 86 035   |
| Trade and other receivables                    | 55 806   | -                                       | -   | 1 156                        | -  | -                                    | 56 962   |
| Taxation                                       | 1 218  | -                                       | -   | 27                           | -  | -                                    | 1 245  |
| Cash, deposits and similar securities          | 27 701   | -                                       | -   | 127                          | -  | -                                    | 27 828   |
| <b>Total assets</b>                            | <b>1 056 178</b>                                       | <b>1 522</b>                            | <b>-</b>                                      | <b>5 426</b>                 | <b>(2 792)</b>                               | <b>(30)</b>                          | <b>1 060 303</b>   |

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|---|--|---|---|------------------------------|--|--------------------------------------|---|
| <b>R million</b>                                    |  |   |   |                              |  |                                      |   |
| <b>EQUITY AND LIABILITIES</b>                       |  |   |   |                              |  |                                      |   |
| Capital and reserves                                |  |   |   |                              |  |                                      |   |
| Share capital and premium                           | 12 784   | 1 522                                   | -   | 2 523                        | (2 523)                                      | -                                    | 14 306  |
| Treasury shares                                     | (1 671)  | -                                       | -   | -                            | -  | -                                    | (1 671)   |
| Other reserves                                      | 6 078  | -                                       | -   | 10                           | (10)   | -                                    | 6 078   |
| Retained earnings                                   | 52 188   | -                                       | -   | 880                          | (1 289)                                      | (30)                                 | 51 750  |
| <b>Shareholders' fund</b>                           | <b>69 379</b>  | <b>1 522</b>                            | <b>-</b>                                      | <b>3 413</b>                 | <b>(3 821)</b>                               | <b>(30)</b>                          | <b>70 463</b>   |
| Non-controlling interests                           | 13 517   | -                                       | -   | 21                           | 529  | -                                    | 14 067  |
| <b>Total equity</b>                                 | <b>82 896</b>  | <b>1 522</b>                            | <b>-</b>                                      | <b>3 434</b>                 | <b>(3 292)</b>                               | <b>(30)</b>                          | <b>84 530</b>   |
| Long-term policy liabilities                        | 641 196  | -                                       | -   | -                            | -  | -                                    | 641 196   |
| Insurance contracts                                 | 186 658  | -                                       | -   | -                            | -  | -                                    | 186 658   |
| Investment contracts                                | 454 538  | -                                       | -   | -                            | -  | -                                    | 454 538   |
| Term finance  | 15 116   | -                                       | -   | 651                          | -  | -                                    | 15 767  |
| Margin business                                     | 5 330  | -                                       | -   | -                            | -  | -                                    | 5 330   |
| Other interest-bearing liabilities                  | 9 786  | -                                       | -   | 651                          | -  | -                                    | 10 437  |
| Lease liabilities                                   | 1 789  | -                                       | -   | 196                          | -  | -                                    | 1 985   |
| Structured transactions liabilities                 | 8 898  | -                                       | -   | -                            | -  | -                                    | 8 898   |
| External investors in consolidated funds            | 85 506   | -                                       | -   | -                            | -  | -                                    | 85 506  |
| Cell owners' interest (third party)                 | 4 900  | -                                       | -   | -                            | -  | -                                    | 4 900   |
| Deferred tax liability                              | 7 311  | -                                       | -   | 242                          | -  | -                                    | 7 553   |
| Non-current liabilities classified as held for sale | 78 700   | -                                       | -   | -                            | -  | -                                    | 78 700  |
| General insurance technical provisions              | 57 559   | -                                       | -   | -                            | -  | -                                    | 57 559  |
| Net defined benefit liability                       | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Working capital liabilities                         | 72 307   | -                                       | -   | 902                          | 500  | -                                    | 73 709  |
| Trade and other payables                            | 69 123   | -                                       | -   | 650                          | -  | -                                    | 69 773  |
| Provisions  | 628  | -                                       | -   | 233                          | 500  | -                                    | 1 361   |
| Taxation  | 2 556  | -                                       | -   | 19                           | -  | -                                    | 2 575   |
| <b>Total equity and liabilities</b>                 | <b>1 056 178</b>                                       | <b>1 522</b>                            | <b>-</b>                                      | <b>5 426</b>                 | <b>(2 792)</b>                               | <b>(30)</b>                          | <b>1 060 303</b>  |

- The amounts set out in the “Before the Proposed Transaction” column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
- Step 1 of the Proposed Transaction represents a Partial Offer to the AfroCentric shareholders. Under scenario 2B, the aggregate percentage of the AfroCentric shares tendered and accepted by Sanlam is expected to be 36.9%. A total of 253 654 930 AfroCentric shares have been taken into account under Step 1. Sanlam will acquire the investment in AfroCentric through issuing its own shares and cash to the value of R1 522 million. The investment in AfroCentric will be recognised at cost of R1 522 million and accounted for as an investment in associate in line with IAS 28 Investments in Associates and Joint Ventures.
- Step 2 of the Proposed Transaction represents the Asset for Share transaction in which Sanlam will exchange in 28.7% stake in ACT Healthcare Assets Proprietary Limited for a 28.7% stake in AfroCentric. Post the Asset for Share transaction, Sanlam’s shareholding in AfroCentric will be 60.0%. The investment in AHA which is currently accounted for as an investment in associate will be derecognised at its carrying amount of R1 210m which will be the cost of the investment in AfroCentric. The initial investment in AfroCentric recognised under step 1, will be reclassified to investments in subsidiaries as Sanlam now holds more than 50% of AfroCentric shares.
- The amounts set out in the “Consolidation” column have been extracted from the audited financial statements of AfroCentric Limited at and for the year ended 30 June 2022.
- The amounts set out in the “Consolidation adjustments” column represent the purchase price allocation (“PPA”) in terms of IFRS 3 Business Combinations. Step 2 will result in Sanlam obtaining control of AfroCentric. The PPA is calculated as follows:

|   |                |     |
|---|----------------|-----|
| Assets transferred (Carrying amount of AHA)           | 1 210          | (a) |
| Fair value of previously held interest in AfroCentric | 1 114          | (b) |
| <b>Total consideration transferred</b>                | <b>2 324</b>   |     |
| <b>Fair value of net identifiable assets acquired</b> | <b>(1 375)</b> |     |
| Total assets and liabilities assumed                  | 3 434          | (c) |
| Contingent liability                                  | (500)          | (d) |
| Pre-existing goodwill                                 | (1 558)        | (e) |
| Non-controlling interest                              | 550            | (f) |
| <b>Goodwill</b>                                       | <b>1 498</b>   | (g) |

- Assets transferred represent the carrying amount of AHA under step 2. Applying IFRS 3.38, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in profit or loss on assets and liabilities it retains control over after the business combination.
  - For a business combination achieved in stages, IFRS 3.42 requires the acquirer to remeasure its previously held interest at its acquisition-date fair value and recognise any resulting gain or loss in profit or loss. The fair value has been determined by valuing the AfroCentric shares (253 654 930) at the issued share price of R4.39 as at 30 June 2022.
  - Extracted from the audited financial statements of AfroCentric as at 30 June 2022.
  - AfroCentric is involved in ongoing litigation with Neil Harvey & Associates (“NHA”). The contingent consideration has been recognised at its fair value.
  - Represents AfroCentric’s pre-existing goodwill extracted from the audited financial statements as at 30 June 2022.
  - Non-controlling interest is recognised at the proportionate share of AfroCentric net assets acquired.
  - Represents the total goodwill to be recognised in the Sanlam group.
- Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These have been reflected as having been settled in cash.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SANLAM FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 2A)**

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of Sanlam for the year ended 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b><i>Pro forma</i><br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|--|
| <b>Continuing operations</b>                                     |  |   |   |                              |  |                                      |  |
| <b>Net income</b>  | 200 125  | -                                       | -   | 6 623                        | (408)  | -                                    | 206 340  |
| Financial services income  | 116 887  | -                                       | -   | 6 602                        | -  | -                                    | 123 489  |
| Reinsurance premiums paid  | (20 081)   | -                                       | -   | -                            | -  | -                                    | (20 081)   |
| Reinsurance commission received                                  | 2 815  | -                                       | -   | -                            | -  | -                                    | 2 815  |
| Investment income  | 31 804   | -                                       | -   | 15                           | -  | -                                    | 31 819   |
| Investment (deficits)/surpluses                                  | 84 717   | -                                       | -   | 6                            | (408)  | -                                    | 84 315   |
| Finance cost – margin business                                   | (249)  | -                                       | -   | -                            | -  | -                                    | (249)  |
| Change in fair value of external investors' liability            | (15 768)   | -                                       | -   | -                            | -  | -                                    | (15 768)   |
| <b>Net insurance and investment contract benefits and claims</b> | (139 592)  | -                                       | -   | -                            | -  | -                                    | (139 592)  |
| Long-term insurance and investment contract benefits             | (44 340)   | -                                       | -   | -                            | -  | -                                    | (44 340)   |
| Long-term investment contract benefits                           | (73 767)   | -                                       | -   | -                            | -  | -                                    | (73 767)   |
| General insurance claims   | (41 048)   | -                                       | -   | -                            | -  | -                                    | (41 048)   |
| Reinsurance claims received                                      | 19 563   | -                                       | -   | -                            | -  | -                                    | 19 563   |
| <b>Expenses</b>  | (43 170)   | -                                       | -   | (5 655)                      | -  | (30)                                 | (48 855)   |
| Sales remuneration   | (14 724)   | -                                       | -   | -                            | -  | -                                    | (14 724)   |
| Administration costs   | (28 446)   | -                                       | -   | (5 655)                      | -  | (30)                                 | (34 131)   |
| <b>Impairments</b>   | (88)   | -                                       | -   | (3)                          | -  | -                                    | (91)   |
| Net impairment losses on financial assets                        | (296)  | -                                       | -   | (3)                          | -  | -                                    | (299)  |
| Other reversal of impairments                                    | 208  | -                                       | -   | -                            | -  | -                                    | 208  |



|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Amortisation of intangibles</b>   | (1 248)                                    | -                               | -                                 | (232)                    | -                                    | -                            | (1 480)   |
| <b>Net operating result</b>  | 16 027                                     | -                               | -                                 | 733                      | (408)                                | (30)                         | 16 321  |
| Equity-accounted earnings  | 2 240                                      | -                               | -                                 | 7                        | (140)                                | -                            | 2 107   |
| Finance cost – other   | (763)                                      | -                               | -                                 | (76)                     | -                                    | -                            | (839)   |
| Net monetary loss  | (2)  | -                               | -                                 | -                        | -                                    | -                            | (2)   |
| <b>Profit/(loss) before tax from continuing operations</b>   | 17 502                                     | -                               | -                                 | 663                      | (548)                                | (30)                         | 17 587  |
| Taxation   | (6 152)                                    | -                               | -                                 | (193)                    | -                                    | -                            | (6 345)   |
| Shareholders' fund   | (3 694)                                    | -                               | -                                 | (193)                    | -                                    | -                            | (3 887)   |
| Policyholders' fund  | (2 458)                                    | -                               | -                                 | -                        | -                                    | -                            | (2 458)   |
| <b>Profit/(loss) for the period from continuing operations</b>   | 11 350                                     | -                               | -                                 | 470                      | (548)                                | (30)                         | 11 241  |
| <b>Profit for the period from discontinued operations</b>  | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| <b>Profit/(loss) for the period</b>  | 11 350                                     | -                               | -                                 | 470                      | (548)                                | (30)                         | 11 241  |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Movement in foreign currency translation reserve   | 2 082                                      | -                               | -                                 | -                        | -                                    | -                            | 2 082   |
| Other comprehensive income of equity-accounted investments   | 17   | -                               | -                                 | -                        | -                                    | -                            | 17  |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Employee benefits re-measurement gain/(loss)   | (81)                                       | -                               | -                                 | -                        | -                                    | -                            | (81)  |
| <b>Comprehensive income for the period</b>   | 13 368                                     | -                               | -                                 | 470                      | (548)                                | (30)                         | 13 259  |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|---|
| <b>R million</b>   |  |   |   |                              |  |                                      |   |
| <b>Allocation of comprehensive income:</b>                                     |  |   |   |                              |  |                                      |   |
| Profit/(loss) for the period from continuing operations                        | 11 350   | -                                       | -   | 470                          | (548)  | (30)                                 | 11 241  |
| Shareholders' fund   | 9 473  | -                                       | -   | 282                          | (548)  | (30)                                 | 9 176   |
| Non-controlling interests  | 1 877  | -                                       | -   | 188                          | -  | -                                    | 2 065   |
| Profit for the period from discontinued operations                             | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Shareholders' fund   | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Non-controlling interests  | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Comprehensive income for the period  | 13 368   | -                                       | -   | -                            | -  | -                                    | 13 368  |
| Shareholders' fund   | 10 886   | -                                       | -   | -                            | -  | -                                    | 10 886  |
| Non-controlling interests  | 2 482  | -                                       | -   | -                            | -  | -                                    | 2 482   |
| <b>Earnings attributable to shareholders (cents):</b>                          |  |   |   |                              |  |                                      |   |
| Profit for the period:   |  |   |   |                              |  |                                      |   |
| Basic earnings per share   | 459.5  | -                                       | -   | 14                           | (26)   | (1)                                  | 445   |
| Diluted earnings per share   | 453.8  | -                                       | -   | 13                           | (26)   | (1)                                  | 440   |
| <b>Earnings attributable to shareholders (cents) of continuing operations:</b> |  |   |   |                              |  |                                      |   |
| Profit for the period from continuing operations:                              |  |   |   |                              |  |                                      |   |
| Basic earnings per share from continuing operations                            | 459.5  | -                                       | -   | 14                           | (26)   | (1)                                  | 445   |
| Diluted earnings per share from continuing operations                          | 453.8  | -                                       | -   | 13                           | (26)   | (1)                                  | 440   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.

2. Step 1 of the Partial Offer will have a dilutionary impact to the statement of comprehensive income from the additional shares issued. This will have a continuing effect on the statement of comprehensive income.

3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 *Consolidated Financial Statements*, the results of AfroCentric will be consolidated (see note 4 below).

4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022 (refer Annexure 6). This is a recurring adjustment.

5. Amounts set out in the "Consolidation" adjustment column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.

6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA FINANCIAL EFFECTS (SCENARIO 2A)**

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1a)</b> | <b>Partial Offer<br/>Step 1</b> | <b>Asset for<br/>Share<br/>Step 2</b> | <b>Consolidation</b> | <b>Consolidation<br/>adjustments</b> | <b>Transaction<br/>costs</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|---|---------------------------------|---------------------------------------|----------------------|--------------------------------------|------------------------------|---|
| <b>IFRS information</b>  |   |                                 |                                       |                      |                                      |                              |   |
| Basic earnings per share<br>("EPS") (cents)                                      | 459.4   | (6)                             | -                                     | 14                   | (26)                                 | (1)                          | 439.6   |
| Diluted EPS (cents)  | 453.7   | (5)                             | -                                     | 13                   | (26)                                 | (1)                          | 434.3   |
| Basic headline earnings per<br>share ("HEPS") (cents)                            | 438.4   | (5)                             | -                                     | 14                   | (7)                                  | (1)                          | 438.5   |
| Diluted HEPS (cents)   | 433.0   | (5)                             | -                                     | 13                   | (7)                                  | (1)                          | 433.1   |
| Number of ordinary shares in<br>issue (million)                                  | 2 226.9   | 25                              | -                                     | -                    | -                                    | -                            | 2 252.3   |
| Weighted average number of<br>shares at period end (million)                     | 2 062.1   | 25                              | -                                     | -                    | -                                    | -                            | 2 087.5   |
| Weighted average number of<br>diluted shares (million)                           | 2 087.8   | 25                              | -                                     | -                    | -                                    | -                            | 2 113.2   |
| <b>Analysis of earnings</b>  |   |                                 |                                       |                      |                                      |                              |   |
| <b>Attributable earnings per<br/>Group statement of<br/>comprehensive income</b> | 9 473   | -                               | -                                     | 282                  | (581)                                | (30)                         | 9 144   |
| Net profit on disposal of<br>subsidiaries and associated<br>companies            | (229)   | -                               | -                                     | -                    | 408                                  | -                            | 179   |
| Impairments  | (211)   | -                               | -                                     | -                    | -                                    | -                            | (211)   |
| Net equity-accounted<br>non-headline earnings                                    | 8   | -                               | -                                     | -                    | 32                                   | -                            | 40  |
| <b>Headline earnings</b>   | 9 041   | -                               | -                                     | 282                  | (140)                                | (30)                         | 9 153   |

|   | Before the<br>Proposed<br>Transaction<br>(1a) | Partial Offer<br>Step 1 | Asset for<br>Share<br>Step 2 | Consolidation<br>adjustments | Transaction<br>costs | <i>Pro forma</i><br>after the<br>Proposed<br>Transaction |
|---|---|-------------------------|------------------------------|------------------------------|----------------------|--|
| <b>IFRS information</b>   |   |                         |                              |                              |                      |  |
| <b>Shareholders' information</b>                                |   |                         |                              |                              |                      |  |
| <b>(Non-IFRS measures)</b>                                      | <b>(1b)</b>                                   |                         |                              |                              |                      |  |
| GEV per share ("GEVPS")   | 6 444.0                                       | (5)                     | 15                           | –                            | (1)                  | 6 452.5  |
| (cents)   | 13.9%   | –                       | –                            | 0.4%                         | –                    | 14.3%  |
| RoGEV per share ("RoGEVPS")                                     |   |                         |                              |                              |                      |  |
| Shareholders' fund at net asset value per share (cents)         | 3 436.0                                       | 29                      | –                            | (171)                        | (1)                  | 3 445.7  |
| Net result from financial services per share ("NRFFSPS")        |   |                         |                              |                              |                      |  |
| (cents)   | 425.8   | (5)                     | –                            | 18                           | (8)                  | 431.2  |
| Number of shares for GEVPS and RoGEVPS (million)                | 2 209.6                                       | 25                      | –                            | –                            | –                    | 2 235.0  |
| Weighted average number of diluted shares for NRFFSPS and NAEPS | 2 224.0                                       | 25                      | –                            | –                            | –                    | 2 249.4  |
| Profit attributable to shareholders fund per share              | 443.3   | (5)                     | –                            | 16                           | (1)                  | 426.8  |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the following sources:

- a. The amounts set out under the IFRS Information sub-heading have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021;
  - b. The amounts set out under the Shareholders' information (Non-IFRS measures) sub-heading have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein. The Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders' Information may not be suitable for another purpose.
2. GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.  
GEV is calculated by adjusting the shareholders' fund at fair value with the following:
    - Adjustments to net worth; and
    - Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.
  3. RoGEV is calculated as the change in GEV as per the *pro forma* financial effects to the shareholders' information and after-tax earnings per the Shareholders' Fund Income Statement divided by the opening GEV (31 December 2020).
  4. The impact on shareholders' fund is calculated as the net asset value attributable to the shareholders divided by the number of issued shares.
  5. Net result from financial services per share is calculated as net result from financial services per the Shareholders' Fund Income Statement divided by weighted average number of weighted average number of diluted shares for NRFFSPS and NAEPS.
  6. The number of shares for GEVPS and RoGEVPS is increased by the number of Sanlam shares issued under step 1.
  7. Profit attributable to shareholders fund per share is calculated as normalised attributable earnings per the Shareholders' Fund Income Statement divided by the weighted number of diluted shares for NRFFSPS and NAEPS.

A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' INFORMATION (SCENARIO 2A) (at 31 December 2021, unless otherwise stated)**

|   |       | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1</b> | <b>Asset for Share Step 2</b> | <b>Consolidation</b> | <b>Consolidation adjustments</b> | <b>Transaction costs</b> | <b>Pro forma after the Proposed Transaction</b> |
|---|-------|--|-----------------------------|-------------------------------|----------------------|----------------------------------|--------------------------|---|
| <b>Group Equity Value</b>                       |       |  |                             |                               |                      |                                  |                          |   |
| Group Equity Value                              | (2)   | 1 42 390                                   | 1 522                       | 331                           | -                    | -                                | (30)                     | 144 213   |
| Group Equity Value per share                    | (3) c | 6 444                                      | (5)                         | 15                            | -                    | -                                | (1)                      | 6 452   |
| Group Equity Value per share – 31/12/2020       | c     | 5 920                                      | -                           | -                             | -                    | -                                | -                        | 5 920   |
| Return on Group Equity Value (earnings)         | (4)   | 17 208                                     | -                           | 331                           | -                    | 165                              | (30)                     | 17 674  |
| Return on Group Equity Value per share          | (5)   | 13.9%                                      | -                           | -                             | -                    | 0.4%                             | -                        | 14.3%   |
| Opening Group Equity Value – 31/12/2020         | (5)   | 131 812                                    | -                           | -                             | -                    | -                                | -                        | 131 812   |
| <b>Shareholders' fund at net asset value</b>    |       |  |                             |                               |                      |                                  |                          |   |
| Shareholders' fund at net asset value           | (6)   | 75 928                                     | 1 522                       | -                             | 3 413                | (3 821)                          | (30)                     | 77 012  |
| Shareholders' fund at net asset value per share | (7) c | 3 436                                      | 29                          | -                             | 153                  | (171)                            | (1)                      | 3 446   |

- The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.
- The ultimate GEV impact will depend on the final valuation methodology and can be separated into the impact on the existing holding plus the impact of the additional acquisition at R6.00 per share. At the transaction price of R6.00 per share, the total GEV uplift will be R331 million.
- GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.
- The impact of the Return on Group Equity Value is because of attributable earnings and GEV uplift.
- The Return on Group Equity Value per share is calculated as change in GEV and after-tax earnings per the Shareholders Fund Income Statement divided by the opening GEV (31 December 2020).
- Shareholders fund net asset value is calculated as the impact to the net asset value of the group attributable to shareholders.
- Shareholders fund at net asset value per share is calculated as Shareholders' fund net asset value divided by the number of shares for GEVPS and RoGEVPS.

A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' FUND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 2A)**

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--|--------------------------------------|---|
| <b>R million</b>                                 |  |   |   |  |  |                                      |   |
| <b>Shareholders' fund income statement</b>       |  |   |   |  |  |                                      |   |
| Financial services income                        | 99 632   | -                                       | -   | 6 602  | (227)  | -                                    | 106 007   |
| Sales remuneration                               | (11 881)   | -                                       | -   | -  | -  | -                                    | (11 881)  |
| <b>Income after sales remuneration</b>           | 87 751   | -                                       | -   | 6 602  | (227)  | -                                    | 94 126  |
| Underwriting policy benefits                     | (46 671)   | -                                       | -   | -  | -  | -                                    | (46 671)  |
| Administration costs                             | (25 057)   | -                                       | -   | (5 674)                                      | -  | -                                    | (30 731)  |
| <b>Result from financial services before tax</b> | 16 023   | -                                       | -   | 928  | (227)  | -                                    | 16 723  |
| Tax on result from financial services            | (4 644)  | -                                       | -   | (256)  | 55   | -                                    | (4 845)   |
| <b>Result from financial services after tax</b>  | 11 379   | -                                       | -   | 671  | (172)  | -                                    | 11 878  |
| Non-controlling interest                         | (1 910)  | -                                       | -   | (268)  | -  | -                                    | (2 178)   |
| <b>Net result from financial services</b>        | 9 469  | -                                       | -   | 403  | (172)  | -                                    | 9 699   |
| Net investment income                            | 766  | -                                       | -   | (26)   | -  | -                                    | 740   |
| Investment income                                | 1 072  | -                                       | -   | (42)   | -  | -                                    | 1 030   |
| Tax on investment income                         | (196)  | -                                       | -   | (1)  | -  | -                                    | (197)   |
| Non-controlling interest                         | (110)  | -                                       | -   | 17   | -  | -                                    | (93)  |
| Net investment surpluses                         | 544  | -                                       | -   | 4  | -  | -                                    | 548   |
| Investment surpluses                             | 873  | -                                       | -   | 6  | -  | -                                    | -   |
| Tax on investment surpluses                      | (231)  | -                                       | -   | 1  | -  | -                                    | -   |
| Non-controlling interest                         | (98)   | -                                       | -   | (3)  | -  | -                                    | -   |
| Project expenses                                 | (491)  | -                                       | -   | -  | -  | (30)                                 | (521)   |

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net operational earnings</b>  | 10 288                                     | -                               | -                                 | 381                      | (172)                                | (30)                         | 10 466  |
| Net amortisation of value of business acquired and other intangibles           | (738)                                      | -                               | -                                 | (32)                     | -                                    | -                            | (770)   |
| Equity participation costs   | (1)  | -                               | -                                 | -                        | -                                    | -                            | (1)   |
| Net non-operational equity-accounted earnings                                  | 16   | -                               | -                                 | 5                        | -                                    | -                            | 21  |
| Non-operational equity-accounted earnings                                      | 49   | -                               | -                                 | 7                        | -                                    | -                            | 56  |
| Tax on non-operational equity-accounted headline earnings                      | (2)  | -                               | -                                 | 2                        | -                                    | -                            | -   |
| Non-controlling interest   | (31)                                       | -                               | -                                 | (4)                      | -                                    | -                            | (35)  |
| Net profit on disposal of subsidiary and associated companies                  | 229  | -                               | -                                 | -                        | (408)                                | -                            | (179)   |
| Impairment charges   | 66   | -                               | -                                 | (3)                      | -                                    | -                            | 63  |
| <b>Normalised attributable earnings</b>  | 9 860                                      | -                               | -                                 | 351                      | (581)                                | (30)                         | 9 600   |
| Fund transfers   | (387)                                      | -                               | -                                 | (69)                     | -                                    | -                            | (456)   |
| <b>Attributable earnings per Group statement of comprehensive income</b>       | 9 473                                      | -                               | -                                 | 282                      | (581)                                | (30)                         | 9 144   |
| Weighted average number of shares for operational earnings per share (million) | 2 224                                      | 25                              | -                                 | -                        | -                                    | -                            | 2 249   |
| Net result from financial services (cents)                                     | 426  | (5)                             | -                                 | 21                       | (8)                                  | -                            | 434   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.

2. Step 1 of the Partial Offer will have a dilutionary impact to the shareholders fund income statement from the additional shares issued. This will have a continuing effect on the shareholders fund income statement.

3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 Consolidated Financial Statements, the results of AfroCentric will be consolidated (see note 4 below).

4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022. This is a recurring adjustment.

5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.

6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA EARNINGS AND NET ASSET VALUE EFFECTS PER AFROCENTRIC SHARE SUBSEQUENT TO THE PROPOSED TRANSACTION (SCENARIO 2A)**

The *pro forma* financial effects set out below have been prepared to assist AfroCentric shareholders to assess the impact of the transaction on the EPS, HEPS, NAV and dividend per AfroCentric Share. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the combined group's financial position or the results of its operations after implementation of the transaction.

The *pro forma* financial effects have been prepared in terms of Regulation 106 of the Companies Regulations and the Guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the directors and are provided for illustrative purposes only.

The *pro forma* statement of financial position at 31 December 2021 gives effect to the transaction as if it had occurred on 31 December 2021. The *pro forma* statement of profit or loss and other comprehensive income for the year ended 31 December 2021 are presented as if the transaction had become operative at the beginning of the relevant period.

The impact below is based on the assumption that each AfroCentric shareholder that tenders their shares will only own Sanlam shares post the proposed the transaction.

*Pro forma* financial effects on AfroCentric shareholder

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>After the<br/>Proposed<br/>Transaction<br/>(2)</b> | <b>Percentage<br/>change %</b> |
|---|--|---|--------------------------------|
| Basic earnings per share (cents)            | 54.21  | 43.96   | (18.91)                        |
| Diluted earnings per share (cents)          | 53.12  | 43.43   | (18.25)                        |
| Headline earnings per share (cents)         | 56.05  | 43.85   | (21.77)                        |
| Diluted headline earnings per share (cents) | 54.91  | 43.31   | (21.12)                        |
| Net asset value per share (cents)           | 421.1  | 344.6   | (18.18)                        |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited financial statements of AfroCentric at and for the year ended 30 June 2022.
2. The amounts set out in the "After the Proposed Transaction" column have been prepared by dividing the Sanlam's *pro forma* financial effects after the Proposed Transaction, in respect of Basic earnings per share, Diluted earnings per share, Headline earning per share, Diluted headline earnings per share and Shareholders' fund net asset value per share (as set out in the *pro forma* Financial Effect (Scenario 2B) and *pro forma* financial effects of the shareholders' information), by the exchange ratio of 0.1 (i.e., 1 Sanlam share to each 10 AfroCentric shares held, assuming that the 30-day VWAP is lower than R60 per Sanlam share on the Offer Closing Date).



**PRO FORMA STATEMENT OF FINANCIAL POSITION OF SANLAM AT 31 DECEMBER 2021 (SCENARIO 2B)**

The *pro forma* statement of financial position set out below presents the *pro forma* financial effects of Sanlam as at 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b><i>Pro forma</i><br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|--|
| <b>ASSETS</b>                                  |  |   |   |                              |  |                                      |  |
| Equipment                                      | 1 730  | -                                       | -   | 698                          | -  | -                                    | 2 428  |
| Right-of-use assets                            | 1 481  | -                                       | -   | 148                          | -  | -                                    | 1 629  |
| Owner-occupied properties                      | 2 582  | -                                       | -   | -                            | -  | -                                    | 2 582  |
| Goodwill                                       | 16 431   | -                                       | -   | 1 558                        | (60)   | -                                    | 17 929   |
| Value of business acquired                     | 4 718  | -                                       | -   | -                            | -  | -                                    | 4 718  |
| Other intangible assets                        | 746  | -                                       | -   | 1 518                        | -  | -                                    | 2 264  |
| Deferred acquisition costs                     | 3 225  | -                                       | -   | -                            | -  | -                                    | 3 225  |
| Long-term reinsurance assets                   | 2 188  | -                                       | -   | -                            | -  | -                                    | 2 188  |
| Investments                                    | 834 287  | 761                                     | -   | 117                          | (2 732)                                      | (30)                                 | 832 403  |
| Investment property                            | 17 980   | -                                       | -   | 8                            | -  | -                                    | 17 988   |
| Investments in associates and joint ventures   | 22 755   | 1 522                                   | (2 732)                                       | 33                           | -  | -                                    | 21 578   |
| Investments in subsidiaries                    | -  | -                                       | 2 732   | -                            | (2 732)                                      | -                                    | -  |
| Equities and similar securities                | 191 958  | -                                       | -   | 76                           | -  | -                                    | 192 034  |
| Interest-bearing investments                   | 271 840  | -                                       | -   | -                            | -  | -                                    | 271 840  |
| Structured transactions                        | 12 434   | -                                       | -   | -                            | -  | -                                    | 12 434   |
| Investment funds                               | 278 145  | -                                       | -   | -                            | -  | -                                    | 278 145  |
| Cash, deposits and similar securities          | 39 175   | (761)                                   | -   | -                            | -  | (30)                                 | 38 384   |
| Deferred tax asset                             | 3 154  | -                                       | -   | 77                           | -  | -                                    | 3 231  |
| Non-current assets classified as held for sale | 81 386   | -                                       | -   | -                            | -  | -                                    | 81 386   |
| General insurance technical assets             | 19 525   | -                                       | -   | -                            | -  | -                                    | 19 525   |
| Working capital assets                         | 84 725   | -                                       | -   | 1 310                        | -  | -                                    | 86 035   |
| Trade and other receivables                    | 55 806   | -                                       | -   | 1 156                        | -  | -                                    | 56 962   |
| Taxation                                       | 1 218  | -                                       | -   | 27                           | -  | -                                    | 1 245  |
| Cash, deposits and similar securities          | 27 701   | -                                       | -   | 127                          | -  | -                                    | 27 828   |
| <b>Total assets</b>                            | <b>1 056 178</b>                                       | <b>761</b>                              | <b>-</b>                                      | <b>5 426</b>                 | <b>(2 792)</b>                               | <b>(30)</b>                          | <b>1 059 542</b>   |

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|---|--|---|---|------------------------------|--|--------------------------------------|---|
| <b>R million</b>                                    |  |   |   |                              |  |                                      |   |
| <b>EQUITY AND LIABILITIES</b>                       |  |   |   |                              |  |                                      |   |
| Capital and reserves                                |  |   |   |                              |  |                                      |   |
| Share capital and premium                           | 12 784   | 761                                     | -   | 2 523                        | (2 523)                                      | -                                    | 13 545  |
| Treasury shares                                     | (1 671)  | -                                       | -   | -                            | -  | -                                    | (1 671)   |
| Other reserves                                      | 6 078  | -                                       | -   | 10                           | (10)   | -                                    | 6 078   |
| Retained earnings                                   | 52 188   | -                                       | -   | 880                          | (1 289)                                      | (30)                                 | 51 750  |
| <b>Shareholders' fund</b>                           | <b>69 379</b>  | <b>761</b>                              | -   | <b>3 413</b>                 | <b>(3 821)</b>                               | <b>(30)</b>                          | <b>69 702</b>   |
| Non-controlling interests                           | 13 517   | -                                       | -   | 21                           | 529  | -                                    | 14 067  |
| <b>Total equity</b>                                 | <b>82 896</b>  | <b>761</b>                              | -   | <b>3 434</b>                 | <b>(3 292)</b>                               | <b>(30)</b>                          | <b>83 769</b>   |
| Long-term policy liabilities                        | 641 196  | -                                       | -   | -                            | -  | -                                    | 641 196   |
| Insurance contracts                                 | 186 658  | -                                       | -   | -                            | -  | -                                    | 186 658   |
| Investment contracts                                | 454 538  | -                                       | -   | -                            | -  | -                                    | 454 538   |
| Term finance  | 15 116   | -                                       | -   | 651                          | -  | -                                    | 15 767  |
| Margin business                                     | 5 330  | -                                       | -   | -                            | -  | -                                    | 5 330   |
| Other interest-bearing liabilities                  | 9 786  | -                                       | -   | 651                          | -  | -                                    | 10 437  |
| Lease liabilities                                   | 1 789  | -                                       | -   | 196                          | -  | -                                    | 1 985   |
| Structured transactions liabilities                 | 8 898  | -                                       | -   | -                            | -  | -                                    | 8 898   |
| External investors in consolidated funds            | 85 506   | -                                       | -   | -                            | -  | -                                    | 85 506  |
| Cell owners' interest (third party)                 | 4 900  | -                                       | -   | -                            | -  | -                                    | 4 900   |
| Deferred tax liability                              | 7 311  | -                                       | -   | 242                          | -  | -                                    | 7 553   |
| Non-current liabilities classified as held for sale | 78 700   | -                                       | -   | -                            | -  | -                                    | 78 700  |
| General insurance technical provisions              | 57 559   | -                                       | -   | -                            | -  | -                                    | 57 559  |
| Net defined benefit liability                       | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Working capital liabilities                         | 72 307   | -                                       | -   | 902                          | 500  | -                                    | 73 709  |
| Trade and other payables                            | 69 123   | -                                       | -   | 650                          | -  | -                                    | 69 773  |
| Provisions  | 628  | -                                       | -   | 233                          | 500  | -                                    | 1 361   |
| Taxation  | 2 556  | -                                       | -   | 19                           | -  | -                                    | 2 575   |
| <b>Total equity and liabilities</b>                 | <b>1 056 178</b>                                       | <b>761</b>                              | -   | <b>5 426</b>                 | <b>(2 792)</b>                               | <b>(30)</b>                          | <b>1 059 542</b>  |

- The amounts set out in the “Before the Proposed Transaction” column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
- Step 1 of the Proposed Transaction represents a Partial Offer to the AfroCentric shareholders. Under scenario 2B, the aggregate percentage of the AfroCentric shares tendered and accepted by Sanlam is expected to be 36.9%. A total of 253 654 930 AfroCentric shares have been taken into account under Step 1. Sanlam will acquire the investment in AfroCentric through issuing its own shares and cash to the value of R1 522 million. The investment in AfroCentric will be recognised at cost of R1 522 million and accounted for as an investment in associate in line with IAS 28 Investments in Associates and Joint Ventures.
- Step 2 of the Proposed Transaction represents the Asset for Share transaction in which Sanlam will exchange in 28.7% stake in ACT Healthcare Assets Proprietary Limited for a 28.7% stake in AfroCentric. Post the Asset for Share transaction, Sanlam’s shareholding in AfroCentric will be 60.0%. The investment in AHA which is currently accounted for as an investment in associate will be derecognised at its carrying amount of R1 210 million which will be the cost of the investment in AfroCentric. The initial investment in AfroCentric recognised under step 1, will be reclassified to investments in subsidiaries as Sanlam now holds more than 50% of AfroCentric shares.
- The amounts set out in the “Consolidation adjustments” column have been extracted from the audited financial statements of AfroCentric Limited at and for the year ended 30 June 2022.
- The amounts set out in the consolidation adjustments” column represent the purchase price allocation (“PPA”) in terms of IFRS 3 Business Combinations. Step 2 will result in Sanlam obtaining control of AfroCentric. The PPA is calculated as follows:

|   |                |     |
|---|----------------|-----|
| Assets transferred (Carrying amount of AHA)           | 1 210          | (a) |
| Fair value of previously held interest in AfroCentric | 1 114          | (b) |
| <b>Total consideration transferred</b>                | <b>2 324</b>   |     |
| <b>Fair value of net identifiable assets acquired</b> | <b>(1 375)</b> |     |
| Total assets and liabilities assumed                  | 3 434          | (c) |
| Contingent liability                                  | (500)          | (d) |
| Pre-existing goodwill                                 | (1 558)        | (e) |
| Non-controlling interest                              | 550            | (f) |
| <b>Goodwill</b>                                       | <b>1 498</b>   | (g) |

- Assets transferred represent the carrying amount of AHA under step 2. Applying IFRS 3.38, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in profit or loss on assets and liabilities it retains control over after the business combination.
  - For a business combination achieved in stages, IFRS 3.42 requires the acquirer to remeasure its previously held interest at its acquisition-date fair value and recognise any resulting gain or loss in profit or loss. The fair value has been determined by valuing the AfroCentric shares (253 654 930) at the issued share price of R4.39 as at 30 June 2022.
  - Extracted from the audited financial statements of AfroCentric as at 30 June 2022.
  - AfroCentric is involved in ongoing litigation with Neil Harvey & Associates (“NHA”). The contingent consideration has been recognised at its fair value.
  - Represents AfroCentric’s pre-existing goodwill extracted from the audited financial statements as at 30 June 2022.
  - Non-controlling interest is recognised at the proportionate share of AfroCentric net assets acquired.
  - Represents the total goodwill to be recognised in the Sanlam group.
- Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These have been reflected as having been settled in cash.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SANLAM FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 2B)**

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of Sanlam for the year ended 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Continuing operations</b>                                     |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net income</b>  | 200 125                                    | -                               | -                                 | 6 623                    | (408)                                | -                            | 206 340   |
| Financial services income  | 116 887                                    | -                               | -                                 | 6 602                    | -                                    | -                            | 123 489   |
| Reinsurance premiums paid  | (20 081)                                   | -                               | -                                 | -                        | -                                    | -                            | (20 081)  |
| Reinsurance commission received                                  | 2 815                                      | -                               | -                                 | -                        | -                                    | -                            | 2 815   |
| Investment income  | 31 804                                     | -                               | -                                 | 15                       | -                                    | -                            | 31 819  |
| Investment (deficits)/surpluses                                  | 84 717                                     | -                               | -                                 | 6                        | (408)                                | -                            | 84 315  |
| Finance cost – margin business                                   | (249)                                      | -                               | -                                 | -                        | -                                    | -                            | (249)   |
| Change in fair value of external investors' liability            | (15 768)                                   | -                               | -                                 | -                        | -                                    | -                            | (15 768)  |
| <b>Net insurance and investment contract benefits and claims</b> | (139 592)                                  | -                               | -                                 | -                        | -                                    | -                            | (139 592)                                       |
| Long-term insurance and investment contract benefits             | (44 340)                                   | -                               | -                                 | -                        | -                                    | -                            | (44 340)  |
| Long-term investment contract benefits                           | (73 767)                                   | -                               | -                                 | -                        | -                                    | -                            | (73 767)  |
| General insurance claims   | (41 048)                                   | -                               | -                                 | -                        | -                                    | -                            | (41 048)  |
| Reinsurance claims received                                      | 19 563                                     | -                               | -                                 | -                        | -                                    | -                            | 19 563  |
| <b>Expenses</b>  | (43 170)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (48 855)  |
| Sales remuneration   | (14 724)                                   | -                               | -                                 | -                        | -                                    | -                            | (14 724)  |
| Administration costs   | (28 446)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (34 131)  |
| <b>Impairments</b>   | (88)                                       | -                               | -                                 | (3)                      | -                                    | -                            | (91)  |
| Net impairment losses on financial assets                        | (296)                                      | -                               | -                                 | (3)                      | -                                    | -                            | (299)   |
| Other reversal of impairments                                    | 208  | -                               | -                                 | -                        | -                                    | -                            | 208   |
| <b>Amortisation of intangibles</b>                               | (1 248)                                    | -                               | -                                 | (232)                    | -                                    | -                            | (1 480)   |
| <b>Net operating result</b>                                      | 16 027                                     | -                               | -                                 | 733                      | (408)                                | (30)                         | 16 321  |
| Equity-accounted earnings  | 2 240                                      | -                               | -                                 | 7                        | (140)                                | -                            | 2 107   |
| Finance cost – other   | (763)                                      | -                               | -                                 | (76)                     | -                                    | -                            | (839)   |
| Net monetary loss  | (2)  | -                               | -                                 | -                        | -                                    | -                            | (2)   |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|---|
| <b>R million</b>   |  |   |   |                              |  |                                      |   |
| <b>Profit/(loss) before tax from continuing operations</b>   | 17 502   | -                                       | -   | 663                          | (548)  | (30)                                 | 17 587  |
| Taxation   | (6 152)  | -                                       | -   | (193)                        | -  | -                                    | (6 345)   |
| Shareholders' fund   | (3 694)  | -                                       | -   | (193)                        | -  | -                                    | (3 887)   |
| Policyholders' fund  | (2 458)  | -                                       | -   | -                            | -  | -                                    | (2 458)   |
| <b>Profit/(loss) for the period from continuing operations</b>   | 11 350   | -                                       | -   | 470                          | (548)  | (30)                                 | 11 241  |
| <b>Profit for the period from discontinued operations</b>  | -  | -                                       | -   | -                            | -  | -                                    | -   |
| <b>Profit/(loss) for the period</b>  | 11 350   | -                                       | -   | 470                          | (548)  | (30)                                 | 11 241  |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Movement in foreign currency translation reserve   | 2 082  | -                                       | -   | -                            | -  | -                                    | 2 082   |
| Other comprehensive income of equity-accounted investments   | 17   | -                                       | -   | -                            | -  | -                                    | 17  |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Employee benefits re-measurement gain/(loss)   | (81)   | -                                       | -   | -                            | -  | -                                    | (81)  |
| <b>Comprehensive income for the period</b>   | 13 368   | -                                       | -   | 470                          | (548)  | (30)                                 | 13 259  |
| <b>Allocation of comprehensive income:</b>   |  |   |   |                              |  |                                      |   |
| Profit/(loss) for the period from continuing operations  | 11 350   | -                                       | -   | 470                          | (548)  | (30)                                 | 11 241  |
| Shareholders' fund   | 9 473  | -                                       | -   | 282                          | (548)  | (30)                                 | 9 176   |
| Non-controlling interests  | 1 877  | -                                       | -   | 188                          | -  | -                                    | 2 065   |
| Profit for the period from discontinued operations   | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Shareholders' fund   | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Non-controlling interests  | -  | -                                       | -   | -                            | -  | -                                    | -   |
| <b>Comprehensive income for the period</b>   | 13 368   | -                                       | -   | -                            | -  | -                                    | 13 368  |
| Shareholders' fund   | 10 886   | -                                       | -   | -                            | -  | -                                    | 10 886  |
| Non-controlling interests  | 2 482  | -                                       | -   | -                            | -  | -                                    | 2 482   |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--|--------------------------------------|---|
| <b>R million</b>   |  |   |   |  |  |                                      |   |
| <b>Earnings attributable to shareholders (cents):</b>                          |  |   |   |  |  |                                      |   |
| Profit for the period:   |  |   |   |  |  |                                      |   |
| Basic earnings per share   | 460  | -                                       | -   | 14   | (26)   | (1)                                  | 445   |
| Diluted earnings per share   | 454  | -                                       | -   | 13   | (26)   | (1)                                  | 440   |
| <b>Earnings attributable to shareholders (cents) of continuing operations:</b> |  |   |   |  |  |                                      |   |
| Profit for the period from continuing operations:                              |  |   |   |  |  |                                      |   |
| Basic earnings per share from continuing operations                            | 460  | -                                       | -   | 14   | (26)   | (1)                                  | 445   |
| Diluted earnings per share from continuing operations                          | 454  | -                                       | -   | 13   | (26)   | (1)                                  | 440   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
2. Step 1 of the Partial Offer will have a dilutionary impact to the statement of comprehensive income from the additional shares issued. This will have a continuing effect on the statement of comprehensive income.
3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 *Consolidated Financial Statements*, the results of AfroCentric will be consolidated (see note 4 below).
4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022 (refer Annexure 6). This is a recurring adjustment.
5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.
6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA FINANCIAL EFFECTS (SCENARIO 2B)**

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1a)</b> | <b>Partial Offer<br/>Step 1</b> | <b>Asset for<br/>Share<br/>Step 2</b> | <b>Consolidation</b> | <b>Consolidation<br/>adjustments</b> | <b>Transaction<br/>costs</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|---|---------------------------------|---------------------------------------|----------------------|--------------------------------------|------------------------------|---|
| <b>IFRS information</b>  |   |                                 |                                       |                      |                                      |                              |   |
| Basic earnings per share ("EPS") (cents)                                 | 459.4   | (3)                             | -                                     | 14                   | (26)                                 | (1)                          | 442.3   |
| Diluted EPS (cents)  | 453.7   | (3)                             | -                                     | 13                   | (26)                                 | (1)                          | 436.9   |
| Basic headline earnings per share ("HEPS") (cents)                       | 438.4   | (3)                             | -                                     | 14                   | (7)                                  | (1)                          | 441.2   |
| Diluted HEPS (cents)   | 433.0   | (3)                             | -                                     | 13                   | (7)                                  | (1)                          | 435.8   |
| Number of ordinary shares in issue (million)                             | 2 226.9   | 13                              | -                                     | -                    | -                                    | -                            | 2 239.6   |
| Weighted average number of shares at period end (million)                | 2 062.1   | 13                              | -                                     | -                    | -                                    | -                            | 2 074.8   |
| Weighted average number of diluted shares (million)                      | 2 087.8   | 13                              | -                                     | -                    | -                                    | -                            | 2 100.5   |
| <b>Analysis of earnings</b>  |   |                                 |                                       |                      |                                      |                              |   |
| <b>Attributable earnings per Group statement of comprehensive income</b> | 9 473   | -                               | -                                     | 282                  | (581)                                | (30)                         | 9 144   |
| Net profit on disposal of subsidiaries and associated companies          | (229)   | -                               | -                                     | -                    | 408                                  | -                            | 179   |
| Impairments  | (211)   | -                               | -                                     | -                    | -                                    | -                            | (211)   |
| Net equity-accounted non-headline earnings                               | 8   | -                               | -                                     | -                    | 32                                   | -                            | 40  |
| <b>Headline earnings</b>   | 9 041   | -                               | -                                     | 282                  | (140)                                | (30)                         | 9 153   |

|   | Before the Proposed Transaction (1a) | Partial Offer Step 1 | Asset for Share Step 2 | Consolidation adjustments | Transaction costs | Pro forma after the Proposed Transaction |
|---|--------------------------------------|----------------------|------------------------|---------------------------|-------------------|--|
| <b>IFRS information</b>   |                                      |                      |                        |                           |                   |  |
| <b>Shareholders' information (Non-IFRS measures)</b>                                |                                      |                      |                        |                           |                   |  |
| GEV per share ("GEVPS") (cents)   | (2) 6 444.0                          | (2)                  | 15                     | –                         | (1)               | 6 455.1                                  |
| RoGEV per share ("RoGEVPS") Shareholders' fund at net asset value per share (cents) | (3) 13.9%                            | –                    | –                      | 0.4%                      | –                 | 14.3%                                    |
| Net result from financial services per share ("NRFFSPS") (cents)                    | (4) 3 436.0                          | 15                   | –                      | (172)                     | (1)               | 3 431.2                                  |
| Number of shares for GEVPS and RoGEVPS (million)                                    | (5) 425.8                            | (2)                  | –                      | 18                        | (8)               | 433.6                                    |
| Weighted average number of diluted shares for NRFFSPS and NAEPS                     | (6) 2 209.6                          | 13                   | –                      | –                         | –                 | 2 222.3                                  |
| Profit attributable to shareholders fund per share                                  | (7) 2 224.0                          | 13                   | –                      | –                         | –                 | 2 236.7                                  |
|   | 443.3                                | (2)                  | –                      | (26)                      | (1)               | 429.2                                    |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the following sources:

- a. The amounts set out under the IFRS Information sub-heading have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021;
  - b. The amounts set out under the Shareholders' information (Non-IFRS measures) sub-heading have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein. The Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders' Information may not be suitable for another purpose.
2. GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.  
GEV is calculated by adjusting the shareholders' fund at fair value with the following:
    - Adjustments to net worth; and
    - Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.
  3. RoGEV is calculated as the change in GEV as per the *pro forma* financial effects to the shareholders' information and after-tax earnings per the Shareholders' Fund Income Statement divided by the opening GEV (31 December 2020).
  4. The impact on shareholders fund is calculated as the net asset value attributable to the shareholders divided by the number of issued shares.
  5. Net result from financial services per share is calculated as net result from financial services per the Shareholders' Fund Income Statement divided by weighted average number of weighted average number of diluted shares for NRFFSPS and NAEPS.
  6. The number of shares for GEVPS and RoGEVPS is increased by the number of Sanlam shares issued under step 1.
  7. Profit attributable to shareholders fund per share is calculated as normalised attributable earnings per the Shareholders' Fund Income Statement divided by the weighted number of diluted shares for NRFFSPS and NAEPS.

A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.



**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' INFORMATION (SCENARIO 2B) (at 31 December 2021, unless otherwise stated)**

|   |       | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1</b> | <b>Asset for<br/>Share<br/>Step 2</b> | <b>Consolidation<br/>adjustments</b> | <b>Transaction<br/>costs</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|---|-------|--|---------------------------------|---------------------------------------|--------------------------------------|------------------------------|---|
| <b>Group Equity Value</b>                       |       |  |                                 |                                       |                                      |                              |   |
| Group Equity Value                              | (2)   | 1 42 390   | 761                             | 331                                   | -                                    | (30)                         | 1 43 452  |
| Group Equity Value per share                    | (3) c | 6 444  | (2)                             | 15                                    | -                                    | (1)                          | 6 455   |
| Group Equity Value per share – 31/12/2020       | c     | 5 920  | -                               | -                                     | -                                    | -                            | 5 920   |
| Return on Group Equity Value (earnings)         | (4)   | 17 208   | -                               | 331                                   | 165                                  | (30)                         | 17 674  |
| Return on Group Equity Value per share          | (5)   | 13.9%  | -                               | -                                     | 0.4%                                 | -                            | 14.3%   |
| Opening Group Equity Value – 31/12/2020         | (5)   | 131 812  | -                               | -                                     | -                                    | -                            | 131 812   |
| <b>Shareholders' fund at net asset value</b>    |       |  |                                 |                                       |                                      |                              |   |
| Shareholders' fund at net asset value           | (6)   | 75 928   | 761                             | -                                     | (3 821)                              | (30)                         | 76 251  |
| Shareholders' fund at net asset value per share | (7) c | 3 436  | 15                              | -                                     | (172)                                | (1)                          | 3 431   |

- The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.
  - The ultimate GEV impact will depend on the final valuation methodology and can be separated into the impact on the existing holding plus the impact of the additional acquisition at R6.00 per share. At the transaction price of R6.00 per share, the total GEV uplift will be R331 million.
  - GEV per share is calculated as the total GEV divided by the number of shares for GEVFS and RoGEVFS.
  - The impact of the Return on Group Equity Value is because of attributable earnings and GEV uplift.
  - The Return on Group Equity Value per share is calculated as change in GEV and after-tax earnings per the Shareholders Fund Income Statement divided by the opening GEV (31 December 2020).
  - Shareholders fund net asset value is calculated as the impact to the net asset value of the group attributable to shareholders.
  - Shareholders fund at net asset value per share is calculated as Shareholders' fund net asset value divided by the number of shares for GEVFS and RoGEVFS.
- A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' FUND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 2B)**

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--|--------------------------------------|---|
| <b>R million</b>                                 |  |   |   |  |  |                                      |   |
| <b>Shareholders' fund income statement</b>       |  |   |   |  |  |                                      |   |
| Financial services income                        | 99 632   | -                                       | -   | 6 602  | (227)  | -                                    | 106 007   |
| Sales remuneration                               | (11 881)   | -                                       | -   | -  | -  | -                                    | (11 881)  |
| <b>Income after sales remuneration</b>           | 87 751   | -                                       | -   | 6 602  | (227)  | -                                    | 94 126  |
| Underwriting policy benefits                     | (46 671)   | -                                       | -   | -  | -  | -                                    | (46 671)  |
| Administration costs                             | (25 057)   | -                                       | -   | (5 674)                                      | -  | -                                    | (30 731)  |
| <b>Result from financial services before tax</b> | 16 023   | -                                       | -   | 928  | (227)  | -                                    | 16 723  |
| Tax on result from financial services            | (4 644)  | -                                       | -   | (256)  | 55   | -                                    | (4 845)   |
| <b>Result from financial services after tax</b>  | 11 379   | -                                       | -   | 671  | (172)  | -                                    | 11 878  |
| Non-controlling interest                         | (1 910)  | -                                       | -   | (268)  | -  | -                                    | (2 178)   |
| <b>Net result from financial services</b>        | 9 469  | -                                       | -   | 403  | (172)  | -                                    | 9 699   |
| Net investment income                            | 766  | -                                       | -   | (26)   | -  | -                                    | 740   |
| Investment income                                | 1 072  | -                                       | -   | (42)   | -  | -                                    | 1 030   |
| Tax on investment income                         | (196)  | -                                       | -   | (1)  | -  | -                                    | (197)   |
| Non-controlling interest                         | (110)  | -                                       | -   | 17   | -  | -                                    | (93)  |
| Net investment surpluses                         | 544  | -                                       | -   | 4  | -  | -                                    | 548   |
| Investment surpluses                             | 873  | -                                       | -   | 6  | -  | -                                    | -   |
| Tax on investment surpluses                      | (231)  | -                                       | -   | 1  | -  | -                                    | -   |
| Non-controlling interest                         | (98)   | -                                       | -   | (3)  | -  | -                                    | -   |
| Project expenses                                 | (491)  | -                                       | -   | -  | -  | (30)                                 | (521)   |

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net operational earnings</b>  | 10 288                                     | -                               | -                                 | 381                      | (172)                                | (30)                         | 10 466  |
| Net amortisation of value of business acquired and other intangibles           | (738)                                      | -                               | -                                 | (32)                     | -                                    | -                            | (770)   |
| Equity participation costs   | (1)  | -                               | -                                 | -                        | -                                    | -                            | (1)   |
| Net non-operational equity-accounted earnings                                  | 16   | -                               | -                                 | 5                        | -                                    | -                            | 21  |
| Non-operational equity-accounted earnings                                      | 49   | -                               | -                                 | 7                        | -                                    | -                            | 56  |
| Tax on non-operational equity-accounted headline earnings                      | (2)  | -                               | -                                 | 2                        | -                                    | -                            | -   |
| Non-controlling interest   | (31)                                       | -                               | -                                 | (4)                      | -                                    | -                            | (35)  |
| Net profit on disposal of subsidiary and associated companies                  | 229  | -                               | -                                 | -                        | (408)                                | -                            | (179)   |
| Impairment charges   | 66   | -                               | -                                 | (3)                      | -                                    | -                            | 63  |
| <b>Normalised attributable earnings</b>  | 9 860                                      | -                               | -                                 | 351                      | (581)                                | (30)                         | 9 600   |
| Fund transfers   | (387)                                      | -                               | -                                 | (69)                     | -                                    | -                            | (456)   |
| <b>Attributable earnings per Group statement of comprehensive income</b>       | 9 473                                      | -                               | -                                 | 282                      | (581)                                | (30)                         | 9 144   |
| Weighted average number of shares for operational earnings per share (million) | 2 224                                      | 13                              | -                                 | -                        | -                                    | -                            | 2 237   |
| Net result from financial services (cents)                                     | 426  | (2)                             | -                                 | 21                       | (8)                                  | -                            | 437   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.

2. Step 1 of the Partial Offer will have a dilutionary impact to the shareholders fund income statement from the additional shares issued. This will have a continuing effect on the shareholders fund income statement.

3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 Consolidated Financial Statements, the results of AfroCentric will be consolidated (see note 4 below).

4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022. This is a recurring adjustment.

5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.

6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA EARNINGS AND NET ASSET VALUE EFFECTS PER AFROCENTRIC SHARE SUBSEQUENT TO THE PROPOSED TRANSACTION (SCENARIO 2B)**

The *pro forma* financial effects set out below have been prepared to assist AfroCentric shareholders to assess the impact of the transaction on the EPS, HEPS, NAV and dividend per AfroCentric Share. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the combined group's financial position or the results of its operations after implementation of the transaction.

The *pro forma* financial effects have been prepared in terms of Regulation 106 of the Companies Regulations and the Guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the directors and are provided for illustrative purposes only.

The *pro forma* statement of financial position at 31 December 2021 gives effect to the transaction as if it had occurred on 31 December 2021. The *pro forma* statement of profit or loss and other comprehensive income for the year ended 31 December 2021 are presented as if the transaction had become operative at the beginning of the relevant period.

The impact below is based on the assumption that each AfroCentric shareholder that tenders their shares will only own Sanlam shares post the proposed the transaction.

*Pro forma* financial effects on AfroCentric shareholder

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>After the<br/>Proposed<br/>Transaction<br/>(2)</b> | <b>Percentage<br/>change %</b> |
|---|--|---|--------------------------------|
| Basic earnings per share (cents)            | 54.21  | 44.23   | (18.41)                        |
| Diluted earnings per share (cents)          | 53.12  | 43.69   | (17.76)                        |
| Headline earnings per share (cents)         | 56.05  | 44.12   | (21.29)                        |
| Diluted headline earnings per share (cents) | 54.91  | 43.58   | (20.64)                        |
| Net asset value per share (cents)           | 421.1  | 343.1   | (18.52)                        |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited financial statements of AfroCentric at and for the year ended 30 June 2022.
2. The amounts set out in the "After the Proposed Transaction" column have been prepared by dividing the Sanlam's *pro forma* financial effects after the Proposed Transaction, in respect of Basic earnings per share, Diluted earnings per share, Headline earning per share, Diluted headline earnings per share and Shareholders' fund net asset value per share (as set out in the *proforma* Financial Effect (Scenario 2B) and *Pro forma* financial effects of the shareholders' information), by the exchange ratio of 0.1 (i.e., 1 Sanlam share to each 10 AfroCentric shares held, assuming that the 30-day VWAP is lower than R60 per Sanlam share on the Offer Closing Date).

**PRO FORMA STATEMENT OF FINANCIAL POSITION OF SANLAM AT 31 DECEMBER 2021 (SCENARIO 3A)**

The *pro forma* statement of financial position set out below presents the *pro forma* financial effects of Sanlam as at 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b><i>Pro forma</i><br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|--|
| <b>R million</b>                               |  |   |   |                              |  |                                      |  |
| <b>ASSETS</b>                                  |  |   |   |                              |  |                                      |  |
| Equipment                                      | 1 730  | -                                       | -   | 698                          | -  | -                                    | 2 428  |
| Right-of-use assets                            | 1 481  | -                                       | -   | 148                          | -  | -                                    | 1 629  |
| Owner-occupied properties                      | 2 582  | -                                       | -   | -                            | -  | -                                    | 2 582  |
| Goodwill                                       | 16 431   | -                                       | -   | 1 558                        | 260  | -                                    | 18 249   |
| Value of business acquired                     | 4 718  | -                                       | -   | -                            | -  | -                                    | 4 718  |
| Other intangible assets                        | 746  | -                                       | -   | 1 518                        | -  | -                                    | 2 264  |
| Deferred acquisition costs                     | 3 225  | -                                       | -   | -                            | -  | -                                    | 3 225  |
| Long-term reinsurance assets                   | 2 188  | -                                       | -   | -                            | -  | -                                    | 2 188  |
| Investments                                    | 834 287  | 2 234                                   | -   | 117                          | (3 444)                                      | (30)                                 | 833 164  |
| Investment property                            | 17 980   | -                                       | -   | 8                            | -  | -                                    | 17 988   |
| Investments in associates and joint ventures   | 22 755   | 2 234                                   | (3 444)                                       | 33                           | -  | -                                    | 21 578   |
| Investments in subsidiaries                    | -  | -                                       | 3 444   | -                            | (3 444)                                      | -                                    | -  |
| Equities and similar securities                | 191 958  | -                                       | -   | 76                           | -  | -                                    | 192 034  |
| Interest-bearing investments                   | 271 840  | -                                       | -   | -                            | -  | -                                    | 271 840  |
| Structured transactions                        | 12 434   | -                                       | -   | -                            | -  | -                                    | 12 434   |
| Investment funds                               | 278 145  | -                                       | -   | -                            | -  | -                                    | 278 145  |
| Cash, deposits and similar securities          | 39 175   | -                                       | -   | -                            | -  | (30)                                 | 39 145   |
| Deferred tax asset                             | 3 154  | -                                       | -   | 77                           | -  | -                                    | 3 231  |
| Non-current assets classified as held for sale | 81 386   | -                                       | -   | -                            | -  | -                                    | 81 386   |
| General insurance technical assets             | 19 525   | -                                       | -   | -                            | -  | -                                    | 19 525   |
| Working capital assets                         | 84 725   | -                                       | -   | 1 310                        | -  | -                                    | 86 035   |
| Trade and other receivables                    | 55 806   | -                                       | -   | 1 156                        | -  | -                                    | 56 962   |
| Taxation                                       | 1 218  | -                                       | -   | 27                           | -  | -                                    | 1 245  |
| Cash, deposits and similar securities          | 27 701   | -                                       | -   | 127                          | -  | -                                    | 27 828   |
| <b>Total assets</b>                            | <b>1 056 178</b>                                       | <b>2 234</b>                            | <b>-</b>                                      | <b>5 426</b>                 | <b>(3 185)</b>                               | <b>(30)</b>                          | <b>1 060 623</b>   |

| <b>R million</b>                                    | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|---|--|---|---|------------------------------|--|--------------------------------------|---|
| <b>EQUITY AND LIABILITIES</b>                       |  |   |   |                              |  |                                      |   |
| Capital and reserves                                |  |   |   |                              |  |                                      | -   |
| Share capital and premium                           | 12 784   | 2 234                                   | -   | 2 523                        | (2 523)                                      | -                                    | 15 018  |
| Treasury shares                                     | (1 671)  | -                                       | -   | -                            | -  | -                                    | (1 671)   |
| Other reserves                                      | 6 078  | -                                       | -   | 10                           | (10)   | -                                    | 6 078   |
| Retained earnings                                   | 52 188   | -                                       | -   | 880                          | (1 480)                                      | (30)                                 | 51 558  |
| <b>Shareholders' fund</b>                           | <b>69 379</b>  | <b>2 234</b>                            | <b>-</b>                                      | <b>3 413</b>                 | <b>(4 012)</b>                               | <b>(30)</b>                          | <b>70 984</b>   |
| Non-controlling interests                           | 13 517   |   |   | 21                           | 328  |                                      | 13 866  |
| <b>Total equity</b>                                 | <b>82 896</b>  | <b>2 234</b>                            | <b>-</b>                                      | <b>3 434</b>                 | <b>(3 685)</b>                               | <b>(30)</b>                          | <b>84 849</b>   |
| Long-term policy liabilities                        | 641 196  | -                                       | -   | -                            | -  | -                                    | 641 196   |
| Insurance contracts                                 | 186 658  | -                                       | -   | -                            | -  | -                                    | 186 658   |
| Investment contracts                                | 454 538  | -                                       | -   | -                            | -  | -                                    | 454 538   |
| Term finance  | 15 116   | -                                       | -   | 651                          | -  | -                                    | 15 767  |
| Margin business                                     | 5 330  | -                                       | -   | -                            | -  | -                                    | 5 330   |
| Other interest-bearing liabilities                  | 9 786  | -                                       | -   | 651                          | -  | -                                    | 10 437  |
| Lease liabilities                                   | 1 789  | -                                       | -   | 196                          | -  | -                                    | 1 985   |
| Structured transactions liabilities                 | 8 898  | -                                       | -   | -                            | -  | -                                    | 8 898   |
| External investors in consolidated funds            | 85 506   | -                                       | -   | -                            | -  | -                                    | 85 506  |
| Cell owners' interest (third party)                 | 4 900  | -                                       | -   | -                            | -  | -                                    | 4 900   |
| Deferred tax liability                              | 7 311  | -                                       | -   | 242                          | -  | -                                    | 7 553   |
| Non-current liabilities classified as held for sale | 78 700   | -                                       | -   | -                            | -  | -                                    | 78 700  |
| General insurance technical provisions              | 57 559   | -                                       | -   | -                            | -  | -                                    | 57 559  |
| Net defined benefit liability                       | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Working capital liabilities                         | 72 307   | -                                       | -   | 902                          | 500  | -                                    | 73 709  |
| Trade and other payables                            | 69 123   | -                                       | -   | 650                          | -  | -                                    | 69 773  |
| Provisions  | 628  | -                                       | -   | 233                          | 500  | -                                    | 1 361   |
| Taxation  | 2 556  | -                                       | -   | 19                           | -  | -                                    | 2 575   |
| <b>Total equity and liabilities</b>                 | <b>1 056 178</b>                                       | <b>2 234</b>                            | <b>-</b>                                      | <b>5 426</b>                 | <b>(3 185)</b>                               | <b>(30)</b>                          | <b>1 060 623</b>  |

- The amounts set out in the “Before the Proposed Transaction” column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
- Step 1 of the Proposed Transaction represents a Partial Offer to the AfroCentric shareholders. Under scenario 3A, the aggregate percentage of the AfroCentric shares tendered and accepted by Sanlam is expected to be 43.9%. A total of 372 402 189 AfroCentric shares have been taken into account under Step 1. Sanlam will acquire the investment in AfroCentric through issuing its own shares to the value of R2 234 million. The investment in AfroCentric will be recognised at cost of R2 234 million and accounted for as an investment in associate in line with IAS 28 Investments in Associates and Joint Ventures.
- Step 2 of the Proposed Transaction represents the Asset for Share transaction in which Sanlam will exchange in 28.7% stake in ACT Healthcare Assets Proprietary Limited for a 28.7% stake in AfroCentric. Post the Asset for Share transaction, Sanlam’s shareholding in AfroCentric will be 74.65%. The investment in AHA which is currently accounted for as an investment in associate will be derecognised at its carrying amount of R1 210m which will be the cost of the investment in AfroCentric. The initial investment in AfroCentric recognised under step 1, will be reclassified to investments in subsidiaries as Sanlam now holds more than 50% of AfroCentric shares.
- The amounts set out in the “Consolidation adjustments” column have been extracted from the audited financial statements of AfroCentric Limited at and for the year ended 30 June 2022.
- The amounts set out in the consolidation adjustments represent the purchase price allocation (“PPA”) in terms of IFRS 3 Business Combinations. Step 2 will result in Sanlam obtaining control of AfroCentric. The PPA is calculated as follows:

|   |                |     |
|---|----------------|-----|
| Assets transferred (Carrying amount of AHA)           | 1 210          | (a) |
| Fair value of previously held interest in AfroCentric | 1 635          | (b) |
| <b>Total consideration transferred</b>                | <b>2 845</b>   |     |
| <b>Fair value of net identifiable assets acquired</b> | <b>(1 375)</b> |     |
| Total assets and liabilities assumed                  | 3 434          | (c) |
| Contingent liability                                  | (500)          | (d) |
| Pre-existing goodwill                                 | (1 558)        | (e) |
| Non-controlling interest                              | 349            | (f) |
| <b>Goodwill</b>                                       | <b>1 818</b>   | (g) |

- Assets transferred represent the carrying amount of AHA under step 2. Applying IFRS 3.38, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in profit or loss on assets and liabilities it retains control over after the business combination.
  - For a business combination achieved in stages, IFRS 3.42 requires the acquirer to remeasure its previously held interest at its acquisition-date fair value and recognise any resulting gain or loss in profit or loss. The fair value has been determined by valuing the AfroCentric shares (372 402 189) at the issued share price of R4.39 as at 30 June 2022.
  - Extracted from the audited financial statements of AfroCentric as at 30 June 2022.
  - AfroCentric is involved in ongoing litigation with Neil Harvey & Associates (“NHA”). The contingent consideration has been recognised at its fair value.
  - Represents AfroCentric’s pre-existing goodwill extracted from the audited financial statements as at 30 June 2022.
  - Non-controlling interest is recognised at the proportionate share of AfroCentric net assets acquired.
  - Represents the total goodwill to be recognised in the Sanlam group.
- Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These have been reflected as having been settled in cash.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SANLAM FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 3A)**

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of Sanlam for the year ended 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Continuing operations</b>                                     |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net income</b>  | 200 125                                    | -                               | -                                 | 6 623                    | (600)                                | -                            | 206 149   |
| Financial services income  | 116 887                                    | -                               | -                                 | 6 602                    | -                                    | -                            | 123 489   |
| Reinsurance premiums paid  | (20 081)                                   | -                               | -                                 | -                        | -                                    | -                            | (20 081)  |
| Reinsurance commission received                                  | 2 815                                      | -                               | -                                 | -                        | -                                    | -                            | 2 815   |
| Investment income  | 31 804                                     | -                               | -                                 | 15                       | -                                    | -                            | 31 819  |
| Investment (deficits)/surpluses                                  | 84 717                                     | -                               | -                                 | 6                        | (600)                                | -                            | 84 124  |
| Finance cost – margin business                                   | (249)                                      | -                               | -                                 | -                        | -                                    | -                            | (249)   |
| Change in fair value of external investors' liability            | (15 768)                                   | -                               | -                                 | -                        | -                                    | -                            | (15 768)  |
| <b>Net insurance and investment contract benefits and claims</b> | (139 592)                                  | -                               | -                                 | -                        | -                                    | -                            | (139 592)                                       |
| Long-term insurance and investment contract benefits             | (44 340)                                   | -                               | -                                 | -                        | -                                    | -                            | (44 340)  |
| Long-term investment contract benefits                           | (73 767)                                   | -                               | -                                 | -                        | -                                    | -                            | (73 767)  |
| General insurance claims   | (41 048)                                   | -                               | -                                 | -                        | -                                    | -                            | (41 048)  |
| Reinsurance claims received                                      | 19 563                                     | -                               | -                                 | -                        | -                                    | -                            | 19 563  |
| <b>Expenses</b>  | (43 170)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (48 855)  |
| Sales remuneration   | (14 724)                                   | -                               | -                                 | -                        | -                                    | -                            | (14 724)  |
| Administration costs   | (28 446)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (34 131)  |
| <b>Impairments</b>   | (88)                                       | -                               | -                                 | (3)                      | -                                    | -                            | (91)  |
| Net impairment losses on financial assets                        | (296)                                      | -                               | -                                 | (3)                      | -                                    | -                            | (299)   |
| Other reversal of impairments                                    | 208  | -                               | -                                 | -                        | -                                    | -                            | 208   |
| <b>Amortisation of intangibles</b>                               | (1 248)                                    | -                               | -                                 | (232)                    | -                                    | -                            | (1 480)   |
| <b>Net operating result</b>                                      | 16 027                                     | -                               | -                                 | 733                      | (600)                                | (30)                         | 16 130  |
| Equity-accounted earnings  | 2 240                                      | -                               | -                                 | 7                        | (140)                                | -                            | 2 107   |
| Finance cost – other   | (763)                                      | -                               | -                                 | (76)                     | -                                    | -                            | (839)   |
| Net monetary loss  | (2)  | -                               | -                                 | -                        | -                                    | -                            | (2)   |



|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|---|
| <b>R million</b>   |  |   |   |                              |  |                                      |   |
| <b>Profit/(loss) before tax from continuing operations</b>   | 17 502   | -                                       | -   | 663                          | (740)  | (30)                                 | 17 396  |
| Taxation   | (6 152)  | -                                       | -   | (193)                        | -  | -                                    | (6 345)   |
| Shareholders' fund   | (3 694)  | -                                       | -   | (193)                        | -  | -                                    | (3 887)   |
| Policyholders' fund  | (2 458)  | -                                       | -   | -                            | -  | -                                    | (2 458)   |
| <b>Profit/(loss) for the period from continuing operations</b>   | 11 350   | -                                       | -   | 470                          | (740)  | (30)                                 | 11 050  |
| <b>Profit for the period from discontinued operations</b>  | -  | -                                       | -   | -                            | -  | -                                    | -   |
| <b>Profit/(loss) for the period</b>  | 11 350   | -                                       | -   | 470                          | (740)  | (30)                                 | 11 050  |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Movement in foreign currency translation reserve   | 2 082  | -                                       | -   | -                            | -  | -                                    | 2 082   |
| Other comprehensive income of equity-accounted investments   | 17   | -                                       | -   | -                            | -  | -                                    | 17  |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Employee benefits re-measurement gain/(loss)   | (81)   | -                                       | -   | -                            | -  | -                                    | (81)  |
| <b>Comprehensive income for the period</b>   | 13 368   | -                                       | -   | 470                          | (740)  | (30)                                 | 13 068  |
| <b>Allocation of comprehensive income:</b>   |  |   |   |                              |  |                                      |   |
| Profit/(loss) for the period from continuing operations  | 11 350   | -                                       | -   | 470                          | (740)  | (30)                                 | 11 050  |
| Shareholders' fund   | 9 473  | -                                       | -   | 351                          | (740)  | (30)                                 | 9 054   |
| Non-controlling interests  | 1 877  | -                                       | -   | 119                          | -  | -                                    | 1 996   |
| Profit for the period from discontinued operations   | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Shareholders' fund   | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Non-controlling interests  | -  | -                                       | -   | -                            | -  | -                                    | -   |
| Comprehensive income for the period  | 13 368   | -                                       | -   | -                            | -  | -                                    | 13 368  |
| Shareholders' fund   | 10 886   | -                                       | -   | -                            | -  | -                                    | 10 886  |
| Non-controlling interests  | 2 482  | -                                       | -   | -                            | -  | -                                    | 2 482   |

|  | Before the Proposed Transaction (1) | Partial Offer Step 1 (2) | Asset for Share Step 2 (3) | Consolidation adjustments (4) | Consolidation adjustments (5) | Transaction costs (6) | Pro forma after the Proposed Transaction |
|--|-------------------------------------|--------------------------|----------------------------|-------------------------------|-------------------------------|-----------------------|--|
| <b>R million</b>   |                                     |                          |                            |                               |                               |                       |  |
| <b>Earnings attributable to shareholders (cents):</b>                          |                                     |                          |                            |                               |                               |                       |  |
| Profit for the period:   |                                     |                          |                            |                               |                               |                       |  |
| Basic earnings per share   | 460                                 | -                        | -                          | 17                            | (35)                          | (1)                   | 440                                      |
| Diluted earnings per share   | 454                                 | -                        | -                          | 17                            | (35)                          | (1)                   | 434                                      |
| <b>Earnings attributable to shareholders (cents) of continuing operations:</b> |                                     |                          |                            |                               |                               |                       |  |
| Profit for the period from continuing operations:                              |                                     |                          |                            |                               |                               |                       |  |
| Basic earnings per share from continuing operations                            | 460                                 | -                        | -                          | 17                            | (35)                          | (1)                   | 440                                      |
| Diluted earnings per share from continuing operations                          | 454                                 | -                        | -                          | 17                            | (35)                          | (1)                   | 434                                      |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
2. Step 1 of the Partial Offer will have a dilutionary impact to the statement of comprehensive income from the additional shares issued. This will have a continuing effect on the statement of comprehensive income.
3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 *Consolidated Financial Statements*, the results of AfroCentric will be consolidated (see note 4 below).
4. The amounts set out in the "Consolidation adjustments" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022 (refer Annexure 6). This is a recurring adjustment.
5. Amounts set out in the "Consolidation" adjustment column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.
6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA FINANCIAL EFFECTS (SCENARIO 3A)**

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1a)</b> | <b>Partial Offer<br/>Step 1</b> | <b>Asset for<br/>Share<br/>Step 2</b> | <b>Consolidation<br/>adjustments</b> | <b>Transaction<br/>costs</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|---|---------------------------------|---------------------------------------|--------------------------------------|------------------------------|---|
| <b>IFRS information</b>  |   |                                 |                                       |                                      |                              |   |
| Basic earnings per share<br>("EPS") (cents)                                      | 459.4   | (8.2)                           | -                                     | 16.7                                 | (1.4)                        | 431.3   |
| Diluted EPS (cents)  | 453.7   | (7.9)                           | -                                     | 16.5                                 | (1.4)                        | 426.1   |
| Basic headline earnings per<br>share ("HEPS") (cents)                            | 438.4   | (7.7)                           | -                                     | 16.7                                 | (1.4)                        | 439.3   |
| Diluted HEPS (cents)   | 433.0   | (7.5)                           | -                                     | 16.5                                 | (1.4)                        | 434.0   |
| Number of ordinary shares in<br>issue (million)                                  | 2 226.9   | 37.2                            | -                                     | -                                    | -                            | 2 264.1   |
| Weighted average number of<br>shares at period end (million)                     | 2 062.1   | 37.2                            | -                                     | -                                    | -                            | 2 099.3   |
| Weighted average number of<br>diluted shares (million)                           | 2 087.8   | 37.2                            | -                                     | -                                    | -                            | 2 125.0   |
| <b>Analysis of earnings</b>  |   |                                 |                                       |                                      |                              |   |
| <b>Attributable earnings per<br/>Group statement of<br/>comprehensive income</b> | 9 473   | -                               | -                                     | 351                                  | (30)                         | 9 022   |
| Net profit on disposal of<br>subsidiaries and associated<br>companies            | (229)   | -                               | -                                     | 600                                  | -                            | 371   |
| Impairments  | (211)   | -                               | -                                     | -                                    | -                            | (211)   |
| Net equity-accounted<br>non-headline earnings                                    | 8   | -                               | -                                     | 32                                   | -                            | 40  |
| <b>Headline earnings</b>   | 9 041   | -                               | -                                     | 351                                  | (30)                         | 9 222   |

|   | Before the<br>Proposed<br>Transaction<br>(1a) | Partial Offer<br>Step 1 | Asset for<br>Share<br>Step 2 | Consolidation<br>adjustments | Transaction<br>costs | <i>Pro forma</i><br>after the<br>Proposed<br>Transaction |
|---|---|-------------------------|------------------------------|------------------------------|----------------------|--|
| <b>Shareholders' information</b>  |   |                         |                              |                              |                      |  |
| <b>(Non-IFRS measures)</b>  | <b>(1b)</b>                                   |                         |                              |                              |                      |  |
| GEV per share ("GEVPS") (cents)   | 6 444.0                                       | (7.1)                   | 15.0                         | -                            | (1.3)                | 6 450.3  |
| RoGEV per share ("RoGEVPS") Shareholders' fund at net asset value per share (cents) | 13.9%   | -                       | -                            | 0.4%                         | -                    | 14.3%  |
| Net result from financial services per share ("NRFFSPS") (cents)                    | 3 436.0                                       | 42.8                    | -                            | 151.9                        | (1.3)                | 3 450.8  |
| Number of shares for GEVPS and RoGEVPS (million)                                    | 425.8   | (7.0)                   | -                            | 22.1                         | -                    | 433.2  |
| Weighted average number of diluted shares for NRFFSPS and NAEPS                     | 2 209.6                                       | 37.2                    | -                            | -                            | -                    | 2 246.8  |
| Profit attributable to shareholders fund per share                                  | 2 224.0                                       | 37.2                    | -                            | -                            | -                    | 2 261.2  |
|   | 443.3   | (7.2)                   | -                            | 19.3                         | (1.3)                | 419.9  |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the following sources:

- a. The amounts set out under the IFRS Information sub-heading have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021;
  - b. The amounts set out under the Shareholders' information (Non-IFRS measures) sub-heading have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein. The Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders' Information may not be suitable for another purpose.
2. GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.  
GEV is calculated by adjusting the shareholders' fund at fair value with the following:
    - Adjustments to net worth; and
    - Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.
  3. RoGEV is calculated as the change in GEV as per the *pro forma* financial effects to the shareholders' information and after-tax earnings per the Shareholders' Fund Income Statement divided by the opening GEV (31 December 2020).
  4. The impact on shareholders fund is calculated as the net asset value attributable to the shareholders divided by the number of issued shares.
  5. Net result from financial services per share is calculated as net result from financial services per the Shareholders' Fund Income Statement divided by weighted average number of weighted average number of diluted shares for NRFFSPS and NAEPS.
  6. The number of shares for GEVPS and RoGEVPS is increased by the number of Sanlam shares issued under step 1.
  7. Profit attributable to shareholders fund per share is calculated as normalised attributable earnings per the Shareholders' Fund Income Statement divided by the weighted number of diluted shares for NRFFSPS and NAEPS.

A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' INFORMATION (SCENARIO 3A) (at 31 December 2021, unless otherwise stated)**

|   |       | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1</b> | <b>Asset for Share Step 2</b> | <b>Consolidation</b> | <b>Consolidation adjustments</b> | <b>Transaction costs</b> | <b>Pro forma after the Proposed Transaction</b> |
|---|-------|--|-----------------------------|-------------------------------|----------------------|----------------------------------|--------------------------|---|
| <b>R million</b>                                |       |  |                             |                               |                      |                                  |                          |   |
| <b>Group Equity Value</b>                       |       |  |                             |                               |                      |                                  |                          |   |
| Group Equity Value                              | (2)   | 142 390                                    | 2 234                       | 331                           | -                    | -                                | (30)                     | 144 925   |
| Group Equity Value per share                    | (3) c | 6 444                                      | (7)                         | 15                            | -                    | -                                | (1)                      | 6 450   |
| Group Equity Value per share – 31/12/2020       | c     | 5 920                                      | -                           | -                             | -                    | -                                | -                        | 5 920   |
| Return on Group Equity Value (earnings)         | (4)   | 17 208                                     | -                           | 331                           | -                    | 206                              | (30)                     | 17 715  |
| Return on Group Equity Value per share          | (5)   | 13.9%                                      | -                           | -                             | -                    | 0.4%                             | -                        | 14.3%   |
| Opening Group Equity Value – 31/12/2020         | (5)   | 131 812                                    | -                           | -                             | -                    | -                                | -                        | 131 812   |
| <b>Shareholders' fund at net asset value</b>    |       |  |                             |                               |                      |                                  |                          |   |
| Shareholders' fund at net asset value           | (6)   | 75 928                                     | 2 234                       | -                             | 3 413                | (4 012)                          | (30)                     | 77 533  |
| Shareholders' fund at net asset value per share | (7) c | 3 436                                      | 43                          | -                             | 152                  | (179)                            | (1)                      | 3 450.8   |

- The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.
  - The ultimate GEV impact will depend on the final valuation methodology and can be separated into the impact on the existing holding plus the impact of the additional acquisition at R6.00 per share. At the transaction price of R6.00 per share, the total GEV uplift will be R331 million.
  - GEV per share is calculated as the total GEV divided by the number of shares for GEVFS and RoGEVFS.
  - The impact of the Return on Group Equity Value is because of attributable earnings and GEV uplift.
  - The Return on Group Equity Value per share is calculated as change in GEV and after-tax earnings per the Shareholders Fund Income Statement divided by the opening GEV (31 December 2020).
  - Shareholders' fund net asset value is calculated as the impact to the net asset value of the group attributable to shareholders.
  - Shareholders' fund at net asset value per share is calculated as Shareholders' fund net asset value divided by the number of shares for GEVFS and RoGEVFS.
- A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' FUND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 3A)**

| <b>R million</b>                                 | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>Shareholders' fund income statement</b>       |  |                                 |                                   |                          |                                      |                              |   |
| Financial services income                        | 99 632                                     | -                               | -                                 | 6 602                    | (227)                                | -                            | 106 007   |
| Sales remuneration                               | (11 881)                                   | -                               | -                                 | -                        | -                                    | -                            | (11 881)  |
| <b>Income after sales remuneration</b>           |  |                                 |                                   |                          |                                      |                              |   |
| Underwriting policy benefits                     | 87 751                                     | -                               | -                                 | 6 602                    | (227)                                | -                            | 94 126  |
| Administration costs                             | (46 671)                                   | -                               | -                                 | -                        | -                                    | -                            | (46 671)  |
|  | (25 057)                                   | -                               | -                                 | (5 674)                  | -                                    | -                            | (30 731)  |
| <b>Result from financial services before tax</b> |  |                                 |                                   |                          |                                      |                              |   |
| Tax on result from financial services            | 16 023                                     | -                               | -                                 | 928                      | (227)                                | -                            | 16 723  |
|  | (4 644)                                    | -                               | -                                 | (258)                    | 55                                   | -                            | (4 847)   |
| <b>Result from financial services after tax</b>  |  |                                 |                                   |                          |                                      |                              |   |
| Non-controlling interest                         | 11 379                                     | -                               | -                                 | 669                      | (172)                                | -                            | 11 876  |
|  | (1 910)                                    | -                               | -                                 | (170)                    | -                                    | -                            | (2 080)   |
| <b>Net result from financial services</b>        |  |                                 |                                   |                          |                                      |                              |   |
| Net investment income                            | 9 469                                      | -                               | -                                 | 500                      | (172)                                | -                            | 9 796   |
|  | 766  | -                               | -                                 | (32)                     | -                                    | -                            | 734   |
| Investment income                                | 1 072                                      | -                               | -                                 | (42)                     | -                                    | -                            | 1 030   |
| Tax on investment income                         | (196)                                      | -                               | -                                 | (1)                      | -                                    | -                            | (197)   |
| Non-controlling interest                         | (110)                                      | -                               | -                                 | 11                       | -                                    | -                            | (99)  |
| Net investment surpluses                         | 544  | -                               | -                                 | 5                        | -                                    | -                            | 549   |
| Investment surpluses                             | 873  | -                               | -                                 | 6                        | -                                    | -                            | 879   |
| Tax on investment surpluses                      | (231)                                      | -                               | -                                 | 1                        | -                                    | -                            | (230)   |
| Non-controlling interest                         | (98)                                       | -                               | -                                 | (2)                      | -                                    | -                            | (100)   |
| Project expenses                                 | (491)                                      | -                               | -                                 | -                        | -                                    | (30)                         | (521)   |

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net operational earnings</b>  | 10 288                                     | -                               | -                                 | 473                      | (172)                                | (30)                         | 10 558  |
| Net amortisation of value of business acquired and other intangibles           | (738)                                      | -                               | -                                 | (40)                     | -                                    | -                            | (778)   |
| Equity participation costs   | (1)  | -                               | -                                 | -                        | -                                    | -                            | (1)   |
| Net non-operational equity-accounted earnings                                  | 16   | -                               | -                                 | 7                        | -                                    | -                            | 23  |
| Non-operational equity-accounted earnings                                      | 49   | -                               | -                                 | 7                        | -                                    | -                            | 56  |
| Tax on non-operational equity-accounted headline earnings                      | (2)  | -                               | -                                 | 2                        | -                                    | -                            | -   |
| Non-controlling interest   | (31)                                       | -                               | -                                 | (2)                      | -                                    | -                            | (33)  |
| Net profit on disposal of subsidiary and associated companies                  | 229  | -                               | -                                 | -                        | (600)                                | -                            | (371)   |
| Impairment charges   | 66   | -                               | -                                 | (3)                      | -                                    | -                            | 63  |
| <b>Normalised attributable earnings</b>  | 9 860                                      | -                               | -                                 | 437                      | (772)                                | (30)                         | 9 495   |
| Fund transfers   | (387)                                      | -                               | -                                 | (86)                     | -                                    | -                            | (473)   |
| <b>Attributable earnings per Group statement of comprehensive income</b>       | 9 473                                      | -                               | -                                 | 351                      | (772)                                | (30)                         | 9 022   |
| Weighted average number of shares for operational earnings per share (million) | 2 224.0                                    | 37.2                            | -                                 | -                        | -                                    | -                            | 2 261.2   |
| Net result from financial services (cents)                                     | 425.8                                      | (7.0)                           | -                                 | 25.9                     | (7.6)                                | -                            | 437.0   |

- The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.
- Step 1 of the Partial Offer will have a dilutionary impact to the shareholders fund income statement from the additional shares issued. This will have a continuing effect on the shareholders' fund income statement.
- Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 Consolidated Financial Statements, the results of AfroCentric will be consolidated (see note 4 below). The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022. This is a recurring adjustment.
- Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.
- Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA EARNINGS AND NET ASSET VALUE EFFECTS PER AFROCENTRIC SHARE SUBSEQUENT TO THE PROPOSED TRANSACTION (SCENARIO 3A)**

The *pro forma* financial effects set out below have been prepared to assist AfroCentric shareholders to assess the impact of the transaction on the EPS, HEPS, NAV and dividend per AfroCentric Share. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the combined group's financial position or the results of its operations after implementation of the transaction.

The *pro forma* financial effects have been prepared in terms of Regulation 106 of the Companies Regulations and the Guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the directors and are provided for illustrative purposes only.

The *pro forma* statement of financial position at 31 December 2021 gives effect to the transaction as if it had occurred on 31 December 2021. The *pro forma* statement of profit or loss and other comprehensive income for the year ended 31 December 2021 are presented as if the transaction had become operative at the beginning of the relevant period.

The impact below is based on the assumption that each AfroCentric shareholder that tenders their shares will only own Sanlam shares post the proposed the transaction.

*Pro forma* financial effects on AfroCentric shareholder

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>After the<br/>Proposed<br/>Transaction<br/>(2)</b> | <b>Percentage<br/>change %</b> |
|---|--|---|--------------------------------|
| Basic earnings per share (cents)            | 54.21  | 43.13   | (20.44)                        |
| Diluted earnings per share (cents)          | 53.12  | 42.61   | (19.79)                        |
| Headline earnings per share (cents)         | 56.05  | 43.93   | (21.63)                        |
| Diluted headline earnings per share (cents) | 54.91  | 43.40   | (20.97)                        |
| Net asset value per share (cents)           | 421.1  | 345.1   | (18.06)                        |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited financial statements of AfroCentric at and for the year ended 30 June 2022.
2. The amounts set out in the "After the Proposed Transaction" column have been prepared by dividing the Sanlam's *pro forma* financial effects after the Proposed Transaction, in respect of Basic earnings per share, Diluted earnings per share, Headline earning per share, Diluted headline earnings per share and Shareholders' fund net asset value per share (as set out in the *pro forma* Financial Effect (Scenario 3A) and *pro forma* financial effects of the shareholders' information), by the exchange ratio of 0.1 (i.e., 1 Sanlam share to each 10 AfroCentric shares held, assuming that the 30-day VWAP is lower than R60 per Sanlam share on the Offer Closing Date).



**PRO FORMA STATEMENT OF FINANCIAL POSITION OF SANLAM AT 31 DECEMBER 2021 (SCENARIO 3B)**

The *pro forma* statement of financial position set out below presents the *pro forma* financial effects of Sanlam as at 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b><i>Pro forma</i><br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|------------------------------|--|--------------------------------------|--|
| <b>ASSETS</b>                                  |  |   |   |                              |  |                                      |  |
| Equipment                                      | 1 730  | -                                       | -   | 698                          | -  | -                                    | 2 428  |
| Right-of-use assets                            | 1 481  | -                                       | -   | 148                          | -  | -                                    | 1 629  |
| Owner-occupied properties                      | 2 582  | -                                       | -   | -                            | -  | -                                    | 2 582  |
| Goodwill                                       | 16 431   | -                                       | -   | 1 558                        | 260  | -                                    | 18 249   |
| Value of business acquired                     | 4 718  | -                                       | -   | -                            | -  | -                                    | 4 718  |
| Other intangible assets                        | 746  | -                                       | -   | 1 518                        | -  | -                                    | 2 264  |
| Deferred acquisition costs                     | 3 225  | -                                       | -   | -                            | -  | -                                    | 3 225  |
| Long-term reinsurance assets                   | 2 188  | -                                       | -   | -                            | -  | -                                    | 2 188  |
| Investments                                    | 834 287  | 1 117                                   | -   | 117                          | (3 444)                                      | (30)                                 | 832 047  |
| Investment property                            | 17 980   | -                                       | -   | 8                            | -  | -                                    | 17 988   |
| Investments in associates and joint ventures   | 22 755   | 2 234                                   | (3 444)                                       | 33                           | -  | -                                    | 21 578   |
| Investments in subsidiaries                    | -  | -                                       | 3 444   | -                            | (3 444)                                      | -                                    | -  |
| Equities and similar securities                | 191 958  | -                                       | -   | 76                           | -  | -                                    | 192 034  |
| Interest-bearing investments                   | 271 840  | -                                       | -   | -                            | -  | -                                    | 271 840  |
| Structured transactions                        | 12 434   | -                                       | -   | -                            | -  | -                                    | 12 434   |
| Investment funds                               | 278 145  | -                                       | -   | -                            | -  | -                                    | 278 145  |
| Cash, deposits and similar securities          | 39 175   | (1 117)                                 | -   | -                            | -  | (30)                                 | 38 028   |
| Deferred tax asset                             | 3 154  | -                                       | -   | 77                           | -  | -                                    | 3 231  |
| Non-current assets classified as held for sale | 81 386   | -                                       | -   | -                            | -  | -                                    | 81 386   |
| General insurance technical assets             | 19 525   | -                                       | -   | -                            | -  | -                                    | 19 525   |
| Working capital assets                         | 84 725   | -                                       | -   | 1 310                        | -  | -                                    | 86 035   |
| Trade and other receivables                    | 55 806   | -                                       | -   | 1 156                        | -  | -                                    | 56 962   |
| Taxation                                       | 1 218  | -                                       | -   | 27                           | -  | -                                    | 1 245  |
| Cash, deposits and similar securities          | 27 701   | -                                       | -   | 127                          | -  | -                                    | 27 828   |
| <b>Total assets</b>                            | <b>1 056 178</b>                                       | <b>1 117</b>                            | <b>-</b>                                      | <b>5 426</b>                 | <b>(3 185)</b>                               | <b>(30)</b>                          | <b>1 059 506</b>   |

| <b>R million</b>                                    | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|---|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>EQUITY AND LIABILITIES</b>                       |  |                                 |                                   |                          |                                      |                              |   |
| Capital and reserves                                |  |                                 |                                   |                          |                                      |                              |   |
| Share capital and premium                           | 12 784                                     | 1 117                           | -                                 | 2 523                    | (2 523)                              | -                            | 13 901  |
| Treasury shares                                     | (1 671)                                    | -                               | -                                 | -                        | -                                    | -                            | (1 671)   |
| Other reserves                                      | 6 078                                      | -                               | -                                 | 10                       | (10)                                 | -                            | 6 078   |
| Retained earnings                                   | 52 188                                     | -                               | -                                 | 880                      | (1 480)                              | (30)                         | 51 558  |
| <b>Shareholders' fund</b>                           | <b>69 379</b>                              | <b>1 117</b>                    | <b>-</b>                          | <b>3 413</b>             | <b>(4 012)</b>                       | <b>(30)</b>                  | <b>69 867</b>                                   |
| Non-controlling interests                           | 13 517                                     | -                               | -                                 | 21                       | 328                                  | -                            | 13 866  |
| <b>Total equity</b>                                 | <b>82 896</b>                              | <b>1 117</b>                    | <b>-</b>                          | <b>3 434</b>             | <b>(3 685)</b>                       | <b>(30)</b>                  | <b>83 732</b>                                   |
| Long-term policy liabilities                        | 641 196                                    | -                               | -                                 | -                        | -                                    | -                            | 641 196   |
| Insurance contracts                                 | 186 658                                    | -                               | -                                 | -                        | -                                    | -                            | 186 658   |
| Investment contracts                                | 454 538                                    | -                               | -                                 | -                        | -                                    | -                            | 454 538   |
| Term finance  | 15 116                                     | -                               | -                                 | 651                      | -                                    | -                            | 15 767  |
| Margin business                                     | 5 330                                      | -                               | -                                 | -                        | -                                    | -                            | 5 330   |
| Other interest-bearing liabilities                  | 9 786                                      | -                               | -                                 | 651                      | -                                    | -                            | 10 437  |
| Lease liabilities                                   | 1 789                                      | -                               | -                                 | 196                      | -                                    | -                            | 1 985   |
| Structured transactions liabilities                 | 8 898                                      | -                               | -                                 | -                        | -                                    | -                            | 8 898   |
| External investors in consolidated funds            | 85 506                                     | -                               | -                                 | -                        | -                                    | -                            | 85 506  |
| Cell owners' interest (third party)                 | 4 900                                      | -                               | -                                 | -                        | -                                    | -                            | 4 900   |
| Deferred tax liability                              | 7 311                                      | -                               | -                                 | 242                      | -                                    | -                            | 7 553   |
| Non-current liabilities classified as held for sale | 78 700                                     | -                               | -                                 | -                        | -                                    | -                            | 78 700  |
| General insurance technical provisions              | 57 559                                     | -                               | -                                 | -                        | -                                    | -                            | 57 559  |
| Net defined benefit liability                       | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Working capital liabilities                         | 72 307                                     | -                               | -                                 | 902                      | 500                                  | -                            | 73 709  |
| Trade and other payables                            | 69 123                                     | -                               | -                                 | 650                      | -                                    | -                            | 69 773  |
| Provisions  | 628  | -                               | -                                 | 233                      | 500                                  | -                            | 1 361   |
| Taxation  | 2 556                                      | -                               | -                                 | 19                       | -                                    | -                            | 2 575   |
| <b>Total equity and liabilities</b>                 | <b>1 056 178</b>                           | <b>1 117</b>                    | <b>-</b>                          | <b>5 426</b>             | <b>(3 185)</b>                       | <b>(30)</b>                  | <b>1 059 506</b>                                |

- The amounts set out in the “Before the Proposed Transaction” column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
- Step 1 of the Proposed Transaction represents a Partial Offer to the AfroCentric shareholders. Under scenario 3B, the aggregate percentage of the AfroCentric shares tendered and accepted by Sanlam is expected to be 64.45%. A total of 372 402 189 AfroCentric shares have been taken into account under Step 1. Sanlam will acquire the investment in AfroCentric through issuing its own shares and cash to the value of R2 234 million. The investment in AfroCentric will be recognised at cost of R2 234 million and accounted for as an investment in associate in line with IAS 28 Investments in Associates and Joint Ventures.
- Step 2 of the Proposed Transaction represents the Asset for Share transaction in which Sanlam will exchange in 28.7% stake in ACT Healthcare Assets Proprietary Limited for a 28.7% stake in AfroCentric. Post the Asset for Share transaction, Sanlam’s shareholding in AfroCentric will be 74.65%. The investment in AHA which is currently accounted for as an investment in associate will be derecognised at its carrying amount of R1 210 million which will be the cost of the investment in AfroCentric. The initial investment in AfroCentric recognised under step 1, will be reclassified to investments in subsidiaries as Sanlam now holds more than 50% of AfroCentric shares.
- The amounts set out in the “Consolidation” column have been extracted from the audited financial statements of AfroCentric Limited at and for the year ended 30 June 2022.
- The amounts set out in the “Consolidation adjustments” column represent the purchase price allocation (“PPA”) in terms of IFRS 3 Business Combinations. Step 2 will result in Sanlam obtaining control of AfroCentric. The PPA is calculated as follows:

|   |                |     |
|---|----------------|-----|
| Assets transferred (Carrying amount of AHA)           | 1 210          | (a) |
| Fair value of previously held interest in AfroCentric | 1 635          | (b) |
| <b>Total consideration transferred</b>                | <b>2 845</b>   |     |
| <b>Fair value of net identifiable assets acquired</b> | <b>(1 375)</b> |     |
| Total assets and liabilities assumed                  | 3 434          | (c) |
| Contingent liability                                  | (500)          | (d) |
| Pre-existing goodwill                                 | (1 558)        | (e) |
| Non-controlling interest                              | 349            | (f) |
| <b>Goodwill</b>                                       | <b>1 818</b>   | (g) |

- Assets transferred represent the carrying amount of AHA under step 2. Applying IFRS 3.38, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in profit or loss on assets and liabilities it retains control over after the business combination.
  - For a business combination achieved in stages, IFRS 3.42 requires the acquirer to remeasure its previously held interest at its acquisition-date fair value and recognise any resulting gain or loss in profit or loss. The fair value has been determined by valuing the AfroCentric shares (372 402 189) at the issued share price of R4.39 as at 30 June 2022.
  - Extracted from the audited financial statements of AfroCentric as at 30 June 2022.
  - AfroCentric is involved in ongoing litigation with Neil Harvey & Associates (“NHA”). The contingent consideration has been recognised at its fair value.
  - Represents AfroCentric’s pre-existing goodwill extracted from the audited financial statements as at 30 June 2022.
  - Non-controlling interest is recognised at the proportionate share of AfroCentric net assets acquired.
  - Represents the total goodwill to be recognised in the Sanlam group.
- Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These have been reflected as having been settled in cash.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SANLAM FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 3B)**

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of Sanlam for the year ended 31 December 2021 based on the assumption that the Proposed Transaction became effective on 1 January 2021.

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>Continuing operations</b>                                     |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net income</b>  | 200 125                                    | -                               | -                                 | 6 623                    | (600)                                | -                            | 206 149   |
| Financial services income  | 116 887                                    | -                               | -                                 | 6 602                    | -                                    | -                            | 123 489   |
| Reinsurance premiums paid  | (20 081)                                   | -                               | -                                 | -                        | -                                    | -                            | (20 081)  |
| Reinsurance commission received                                  | 2 815                                      | -                               | -                                 | -                        | -                                    | -                            | 2 815   |
| Investment income  | 31 804                                     | -                               | -                                 | 15                       | -                                    | -                            | 31 819  |
| Investment (deficits)/surpluses                                  | 84 717                                     | -                               | -                                 | 6                        | (600)                                | -                            | 84 124  |
| Finance cost – margin business                                   | (249)                                      | -                               | -                                 | -                        | -                                    | -                            | (249)   |
| Change in fair value of external investors' liability            | (15 768)                                   | -                               | -                                 | -                        | -                                    | -                            | (15 768)  |
| <b>Net insurance and investment contract benefits and claims</b> | (139 592)                                  | -                               | -                                 | -                        | -                                    | -                            | (139 592)                                       |
| Long-term insurance and investment contract benefits             | (44 340)                                   | -                               | -                                 | -                        | -                                    | -                            | (44 340)  |
| Long-term investment contract benefits                           | (73 767)                                   | -                               | -                                 | -                        | -                                    | -                            | (73 767)  |
| General insurance claims   | (41 048)                                   | -                               | -                                 | -                        | -                                    | -                            | (41 048)  |
| Reinsurance claims received                                      | 19 563                                     | -                               | -                                 | -                        | -                                    | -                            | 19 563  |
| <b>Expenses</b>  | (43 170)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (48 855)  |
| Sales remuneration   | (14 724)                                   | -                               | -                                 | -                        | -                                    | -                            | (14 724)  |
| Administration costs   | (28 446)                                   | -                               | -                                 | (5 655)                  | -                                    | (30)                         | (34 131)  |
| <b>Impairments</b>   | (88)                                       | -                               | -                                 | (3)                      | -                                    | -                            | (91)  |
| Net impairment losses on financial assets                        | (296)                                      | -                               | -                                 | (3)                      | -                                    | -                            | (299)   |
| Other reversal of impairments                                    | 208  | -                               | -                                 | -                        | -                                    | -                            | 208   |
| <b>Amortisation of intangibles</b>                               | (1 248)                                    | -                               | -                                 | (232)                    | -                                    | -                            | (1 480)   |
| <b>Net operating result</b>                                      | 16 027                                     | -                               | -                                 | 733                      | (600)                                | (30)                         | 16 130  |
| Equity-accounted earnings  | 2 240                                      | -                               | -                                 | 7                        | (140)                                | -                            | 2 107   |
| Finance cost – other   | (763)                                      | -                               | -                                 | (76)                     | -                                    | -                            | (839)   |
| Net monetary loss  | (2)  | -                               | -                                 | -                        | -                                    | -                            | (2)   |

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Profit/(loss) before tax from continuing operations</b>   | 17 502                                     | -                               | -                                 | 663                      | (740)                                | (30)                         | 17 396  |
| Taxation   | (6 152)                                    | -                               | -                                 | (193)                    | -                                    | -                            | (6 345)   |
| Shareholders' fund   | (3 694)                                    | -                               | -                                 | (193)                    | -                                    | -                            | (3 887)   |
| Policyholders' fund  | (2 458)                                    | -                               | -                                 | -                        | -                                    | -                            | (2 458)   |
| <b>Profit/(loss) for the period from continuing operations</b>   | 11 350                                     | -                               | -                                 | 470                      | (740)                                | (30)                         | 11 050  |
| <b>Profit for the period from discontinued operations</b>  | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| <b>Profit/(loss) for the period</b>  | 11 350                                     | -                               | -                                 | 470                      | (740)                                | (30)                         | 11 050  |
| Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods     |  |                                 |                                   |                          |                                      |                              |   |
| Movement in foreign currency translation reserve   | 2 082                                      | -                               | -                                 | -                        | -                                    | -                            | 2 082   |
| Other comprehensive income of equity-accounted investments   | 17   | -                               | -                                 | -                        | -                                    | -                            | 17  |
| Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods |  |                                 |                                   |                          |                                      |                              |   |
| Employee benefits re-measurement gain/(loss)   | (81)                                       | -                               | -                                 | -                        | -                                    | -                            | (81)  |
| <b>Comprehensive income for the period</b>   | 13 368                                     | -                               | -                                 | 470                      | (740)                                | (30)                         | 13 068  |
| <b>Allocation of comprehensive income:</b>   |  |                                 |                                   |                          |                                      |                              |   |
| Profit/(loss) for the period from continuing operations  | 11 350                                     | -                               | -                                 | 470                      | (740)                                | (30)                         | 11 050  |
| Shareholders' fund   | 9 473                                      | -                               | -                                 | 351                      | (740)                                | (30)                         | 9 054   |
| Non-controlling interests  | 1 877                                      | -                               | -                                 | 119                      | -                                    | -                            | 1 996   |
| Profit for the period from discontinued operations   | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Shareholders' fund   | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Non-controlling interests  | -  | -                               | -                                 | -                        | -                                    | -                            | -   |
| Comprehensive income for the period  | 13 368                                     | -                               | -                                 | -                        | -                                    | -                            | 13 368  |
| Shareholders' fund   | 10 886                                     | -                               | -                                 | -                        | -                                    | -                            | 10 886  |
| Non-controlling interests  | 2 482                                      | -                               | -                                 | -                        | -                                    | -                            | 2 482   |

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--|--------------------------------------|---|
| <b>R million</b>   |  |   |   |  |  |                                      |   |
| <b>Earnings attributable to shareholders (cents):</b>                          |  |   |   |  |  |                                      |   |
| Profit for the period:   |  |   |   |  |  |                                      |   |
| Basic earnings per share   | 460  | -                                       | -   | 17   | (36)   | (1)                                  | 439   |
| Diluted earnings per share   | 454  | -                                       | -   | 17   | (35)   | (1)                                  | 434   |
| <b>Earnings attributable to shareholders (cents) of continuing operations:</b> |  |   |   |  |  |                                      |   |
| Profit for the period from continuing operations:                              |  |   |   |  |  |                                      |   |
| Basic earnings per share from continuing operations                            | 460  | -                                       | -   | 17   | (36)   | (1)                                  | 439   |
| Diluted earnings per share from continuing operations                          | 454  | -                                       | -   | 17   | (35)   | (1)                                  | 434   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021.
2. Step 1 of the Partial Offer will have a dilutionary impact to the statement of comprehensive income from the additional shares issued. This will have a continuing effect on the statement of comprehensive income.
3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 *Consolidated Financial Statements*, the results of AfroCentric will be consolidated (see note 4 below).
4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022 (refer Annexure 6). This is a recurring adjustment.
5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.
6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA FINANCIAL EFFECTS (SCENARIO 3B)**

|  | <b>Before the Proposed Transaction (1a)</b> | <b>Partial Offer Step 1</b> | <b>Asset for Share Step 2</b> | <b>Consolidation</b> | <b>Consolidation adjustments</b> | <b>Transaction costs</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|---|-----------------------------|-------------------------------|----------------------|----------------------------------|--------------------------|---|
| <b>IFRS information</b>  |   |                             |                               |                      |                                  |                          |   |
| Basic earnings per share ("EPS") (cents)                                 | 459.4                                       | (4)                         | -                             | 17                   | (36)                             | (1)                      | 435.1   |
| Diluted EPS (cents)  | 453.7                                       | (4)                         | -                             | 17                   | (35)                             | (1)                      | 429.8   |
| Basic headline earnings per share ("HEPS") (cents)                       | 438.4                                       | (4)                         | -                             | 17                   | (7)                              | (1)                      | 443.2   |
| Diluted HEPS (cents)   | 433.0                                       | (4)                         | -                             | 17                   | (7)                              | (1)                      | 437.8   |
| Number of ordinary shares in issue (million)                             | 2 226.9                                     | 19                          | -                             | -                    | -                                | -                        | 2 245.5   |
| Weighted average number of shares at period-end (million)                | 2 062.1                                     | 19                          | -                             | -                    | -                                | -                        | 2 080.7   |
| Weighted average number of diluted shares (million)                      | 2 087.8                                     | 19                          | -                             | -                    | -                                | -                        | 2 106.4   |
| <b>Analysis of earnings</b>  |   |                             |                               |                      |                                  |                          |   |
| <b>Attributable earnings per Group statement of comprehensive income</b> | 9 473                                       | -                           | -                             | 351                  | (772)                            | (30)                     | 9 022   |
| Net profit on disposal of subsidiaries and associated companies          | (229)                                       | -                           | -                             | -                    | 600                              | -                        | 371   |
| Impairments  | (211)                                       | -                           | -                             | -                    | -                                | -                        | (211)   |
| Net equity-accounted non-headline earnings                               | 8   | -                           | -                             | -                    | 32                               | -                        | 40  |
| <b>Headline earnings</b>   | 9 041                                       | -                           | -                             | 351                  | (140)                            | (30)                     | 9 222   |
| <b>Shareholders' information</b>   |   |                             |                               |                      |                                  |                          |   |
| <b>(Non-IFRS measures)</b>   | <b>(1b)</b>                                 |                             |                               |                      |                                  |                          |   |
| GEV per share ("GEVPS") (cents)  | 6 444.0                                     | (4)                         | 15                            | -                    | -                                | (1)                      | 6 454.0   |
| RoGEV per share ("RoGEVPS")  | 13.9%                                       | -                           | -                             | -                    | 0.4%                             | -                        | 14.3%   |
| Shareholders' fund at net asset value per share (cents)                  | 3 436.0                                     | 22                          | -                             | 153                  | (180)                            | (1)                      | 3 429.5   |
| Net result from financial services per share ("NRFFSPS") (cents)         | 425.8                                       | (4)                         | -                             | 22                   | (8)                              | -                        | 436.8   |
| Number of shares for GEVPS and RoGEVPS (million)                         | 2 209.6                                     | 19                          | -                             | -                    | -                                | -                        | 2 228.2   |
| Weighted average number of diluted shares for NRFFSPS and NAEPS          | 2 224.0                                     | 19                          | -                             | -                    | -                                | -                        | 2 242.6   |
| Profit attributable to shareholders fund per share                       | 443.3                                       | (4)                         | -                             | 19                   | (34)                             | (1)                      | 423.4   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the following sources:
  - a. The amounts set out under the IFRS Information sub-heading have been extracted from the audited IFRS financial statements of Sanlam Group for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021;
  - b. The amounts set out under the Shareholders' information (Non-IFRS measures) sub-heading have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein. The Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders' Information may not be suitable for another purpose.
2. GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.  
 GEV is calculated by adjusting the shareholders' fund at fair value with the following:
  - Adjustments to net worth; and
  - Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.
3. Return on Group Equity Value ("RoGEV") is calculated as the change in GEV as per the *pro forma* financial effects to the shareholders' information and after-tax earnings per the Shareholders' Fund Income Statement divided by the opening GEV (31 December 2020).
4. The impact on shareholders fund is calculated as the net asset value attributable to the shareholders divided by the number of issued shares
5. Net result from financial services per share is calculated as net result from financial services per the Shareholders' Fund Income Statement divided by weighted average number of weighted average number of diluted shares for NRRFPS and NAEPS.
6. The number of shares for GEVPS and RoGEVPS is increased by the number of Sanlam shares issued under step 1.
7. Profit attributable to shareholders fund per share is calculated as normalised attributable earnings per the Shareholders' Fund Income Statement divided by the weighted number of diluted shares for NRRFPS and NAEPS

A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.



**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' INFORMATION (SCENARIO 3B) (at 31 December 2021, unless otherwise stated)**

|   | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1</b> | <b>Asset for Share Step 2</b> | <b>Consolidation</b> | <b>Consolidation adjustments</b> | <b>Transaction costs</b> | <b>Pro forma after the Proposed Transaction</b> |
|---|--|-----------------------------|-------------------------------|----------------------|----------------------------------|--------------------------|---|
| <b>R million</b>                                | <b>(1)</b>                                 | <b>Step 1</b>               | <b>Step 2</b>                 | <b>Consolidation</b> | <b>adjustments</b>               | <b>costs</b>             | <b>Transaction</b>                              |
| <b>Group Equity Value</b>                       |  |                             |                               |                      |                                  |                          |   |
| Group Equity Value                              | (2) 1 42 390                               | 1 117                       | 331                           | -                    | -                                | (30)                     | 143 808   |
| Group Equity Value per share                    | (3) c 6 444                                | (4)                         | 15                            | -                    | -                                | (1)                      | 6 454   |
| Group Equity Value per share - 31/12/2020       | c 5 920                                    | -                           | -                             | -                    | -                                | -                        | 5 920   |
| Return on Group Equity Value (earnings)         | (4) 17 208                                 | -                           | 331                           | -                    | 206                              | (30)                     | 17 715  |
| Return on Group Equity Value per share          | (5) 13.9%                                  | -                           | -                             | -                    | 0.4%                             | -                        | 14.3%   |
| Opening Group Equity Value - 31/12/2020         | (5) 131 812                                | -                           | -                             | -                    | -                                | -                        | 131 812   |
| <b>Shareholders' fund at net asset value</b>    |  |                             |                               |                      |                                  |                          |   |
| Shareholders' fund at net asset value           | (6) 75 928                                 | 1 117                       | -                             | 3 413                | (4 012)                          | (30)                     | 76 416  |
| Shareholders' fund at net asset value per share | (7) c 3 436                                | 22                          | -                             | 153                  | (180)                            | (1)                      | 3 429.5   |

- The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.
  - The ultimate GEV impact will depend on the final valuation methodology and can be separated into the impact on the existing holding plus the impact of the additional acquisition at R6.00 per share. At the transaction price of R6.00 per share, the total GEV uplift will be R331 million.
  - GEV per share is calculated as the total GEV divided by the number of shares for GEVPS and RoGEVPS.
  - The impact of the Return on Group Equity Value is because of attributable earnings and GEV uplift.
  - The Return on Group Equity Value per share is calculated as change in GEV and after-tax earnings per the Shareholders Fund Income Statement divided by the opening GEV (31 December 2020).
  - Shareholders' fund net asset value is calculated as the impact to the net asset value of the group attributable to shareholders.
  - Shareholders' fund at net asset value per share is calculated as Shareholders' fund net asset value divided by the number of shares for GEVPS and RoGEVPS.
- A glossary containing explanations of technical terms used in this Annexure 9 is presented on page 187 of Sanlam's Integrated Report for the year ended 31 December 2021.

**PRO FORMA FINANCIAL EFFECTS OF THE SHAREHOLDERS' FUND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (SCENARIO 3B)**

|  | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>Partial Offer<br/>Step 1<br/>(2)</b> | <b>Asset for<br/>Share<br/>Step 2<br/>(3)</b> | <b>Consolidation<br/>adjustments<br/>(4)</b> | <b>Consolidation<br/>adjustments<br/>(5)</b> | <b>Transaction<br/>costs<br/>(6)</b> | <b>Pro forma<br/>after the<br/>Proposed<br/>Transaction</b> |
|--|--|---|---|--|--|--------------------------------------|---|
| <b>R million</b>                                     |  |   |   |  |  |                                      |   |
| <b>Shareholders' fund income statement</b>           |  |   |   |  |  |                                      |   |
| Financial services income                            | 99 632   | -                                       | -   | 6 602  | (227)  | -                                    | 106 007   |
| Sales remuneration                                   | (11 881)   | -                                       | -   | -  | -  | -                                    | (11 881)  |
| <b>Income after sales remuneration</b>               | 87 751   | -                                       | -   | 6 602  | (227)  | -                                    | 94 126  |
| Underwriting policy benefits                         | (46 671)   | -                                       | -   | -  | -  | -                                    | (46 671)  |
| Administration costs                                 | (25 057)   | -                                       | -   | (5 674)                                      | -  | -                                    | (30 731)  |
| <b>Result from financial services<br/>before tax</b> | 16 023   | -                                       | -   | 928  | (227)  | -                                    | 16 723  |
| Tax on result from financial services                | (4 644)  | -                                       | -   | (258)  | 55   | -                                    | (4 847)   |
| <b>Result from financial services<br/>after tax</b>  | 11 379   | -                                       | -   | 669  | (172)  | -                                    | 11 876  |
| Non-controlling interest                             | (1 910)  | -                                       | -   | (170)  | -  | -                                    | (2 080)   |
| <b>Net result from financial services</b>            | 9 469  | -                                       | -   | 500  | (172)  | -                                    | 9 796   |
| Net investment income                                | 766  | -                                       | -   | (32)   | -  | -                                    | 734   |
| Investment income                                    | 1 072  | -                                       | -   | (42)   | -  | -                                    | 1 030   |
| Tax on investment income                             | (196)  | -                                       | -   | (1)  | -  | -                                    | (197)   |
| Non-controlling interest                             | (110)  | -                                       | -   | 11   | -  | -                                    | (99)  |
| Net investment surpluses                             | 544  | -                                       | -   | 5  | -  | -                                    | 549   |
| Investment surpluses                                 | 873  | -                                       | -   | 6  | -  | -                                    | -   |
| Tax on investment surpluses                          | (231)  | -                                       | -   | 1  | -  | -                                    | -   |
| Non-controlling interest                             | (98)   | -                                       | -   | (2)  | -  | -                                    | -   |
| Project expenses                                     | (491)  | -                                       | -   | -  | -  | (30)                                 | (521)   |

|  | <b>Before the Proposed Transaction (1)</b> | <b>Partial Offer Step 1 (2)</b> | <b>Asset for Share Step 2 (3)</b> | <b>Consolidation (4)</b> | <b>Consolidation adjustments (5)</b> | <b>Transaction costs (6)</b> | <b>Pro forma after the Proposed Transaction</b> |
|--|--|---------------------------------|-----------------------------------|--------------------------|--------------------------------------|------------------------------|---|
| <b>R million</b>   |  |                                 |                                   |                          |                                      |                              |   |
| <b>Net operational earnings</b>  | 10 288                                     | -                               | -                                 | 473                      | (172)                                | (30)                         | 10 558  |
| Net amortisation of value of business acquired and other intangibles           | (738)                                      | -                               | -                                 | (40)                     | -                                    | -                            | (778)   |
| Equity participation costs   | (1)  | -                               | -                                 | -                        | -                                    | -                            | (1)   |
| Net non-operational equity-accounted earnings                                  | 16   | -                               | -                                 | 7                        | -                                    | -                            | 23  |
| Non-operational equity-accounted earnings                                      | 49   | -                               | -                                 | 7                        | -                                    | -                            | 56  |
| Tax on non-operational equity-accounted headline earnings                      | (2)  | -                               | -                                 | 2                        | -                                    | -                            | -   |
| Non-controlling interest   | (31)                                       | -                               | -                                 | (2)                      | -                                    | -                            | (33)  |
| Net profit on disposal of subsidiary and associated companies                  | 229  | -                               | -                                 | -                        | (600)                                | -                            | (371)   |
| Impairment charges   | 66   | -                               | -                                 | (3)                      | -                                    | -                            | 63  |
| <b>Normalised attributable earnings</b>  | 9 860                                      | -                               | -                                 | 437                      | (772)                                | (30)                         | 9 495   |
| Fund transfers   | (387)                                      | -                               | -                                 | (86)                     | -                                    | -                            | (473)   |
| <b>Attributable earnings per Group statement of comprehensive income</b>       | 9 473                                      | -                               | -                                 | 351                      | (772)                                | (30)                         | 9 022   |
| Weighted average number of shares for operational earnings per share (million) | 2 224                                      | 19                              | -                                 | -                        | -                                    | -                            | 2 243   |
| Net result from financial services (cents)                                     | 426  | (4)                             | -                                 | 26                       | (8)                                  | -                            | 441   |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited Sanlam Limited Shareholders' Information for the year ended 31 December 2021, included in the Sanlam Audited Annual Results 2021 prepared in accordance with the basis of accounting set out therein.

2. Step 1 of the Partial Offer will have a dilutionary impact to the shareholders fund income statement from the additional shares issued. This will have a continuing effect on the shareholders fund income statement.

3. Step 2 of the Asset for Share transaction will result in Sanlam obtaining control of AfroCentric. In line with IFRS 10 *Consolidated Financial Statements*, the results of AfroCentric will be consolidated (see note 4 below).

4. The amounts set out in the "Consolidation" column have been extracted from the audited financial statements of AfroCentric Limited for year ended 30 June 2022. This is a recurring adjustment.

5. Amounts set out in the "Consolidation adjustments" column represent once-off loss recognised on the fair value of the previously held interest as well the elimination of the accounting of equity accounted earning from AHA of R140 million.

6. Once-off transaction costs of R30 million have been recognised in relation to the Proposed Transaction. These are not deductible for tax purposes as they arise from transactions of a capital nature.

**PRO FORMA EARNINGS AND NET ASSET VALUE EFFECTS PER AFROCENTRIC SHARE SUBSEQUENT TO THE PROPOSED TRANSACTION (SCENARIO 3B)**

The *pro forma* financial effects set out below have been prepared to assist AfroCentric shareholders to assess the impact of the transaction on the EPS, HEPS, NAV and dividend per AfroCentric Share. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the combined group's financial position or the results of its operations after implementation of the transaction.

The *pro forma* financial effects have been prepared in terms of Regulation 106 of the Companies Regulations and the Guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the directors and are provided for illustrative purposes only.

The *pro forma* statement of financial position at 31 December 2021 gives effect to the transaction as if it had occurred on 31 December 2021. The *pro forma* statement of profit or loss and other comprehensive income for the year ended 31 December 2021 are presented as if the transaction had become operative at the beginning of the relevant period.

The impact below is based on the assumption that each AfroCentric shareholder that tenders their shares will only own Sanlam shares post the proposed the transaction.

*Pro forma* financial effects on AfroCentric shareholder

|   | <b>Before the<br/>Proposed<br/>Transaction<br/>(1)</b> | <b>After the<br/>Proposed<br/>Transaction<br/>(2)</b> | <b>Percentage<br/>change %</b> |
|---|--|---|--------------------------------|
| Basic earnings per share (cents)            | 54.21  | 43.51   | (19.73)                        |
| Diluted earnings per share (cents)          | 53.12  | 42.98   | (19.08)                        |
| Headline earnings per share (cents)         | 56.05  | 44.32   | (20.93)                        |
| Diluted headline earnings per share (cents) | 54.91  | 43.78   | (20.27)                        |
| Net asset value per share (cents)           | 421.1  | 342.9   | (18.56)                        |

1. The amounts set out in the "Before the Proposed Transaction" column have been extracted from the audited financial statements of AfroCentric at and for the year ended 30 June 2022.
2. The amounts set out in the "After the Proposed Transaction" column have been prepared by dividing the Sanlam's *pro forma* financial effects after the Proposed Transaction, in respect of Basic earnings per share, Diluted earnings per share, Headline earning per share, Diluted headline earnings per share and Shareholders' fund net asset value per share (as set out in the *pro forma* Financial Effect (Scenario 3B) and *pro forma* financial effects of the shareholders' information), by the exchange ratio of 0.1 (i.e., 1 Sanlam share to each 10 AfroCentric shares held, assuming that the 30-day VWAP is lower than R60 per Sanlam share on the Offer Closing Date).

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## **ANNEXURE 10 – INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF SANLAM AND AN AFROCENTRIC SHAREHOLDER POST THE PROPOSED TRANSACTION**

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To the directors of Sanlam

### *Introduction*

The definitions and Interpretations set out on page 8 of the Circular to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant’s assurance report on the compilation of the *pro forma* financial information of Sanlam and an AfroCentric Shareholder post the Proposed Transaction (“**Report**”).

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Sanlam, and its subsidiaries (collectively “**Group**”), by the directors of Sanlam (“**Directors**”).

The *pro forma* financial information consists of:

- a. the *pro forma* net asset value per share of Sanlam for each of the six scenarios presented, set out in Section G paragraph 5.2 to this Circular, the *pro forma* statements of financial position of Sanlam for each of the six scenarios presented and the related notes, set out in Annexure 9 to this Circular, (collectively the “**YE 2021 Pro forma SOFPs**”), as if the Partial Offer and the Asset for Share Transaction (“**Proposed Transactions**”) had taken place on 31 December 2021;
- b. the *pro forma* basic earnings and diluted earnings per share, headline and diluted headline earnings per share of Sanlam for each of the six scenarios presented, set out in Section G paragraph 5.2 to this Circular, the *pro forma* statements of comprehensive income of Sanlam for each of the six scenarios presented and the related notes, set out in Annexure 9 to this Circular (collectively “**YE 2021 Pro forma SOCIs**”), as if the Proposed Transactions detailed below had taken place on 1 January 2021 (a. and b. are collectively referred to as the **YE 2021 Pro forma Financial Information of Sanlam** for purposes of this Report);
- c. the *pro forma* net asset values per share per AfroCentric Shareholder for each of the six scenarios presented after the Proposed Transaction, set out in Annexure 9 to this Circular, as if the Proposed Transactions had taken place on 31 December 2021; and
- d. the *pro forma* basic earnings and diluted earnings per share, headline and diluted headline earnings per AfroCentric Shareholder for each of the six scenarios presented after the Proposed Transaction, set out in Annexure 9 to this Circular, as if the Proposed Transactions had taken place on 1 January 2021 (c. and d. are collectively referred to as the “**YE 2021 Pro forma Financial Effects**”).

The applicable criteria on the basis of which the Directors have compiled the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects is specified in paragraphs 8.15 to 8.33 the Listings Requirements of the JSE Limited (“**Listings Requirements**”) and Regulation 106 (6)(d)(ii) and Regulation 106 (7)(c)(ii) of the Companies Act Regulations and described in Section G paragraph 5.2 and Annexure 9 of the Circular.

The purpose of the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects included in the Circular is solely to illustrate the impact of the Proposed Transactions on the unadjusted audited financial information of Sanlam for the year ended and as at 31 December 2021 and on an AfroCentric Shareholder post the Proposed Transaction as if the Proposed Transactions had been undertaken on 1 January 2021 for purposes of the YE 2021 *Pro forma* SOCIs and on 31 December 2021 for purposes of the YE 2021 *Pro forma* SOFPs. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transactions, subsequent to its implementation, will be as presented in the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects.

As part of this process, the basic earnings, diluted earnings, headline earnings and diluted headline earnings, net asset value per share, statement of profit or loss and other comprehensive income and statement of financial position of Sanlam have been extracted by the Directors from Sanlam's audited financial information for the year ended and as at 31 December 2021 ("**Sanlam Audited Financial Information**"). In addition, the basic earnings, diluted earnings, headline earnings and diluted headline earnings, net asset value per share, statement of profit or loss and other comprehensive income and statement of financial position of AfroCentric have been extracted by the directors from the *Pro forma* Financial Information of AfroCentric set out in Section E paragraph 15.2 and Annexure 7 of the Circular ("**AfroCentric Pro forma Financial Information**")

### **Directors' Responsibility for the YE 2021 Pro forma Financial Information of Sanlam and the YE 2021 Pro forma Financial Effects**

The Directors are responsible for compiling the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects on the basis of the applicable criteria specified in paragraphs 8.15 to 8.33 the Listings Requirements and Regulation 106 (6)(d)(ii) and Regulation 106 (7)(c)(ii) of the Companies Act Regulations and described in the Section G paragraph 5.2 and Annexure 9 of the Circular ("**Applicable Criteria**").

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors ("IRBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Independent Reporting Accountant's responsibilities*

Our responsibility is to express an opinion, based on our procedures performed, about whether the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects have been compiled, in all material respects, by the Directors on the basis specified in paragraphs 8.15 to 8.33 the Listings Requirements and Regulation 106 (6)(d)(ii) and Regulation 106 (7)(c)(ii) and described in the Section G paragraph 5.2 and Annexure 9 of the Circular.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects have been compiled, in all material respects, on the basis specified in paragraphs 8.15 to 8.33 the Listings Requirements and Regulation 106 (6)(d)(ii) and Regulation 106 (7)(c)(ii) of the Companies Act Regulations and described in the Section G paragraph 5.2 and Annexure 9 of the Circular.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects although the Sanlam Audited Financial Information was previously audited.

The purpose of the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects included in the Circular is solely to illustrate the impact of the Proposed Transactions on the unadjusted audited financial information of Sanlam for the year ended and as at 31 December 2021 and on an AfroCentric Shareholder post the Proposed Transaction as if the Proposed Transactions had been undertaken on 1 January 2021 for purposes of the YE 2021 *Pro forma* SOCIs and on 31 December 2021 for purposes of the YE 2021 *Pro forma* SOFPs. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transactions, subsequent to its implementation, will be as presented in the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects.

A reasonable assurance engagement to report on whether the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Transactions and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects reflects the proper application of those *pro forma* adjustments to the unadjusted Sanlam Audited Financial Information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Sanlam group, the Proposed Transactions in respect of which the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects has been compiled and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the YE 2021 *Pro forma* Financial Information of Sanlam and the YE 2021 *Pro forma* Financial Effects, as set out in Section G paragraph 5.2 to this Circular and Annexure 9 to this Circular, has been compiled, in all material respects, on the basis of the Applicable Criteria.

#### *Restriction on use*

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements and the Companies Act, and for no other purpose.

KPMG Inc.  
Registered Auditor

Per Pierre Fourie  
Chartered Accountant (SA)  
Registered Auditor  
Director  
2 December 2022  
  
4 Christiaan Barnard Street  
Foreshore,  
Cape Town,  
8000



**AfroCentric Investment Corporation Limited**

Incorporated in South Africa  
(Registration number 1988/000570/06  
JSE share code: ACT ISIN: ZAE000078416  
("AfroCentric"))

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## NOTICE OF GENERAL MEETING

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The definitions and interpretations commencing on page 8 of the Circular apply *mutatis mutandis* to this Notice of General Meeting, unless otherwise defined herein.

Notice is hereby given that a General Meeting of the AfroCentric Shareholders will be held at AfroCentric Distribution Services Offices, The Greens Office Park, Building L, 26 Charles de Gaulle Crescent, Highveld Ext12, Centurion at 10:00 on Thursday, 12 January 2023 in order to consider and, if deemed fit, to pass, with or without modification, the General Meeting Resolutions, which are set out below.

Although the intention is to hold the General Meeting on Thursday, 12 January 2023 at the set venue, AfroCentric strongly encourages its shareholders not to attend in person but to exercise their voting rights by way of electronic or written proxy and to submit their questions relating to the General Meeting in advance by email to the Company Secretary: [billym@afrocentrichealth.com](mailto:billym@afrocentrichealth.com)

Shareholders will also be able to follow the General Meeting remotely via a live audio webcast to be provided on our website <https://www.corpcam.com/AfroCentricGM2022>.

AfroCentric Shareholders are referred to the Circular, which sets out the information and explanatory material that they may require in order to determine whether to attend, participate in and/or to vote at the General Meeting.

In terms of section 62(3)(e) of the Companies Act:

- an AfroCentric Shareholder who is entitled to attend, participant in and/or vote at the General Meeting, being an AfroCentric Shareholder recorded in the Register on the Voting Record Date, is entitled to appoint a proxy, or 2 or more proxies, to attend, participate in and/or vote at the General Meeting in the place of the AfroCentric Shareholder;
- a proxy need not be an AfroCentric Shareholder; and
- General Meeting Participants will be required to provide reasonably satisfactory identification to the Transfer Secretaries before being entitled to participate in the General Meeting. Acceptable forms of identification include valid identity documents, drivers' licences and passports.

### Salient dates and times

|  | 2022/2023            |
|--|----------------------|
| Record date to determine which AfroCentric Shareholders are entitled to receive the Circular containing the Notice of General Meeting  | Friday, 2 December   |
| Circular posted to AfroCentric Shareholders and notice convening the General Meeting released on SENS  | Thursday, 8 December |
| Last date to trade to be eligible to participate in and vote at the General Meeting  | Tuesday, 3 January   |
| Voting Record Date   | Friday, 6 January    |
| Forms of Proxy ( <i>blue</i> ) to be lodged with Transfer Secretaries and/or Computershare by 10:00, for administrative purposes   | Tuesday, 10 January  |
| General Meeting to be held entirely at AfroCentric Distribution Services Offices, The Greens Office Park, Building L, 26 Charles de Gaulle Crescent, Highveld Ext12, Centurion at 10:00 on | Thursday, 12 January |
| Results of General Meeting announced on SENS on  | Thursday, 12 January |



## **ORDINARY RESOLUTION NUMBER 1: APPROVAL OF THE PARTIAL OFFER**

“RESOLVED AS AN ORDINARY RESOLUTION that the Partial Offer by Sanlam be and is hereby approved in terms of section 125(3)(b)(ii) of the Companies Act.”

### **Reason for and effect of Ordinary Resolution Number 1**

In terms of section 125(3)(b)(ii) of the Takeover Regulations, a partial offer must be subject to such partial offer being approved by independent holders of issued securities of the relevant class of securities of the offeree regulated company, if all such independent holders, in aggregate, control more than 50% of the general voting rights of all issued securities of that class. The reason for Ordinary Resolution Number 1 is to obtain the required AfroCentric Shareholder approval.

The effect of Ordinary Resolution Number 1, if passed by the requisite majority of AfroCentric Shareholders, will be that the Partial Offer by Sanlam is approved.

The percentage of voting rights that is required to be exercised in favour of this resolution, for this Ordinary Resolution to be adopted, is more than 50% of the voting rights exercised on the resolution at a quorate General Meeting. The votes attaching to all AfroCentric Shares, other than Treasury Shares, are entitled to be exercised in relation to this resolution.

## **ORDINARY RESOLUTION NUMBER 2: AUTHORITY TO GIVE EFFECT TO RESOLUTIONS**

“RESOLVED AS AN ORDINARY RESOLUTION that any AfroCentric Director and/or the Company Secretary be and is hereby authorised to do all such things, sign all such documentation and take all such actions as are required and generally do anything necessary or desirable to give effect to and implement Ordinary Resolution Number 1 and Special Resolution Number 1, and all such actions taken prior hereto be and are hereby ratified and approved to the extent permissible by law.”

### **Reason for and effect of Ordinary Resolution Number 2**

The reason for Ordinary Resolution Number 2 is to authorise AfroCentric and Sanlam to implement the Proposed Transaction.

The effect of Ordinary Resolution Number 2, if passed by the requisite majority of the votes of AfroCentric Shareholders, will be that the Proposed Transaction can be implemented.

The percentage of voting rights that is required to be exercised in favour of this resolution, for this Ordinary Resolution to be adopted, is more than 50% of the voting rights exercised on the resolution at a quorate General Meeting. The votes attaching to all AfroCentric Shares, other than Treasury Shares, are entitled to be exercised in relation to this resolution.

## **SPECIAL RESOLUTION NUMBER 1: APPROVAL OF THE ISSUE OF THE A4S CONSIDERATION SHARES AND ASSET FOR SHARE TRANSACTION**

“RESOLVED AS A SPECIAL RESOLUTION that, subject to the Partial Offer being implemented, the issue by AfroCentric of the A4S Consideration Shares to Sanlam Life in terms of the Asset for Share Transaction, and the implementation of the Asset for Share Transaction, be and is hereby approved in terms of section 41(3) of the Companies Act and section 9.20(b) of the Listings Requirements.”

### **Reason for and effect of Special Resolution Number 1**

In terms of section 41(3) of the Companies Act, an issue of shares by a company requires the approval of shareholders of that company by Special Resolution if the voting power of the class of shares that are to be issued as a result of the transaction will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction. In addition, in terms of section 9.20(b) of the Listings Requirements, a company whose securities are listed on the JSE may only implement a category 1 transaction (as such term is contemplated in the Listings Requirements), if the shareholders of the relevant company approve the transaction by Ordinary Resolution. The Asset for Share Transaction constitutes a category 1 transaction in respect of AfroCentric.

The reason for Special Resolution Number 1 is to obtain the approval of AfroCentric Shareholders in terms of both section 41(3) of the Companies Act and section 9.20(b) of the Listings Requirements, to issue the A4S Consideration Shares to Sanlam Life and implement the Asset for Share Transaction. Both the resolution required in terms of the Companies Act and the resolution required in terms of the Listings Requirements are combined into 1 resolution, at the highest of the applicable resolution thresholds (namely a Special Resolution). By combining these into Special Resolution Number 1, the requirements of both the Companies Act and the Listings Requirements will be met with the adoption of 1 resolution.

The effect of Special Resolution Number 1, if passed by the requisite majority of the votes of AfroCentric Shareholders, will be that AfroCentric will be authorised, in terms of both section 41(3) of the Companies Act and section 9.20(b) of the Listings Requirements, to issue the A4S Consideration Shares to Sanlam Life and to implement the Asset for Share Transaction.

The percentage of voting rights that is required to be exercised in favour of this resolution, for this Special Resolution to be adopted, is at least 75% of the voting rights exercised on the resolution at a quorate General Meeting. The votes attaching to all AfroCentric Shares, other than Treasury Shares, are entitled to be exercised in relation to this resolution.

## **VOTING AND PROXIES**

The quorum requirement for the General Meeting to begin, and for a matter to be considered at the General Meeting, is at least 3 AfroCentric Shareholders participating in person. In addition:

- i. the General Meeting may not begin until sufficient persons are physically present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- ii. a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present at the General Meeting or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Each AfroCentric Shareholder who, being a natural person who is participating or by proxy, or, being a company, participating by representative proxy, at the General Meeting is entitled to vote all the AfroCentric Shares held by such an AfroCentric Shareholder.

A Form of Proxy (*blue*) is attached for use by Certificated or Dematerialised Own Name Shareholders who are unable to attend the General Meeting but wish to be represented thereat. They are required to complete and return the Form of Proxy (*blue*) in accordance with the instructions in the Circular.

A summary of the rights established by section 58 of the Act, as required by subsection 58(8)(b)(i), is attached as Annexure A to this Notice of General Meeting.

In terms of the Custody Agreements entered into by Dematerialised Shareholders and their CSDPs or stockbrokers:

- i. Dematerialised Shareholders, other than Dematerialised Own Name Shareholders, who wish to participate in and/or vote at the General Meeting must instruct their CSDP, or Broker to issue them with the necessary letter of representation to participate in the General Meeting; and
- ii. Dematerialised Shareholders, other than Dematerialised Own Name Shareholders, who wish to be represented at the General Meeting by way of proxy must provide their CSDP or Broker with their voting instructions by the cut-off time or date advised by their CSDP or Broker for transactions of this nature.

Each Certificated Shareholder or Dematerialised Own Name Shareholders entitled to participate in and/or vote at the General Meeting may appoint 1 or more proxies (none of whom need be an AfroCentric Shareholder) to participate and vote in his/her stead. The completion and lodging of a Form of Proxy (*blue*) will not preclude an AfroCentric Shareholder from attending the General Meeting and participating in and/or voting thereat, to the exclusion of the proxy so appointed.

## **GENERAL INSTRUCTIONS**

AfroCentric Shareholders who are entitled to attend, participate in and/or vote at the General Meeting are encouraged to submit their votes by proxy in advance of the General Meeting in accordance with the instructions, so as to arrive no later than 10:00 on Tuesday, 10 January 2023, for administrative purposes.

## **PROXIES AND AUTHORITY FOR REPRESENTATIVES TO ACT**

The attached Form of Proxy (*blue*) is only to be completed by:

- i. Certificated Shareholders; or
- ii. Dematerialised Own Name Shareholders,

who cannot attend the General Meeting but wish to be represented there at.

All other Beneficial Owners who have dematerialised their AfroCentric Shares through a CSDP or Broker, without Own Name Registration, and who wish to participate in and/or vote at the General Meeting, must instruct their CSDP or Broker to provide them with the necessary letter of representation, or they must provide the CSDP or Broker with their voting instructions in terms of the relevant Custody Agreement entered into between them and the CSDP or Broker. These Dematerialised Shareholders must not use a Form of Proxy (*blue*).

Forms of Proxy (*blue*) are requested to be delivered to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), or email proxy@computershare.co.za, so as to arrive no later than 10:00 on Tuesday, 10 January 2023. This cut-off time is for administrative purposes only. AfroCentric Shareholders will nonetheless still be able to submit a Form of Proxy (*blue*) prior to the commencement of the General Meeting. If submissions are made after this cut-off time then it is requested that they be made by way of e-mail. Any AfroCentric Shareholder who completes and lodges a Form of Proxy (*blue*) will nevertheless be entitled to attend and/or to vote at the General Meeting should the AfroCentric Shareholder decide to do so.

A company that is an AfroCentric Shareholder, wishing to participate in and/or vote at the General Meeting should ensure that a resolution authorising a representative to so attend and/or vote at the General Meeting on its behalf, is passed by its directors.

AfroCentric does not accept responsibility, and will not be held liable, for any failure on the part of the CSDP or Broker of a Dematerialised AfroCentric Shareholder to notify such AfroCentric Shareholder of the General Meeting of or any business to be conducted thereat.

#### **GENERAL NOTES**

AfroCentric Shareholders who are companies or other bodies corporate may, by resolution of their directors or other governing body, authorise any person to act as their representative at the General Meeting.

The chairperson of the General Meeting will be making a demand that all resolutions put to the vote shall be decided by way of a poll.

By order of the Board of AfroCentric Investment Corporation Limited  
Thursday, 8 December 2022

Registered Office  
37 Conrad Road  
Florida North  
Roodepoort  
1709

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## **ANNEXURE A: NOTICE OF GENERAL MEETING: SUMMARY OF RIGHTS IN TERMS OF SECTION 58 OF THE COMPANIES ACT**

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The definitions and interpretations commencing on page 8 of the Circular apply *mutatis mutandis* to this Annexure A, unless otherwise defined herein.

1. An AfroCentric Shareholder may at any time appoint any individual, including a non-AfroCentric Shareholder, as a proxy to participate in, speak and vote at an AfroCentric Shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the AfroCentric Shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the AfroCentric Shareholder, and remains valid for 1 year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 (section 58(2)).
3. An AfroCentric Shareholder may appoint 2 or more persons concurrently as proxies and may appoint more than 1 proxy to exercise voting rights attached to different securities held by the AfroCentric Shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the AfroCentric Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to AfroCentric, or to any other person acting on behalf of AfroCentric, before the proxy exercises any rights of the AfroCentric Shareholder at an AfroCentric Shareholders' meeting (section 58(3)(c)).
6. Irrespective of the form of instrument used to appoint a proxy –
  - 6.1 the appointment is suspended at any time and to the extent that the AfroCentric Shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
  - 6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
  - 6.3 if the appointment is revocable, an AfroCentric Shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to AfroCentric (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the AfroCentric Shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 (section 58(5)).
8. If the proxy instrument has been delivered to AfroCentric, as long as that appointment remains in effect, any notice required by the Act or the MOI to be delivered by AfroCentric to the AfroCentric Shareholder must be delivered by AfroCentric to the AfroCentric Shareholder (section 58(6)(a)), or the proxy or proxies, if the AfroCentric Shareholder has directed AfroCentric to do so in writing and paid any reasonable fee charged by AfroCentric for doing so (section 58(6)(b)).
9. If AfroCentric issues an invitation to AfroCentric Shareholders to appoint 1 or more persons named by AfroCentric as a proxy, or supplies a form of proxy instrument:
  - 9.1 the invitation must be sent to every AfroCentric Shareholder entitled to notice of the General Meeting at which the proxy is intended to be exercised (section 58(8)(a));
  - 9.2 the invitation or form of proxy instrument supplied by AfroCentric must:
    - 9.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Act (section 58(8)(b)(i));
    - 9.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable an AfroCentric Shareholder to write the name, and if desired, an alternative name of a proxy chosen by the AfroCentric Shareholder (section 58(8)(b)(ii)); and
    - 9.2.3 provide adequate space for the AfroCentric Shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the General Meeting, or is to abstain from voting (section 58(8)(b)(iii));
  - 9.3 AfroCentric must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
  - 9.4 the proxy appointment remains valid only until the end of the General Meeting at which it was intended to be used, subject to paragraph 7 (section 58(8)(d)).
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the AfroCentric Shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).



# AfroCentric GROUP

Healthier Together

## AfroCentric Investment Corporation Limited

Incorporated in South Africa  
(Registration number 1988/000570/06  
JSE share code: ACT ISIN: ZAE000078416  
("AfroCentric"))

## FORM OF PROXY

The definitions and interpretations commencing on page 8 of the Circular apply *mutatis mutandis* to this Form of Proxy, unless otherwise defined herein.

**To be used by Certificated Shareholders and Dematerialised Own Name Shareholders to exercise their voting rights in respect of their AfroCentric Shares but who will not personally participate in the General Meeting.**

I/We

of (address)

Email address

Mobile contact number:

being the holder(s) of

AfroCentric Shares, appoint (see note 1):

1. \_\_\_\_\_ or failing them

2. \_\_\_\_\_ or failing them

3. the chairperson of the General Meeting as my/our proxy to act for me/us and on my/our behalf at the General Meeting that will be on **Thursday, 12 January 2023**, for the purpose of considering and, if deemed fit, passing with or without modification the General Meeting Resolutions to be proposed at the General Meeting and at any adjournment thereof, and to vote for and/or against the General Meeting Resolutions and/or to abstain from voting in respect of the AfroCentric Shares registered in my/our name(s), in accordance with the following instructions:

|  | AfroCentric Shares |         |         |
|--|--------------------|---------|---------|
|  | For                | Against | Abstain |
| <b>Ordinary Resolution Number 1:</b> Approval of the Partial Offer   |                    |         |         |
| <b>Ordinary Resolution Number 2:</b> Authority to give effect to resolutions   |                    |         |         |
| <b>Special Resolution Number 1:</b> Approval of Asset for Share Transaction and authority to issue shares in terms of section 41(3) of the Companies Act |                    |         |         |

**Note:** Please indicate the number of AfroCentric Shares in the spaces above with regard to how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his discretion.

Every person physically present and entitled to vote at the General Meeting shall be entitled to vote all AfroCentric Shares held by such an AfroCentric Shareholder.

Although the intention is to hold the General Meeting as scheduled on Thursday, 12 January 2023, at the set venue, AfroCentric strongly encourages its shareholders not to attend in person but to exercise their voting rights by way of electronic or written proxy and to submit their questions relating to the General Meeting in advance by email to the Company Secretary at [billym@afrocentrichealth.com](mailto:billym@afrocentrichealth.com).

Note:

Forms of proxy to be lodged with the transfer secretary by 10h00 on Tuesday, 10 January 2023; however, a form of proxy not delivered to the transfer secretary by this time may be submitted electronically/by hand to the chairman of the General Meeting at any time prior to the commencement of the General Meeting.

Please read the notes appearing below.

Signed at

on

20

Signature/s

Name in block letters (full name if signing in representative capacity – see note 6)

Assisted by (where applicable) (state capacity and full name)

## Notes to Form of Proxy

1. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this form. Examples of satisfactory identification include a valid identity card or document, driving licence or passport issued by the South African Department of Home Affairs.
2. Any alterations or corrections to this Form of Proxy must be initialed by the signatory/signatories.
3. The completion and lodging of this Form of Proxy will not preclude the relevant AfroCentric Shareholder from attending the Meeting of the AfroCentric Shareholders and speaking and voting in person at the Meeting of the AfroCentric Shareholders to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so, in which case this proxy will be suspended accordingly.
4. For a proxy/proxies to exercise any voting rights of an AfroCentric Shareholder at the Meeting of AfroCentric Shareholders, Forms of Proxy have to be lodged with or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), or email same to proxy@computershare.co.za for administrative purposes preferably by no later than **10:00 on Tuesday, 10 January 2023**. Thereafter Forms of Proxy can be delivered by email to Computershare (proxy@computershare.co.za) no later than **10:00 on Tuesday, 10 January 2023**, subject to the proxy instructions meeting all other criteria.
5. This Form of Proxy may be completed by Certificated Shareholder and/or Dematerialised Own Name Shareholders who are unable to participate in Meeting of the AfroCentric Shareholders but who wish to be represented thereat.
6. Holders of AfroCentric Shares (whether in the form of certificates or dematerialised) through a nominee, CSDP or Broker should timeously make the necessary arrangements with that nominee or CSDP or Broker on how they wish their votes to be cast on their behalf at the Meeting of the AfroCentric Shareholders, guided by the terms of the agreement entered into between the AfroCentric Shareholders and that nominee, CSDP or Broker.
7. If this Form of Proxy has been delivered to AfroCentric in accordance with paragraph 10, and as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by AfroCentric to a AfroCentric Shareholder must be delivered by AfroCentric to the AfroCentric Shareholder, or to the Shareholder's proxy/proxies if the AfroCentric Shareholder has directed AfroCentric to do so in writing and has paid any reasonable fees charged by AfroCentric for doing so.
8. Except if an AfroCentric Shareholder provides in this Form of Proxy that a proxy appointment is irrevocable, an AfroCentric Shareholder may revoke the proxy appointment by:
  - 8.1 cancelling it in writing, or making a later inconsistent appointment of a proxy/proxies; and
  - 8.2 delivering a copy of the revocation instrument to the proxy/proxies and to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (Private Bag X9000, Saxonwold, 2132), or email same to proxy@computershare.co.za, to be received before the replacement proxy/proxies exercise(s) any rights of the AfroCentric Shareholder at the Meeting of AfroCentric Shareholders or any adjournment of the meeting.
9. The revocation of a proxy appointment constitutes a complete and final cancellation of the authority of the proxy/proxies to act on behalf of the AfroCentric Shareholder as of the later of:
  - 9.1 the date stated in the revocation instrument, if any; or
  - 9.2 the date on which the revocation instrument was delivered, as required in paragraph 14 above.



# AfroCentric GROUP

Healthier Together

## **AfroCentric Investment Corporation Limited**

Incorporated in South Africa  
(Registration number 1988/000570/06  
JSE share code: ACT ISIN: ZAE000078416  
("AfroCentric"))

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## **FORM OF ELECTION AND SURRENDER**

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### **THIS FORM IS FOR USE BY CERTIFICATED SHAREHOLDERS ONLY**

#### **Important notes**

The definitions and interpretation commencing on page 8 of the Circular, to which this Form of Election and Surrender is attached, apply *mutatis mutandis*, to this Form of Election and Surrender, unless otherwise defined herein. This form must be completed by all Certificated Shareholders who wish to tender their AfroCentric Shares in terms of the Partial Offer and provides for an election by Offer Participants in relation to the Settlement Option.

- Important: This Form of Election and Surrender is only applicable to Certificated Shareholders recorded in the Register on the Offer Record Date. This form is not to be used by Dematerialised Shareholders, who are required to instruct their CSDP or Broker of the number of AfroCentric Shares they wish to tender and their Settlement Option in accordance with the terms of their Custody Agreement with the CSDP or Broker.

Certificated Shareholders who do not complete and deliver the Form of Election and Surrender timeously will be deemed to have rejected the Partial Offer.

Certificated Shareholders who have tendered their AfroCentric Shares as part of the Partial Offer but fail to make an election in relation to the Settlement Option, will be deemed to have elected to receive their Offer Consideration wholly in cash.

Details of the Partial Offer are contained in the Circular to which this Form of Election and Surrender is attached.

By completing this Form of Election and Surrender, you warrant that (i) you are in possession of the Circular and are aware of and understand the contents thereof; (ii) you are the owner of and/or otherwise entitled to deal with (including dispose of) the Tendered AfroCentric Shares referred to herein; (iii) you have the legal capacity and are authorised to deal with the Tendered AfroCentric Shares contemplated herein; and (iv) you are duly authorised to complete and execute this Form of Election and Surrender.

Please read the instructions below. Non-compliance with the instructions may result in the rejection of this Form of Election and Surrender, in which event the relevant AfroCentric Shareholder will be deemed to have rejected the Partial Offer.

This form is split into two sections:

1. Acceptance of Partial Offer and Surrender of Partial Offer Shares
2. Election of Settlement Option

## **Section 1: Acceptance of Partial Offer and: Surrender of Tendered AfroCentric Shares**

If you wish to accept the Partial Offer, you **must** complete this section.

If you do not complete this Form of Election and Surrender (including this Section 1) and return same to the Transfer Secretaries by no later than 12:00 on the Offer Closing Date, you will be deemed to have rejected the Partial Offer and will accordingly not sell any of your AfroCentric Shares to Sanlam.

Documents of Title in respect of any Tendered AfroCentric Shares that are not accepted by Sanlam will be returned to the Offer Participant by the Transfer Secretaries, by post to the postal address given for the Offer Participant in this Form of Election and Surrender. Such returned Documents of Title will be posted within 10 Business Days of the Offer Closing Date at the risk of the Certificated Shareholder who is an Offer Participant.

Similarly, if the Partial Offer fails for any reason whatsoever, Documents of Title in respect of any Tendered AfroCentric Shares will be returned to the Offer Participant concerned by the Transfer Secretaries, by post to the postal address given for the Offer Participant in the Form of Election and Surrender (pink). Such returned Documents of Title will be posted within 10 Business Days of the failure of the Partial Offer at the risk of the Offer Participant.

Instructions for completion:

1. A separate form is required for each Certificated Shareholder.
2. Please complete the form in block capital and legible letters.

**To: Computershare Investor Services Proprietary Limited**

### **If delivered by hand**

Computershare Investor Services Proprietary Limited  
1st Floor  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
South Africa

### **If sent by mail**

Private Bag X3000  
Saxonwold  
2132  
South Africa





## Notes

1. The acceptance of the Partial Offer by the submission of this Form of Election and Surrender is irrevocable and may not be withdrawn once submitted.
2. Offer Participants should consult their professional advisors in case of doubt as to the correct completion of this Form of Election and Surrender.
3. Persons who acquired AfroCentric Shares after the date of the issue of the Circular can obtain copies of the Form of Election and Surrender and the Circular from the Transfer Secretaries.
4. Sanlam and the Transfer Secretaries reserve the right to accept or reject, in their sole discretion, any Form of Election and Surrender which is not completed in full compliance with the instructions contained herein and the Circular.
5. The Form of Election and Surrender must only be used by Certificated Shareholders.
6. Dematerialised Shareholders must communicate with their CSDP or Broker.
7. Duly completed Forms of Election and Surrender, together with the relevant Documents of Title, must be lodged with Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, South Africa, or posted to Private Bag X3000, Saxonwold, 2132, to be received by no later than 12:00 on the Offer Closing Date.
8. The Offer Consideration will not be sent to Certificated Shareholders unless and until Document(s) of Title in respect of the relevant AfroCentric Shares have been surrendered to the Transfer Secretaries.
9. No receipt will be issued for documents lodged, unless specifically requested. Persons requiring receipts must prepare a receipt and forward it together with their Documents of Title surrendered.
10. If this Form of Election and Surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form of Election and Surrender for noting (unless it has already been noted by AfroCentric or its Transfer Secretaries).
11. Where the Offer Participant who is a Certificated Shareholder is a company or a close corporation or other juristic person, unless it has already been registered with AfroCentric or its Transfer Secretaries, a certified copy of the directors' or members' or other resolution authorising the signing of this Form of Election and Surrender must be submitted with this Form of Election and Surrender, unless waived by Sanlam.
12. A minor must be assisted by his or her parent or guardian unless the relevant documents establishing his or her legal capacity are produced or have been registered by the Transfer Secretaries.
13. Where there are joint holders of any AfroCentric Shares, only that holder whose name appears first in the Register in respect of those Tendered AfroCentric Shares need sign this Form of Election and Surrender.
14. Any alteration or correction made to this Form of Election and Surrender, other than the deletion of alternatives, must be initialed by the signatory/ies.
15. Documents of Title in respect of any Tendered AfroCentric Shares that are not accepted by Sanlam will be returned to the Offer Participant by the Transfer Secretaries, by post to the postal address given for the Offer Participant in this Form of Election and Surrender. Such returned Documents of Title will be posted within 10 Business Days of the Offer Closing Date at the risk of the Certificated Shareholder who is an Offer Participant.

## **Section 2: Settlement Option election**

If you have completed Section 1 and accept the Partial Offer, you should also complete this Section 2 to indicate how you want the Offer Consideration which is due to you to be settled. If you do not complete this Section 2, you will be deemed to have elected to receive the Offer Consideration wholly in cash.

Instructions for completion:

1. A separate form is required for each Certificated Shareholder.
2. Please complete the form in block capital and legible letters.
3. Part A must be completed by all Offer Participants who are Certificated Shareholders.
4. Part B must be completed by all Offer Participants who are Certificated Shareholders and who elect to receive the Offer Consideration wholly in cash.
5. Part C must be completed by all Offer Participants who are Certificated Shareholders and elect to receive the Offer Consideration in a form which includes Sanlam Shares.
6. Part D must be completed by all Offer Participants who are Certificated Shareholders and emigrants from the Common Monetary Area and whose Tendered AfroCentric Shares have not been released.
7. Part E must be completed by all Offer Participants who are Certificated Shareholders and non-residents of the Common Monetary Area or emigrants from the Common Monetary Area, whose Tendered AfroCentric Shares have been released and who wish to have the Offer Consideration paid to an Authorised Dealer.

### **To: Computershare Investor Services Proprietary Limited**

#### **If delivered by hand**

Computershare Investor Services Proprietary Limited  
1st Floor  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
South Africa

#### **If sent by mail**

Private Bag X3000  
Saxonwold  
2132  
South Africa

**PART A: TO BE COMPLETED BY ALL OFFER PARTICIPANTS WHO ARE CERTIFICATED SHAREHOLDERS**

If you do not wish to receive the default Settlement Option (namely the Offer Consideration wholly in cash), you **must** complete this section.

In terms of the Partial Offer, Offer Participants have an election as to how the Offer Consideration should be settled, as described in paragraph 4.8 of Section B of the Circular. By way of summary, the three Settlement Options are as follows:

- cash in respect of all your Partial Offer Shares;
- cash in respect of 50% and Sanlam Shares in respect of 50% of your Partial Offer Shares; or
- Sanlam Shares in respect of all your Partial Offer Shares.

Please indicate with an “X” in the table below the Settlement Option you select.

| <b>Tendered AfroCentric Shares</b><br>INDICATE THE NUMBER OF SHARES TO BE TENDERED | 100% cash | 50% cash and 50% Sanlam Shares | 100% Sanlam Shares |
|--|-----------|--------------------------------|--------------------|
|  |           |                                |                    |

**ANY OFFER PARTICIPANT WHO IS A FOREIGN SHAREHOLDER AND WHO ELECTS THE CONSIDERATION SHARE ELECTION (IN TERMS OF WHICH SUCH FOREIGN SHAREHOLDER RECEIVES SANLAM SHARES IN RESPECT OF THE OFFER CONSIDERATION) HEREBY IRREVOCABLY AND UNCONDITIONALLY WARRANTS TO AND IN FAVOUR OF AFROCENTRIC AND SANLAM THAT SUCH FOREIGN SHAREHOLDER IS PERMITTED BY LAW TO RECEIVE AND HOLD SUCH SANLAM SHARES IN TERMS OF THE LAWS OF THE JURISDICTION IN WHICH SUCH FOREIGN SHAREHOLDER HAS ITS REGISTERED ADDRESS AND/OR OF WHICH SUCH NATIONAL RESIDENT IS A NATIONAL, CITIZEN OR RESIDENT**

**Notes**

1. If you fail to make an election, you will be deemed to have elected to receive the Offer Consideration wholly in cash.
2. If you elect the Consideration Share Election (namely to receive Sanlam Shares in whole or in part), you will need to provide the details of your CSDP or Broker in Section 2 Part E of this Form of Election and Surrender, as Sanlam Shares will only be delivered in Dematerialised form.
3. An election made in relation to the Settlement Option in terms of this Form of Election and Surrender is irrevocable and may not be withdrawn once submitted.
4. The notes to Part 1 of this Form of Election and Surrender apply equally to this Part 2.

**PART B: TO BE COMPLETED BY OFFER PARTICIPANTS WHO ARE CERTIFICATED SHAREHOLDERS AND WHO ELECT TO RECEIVE THE OFFER CONSIDERATION WHOLLY IN CASH**

**NB: PART A must also be completed.**

I/We, being a holder(/s) of AfroCentric Shares, have elected to receive the Offer Consideration wholly in cash and hereby request that such Offer Consideration be paid to me/us by EFT into my/our bank account, the details of which are as follows:

|                                       |  |
|---------------------------------------|--|
| <b>Name of Offer Participant:</b>     |  |
| Name of bank                          |  |
| Branch                                |  |
| Branch code                           |  |
| Account number                        |  |
| Swift number ( <i>if applicable</i> ) |  |
| Contact person                        |  |
| Contact number                        |  |

Neither AfroCentric nor Sanlam take any responsibility for verification of the banking details provided above nor for the authenticity of the signature below. Offer Participants warrant the correctness of the above banking details and indemnify and hold both AfroCentric and Sanlam harmless against any loss suffered by such Offer Participant due to funds having been paid into the account, details of which have been provided above.

|                                       |  |
|---------------------------------------|--|
| <b>Signature of Offer Participant</b> |  |
| Assisted by me (if applicable)        |  |
| (State full name and capacity)        |  |
| Date                                  |  |
| Telephone number (home)               |  |
| Telephone number (work)               |  |
| Cellphone number                      |  |

**Note:** In order to comply with the requirements of the Financial Intelligence Centre Act 38 of 2001, as amended, the Transfer Secretaries will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Offer Participant:

1. a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
2. a certified true copy of an original bank statement (in respect of a bank mandate).

**PART C: TO BE COMPLETED BY OFFER PARTICIPANTS WHO ARE CERTIFICATED SHAREHOLDERS AND ELECT TO RECEIVE THE OFFER CONSIDERATION IN A FORM WHICH INCLUDES SANLAM SHARES**

**NB: PART A must also be completed.**

**Note: To be able to receive Sanlam Shares, a Certificated Shareholder must have a nominated Broker/ CSDP account**

I/We, being a holder(s) of AfroCentric Shares, have elected to receive the Offer Consideration in a form that includes Sanlam Shares and hereby request that such Offer Consideration (which includes Sanlam Shares and/or cash) and the Fractional Entitlement, if any, to which I/we are entitled be credited to my CSDP/Broker account as follows:

|                                    |  |
|------------------------------------|--|
| <b>Name of Offer Participant:</b>  |  |
| Name of Client/Shareholder         |  |
| Name of CSDP                       |  |
| CSD Participant BP ID              |  |
| CSA Account held at Strate         |  |
| Broker Name                        |  |
| Client Safe Keeping Account Number |  |
| Contact person                     |  |
| Contact number                     |  |

Neither AfroCentric nor Sanlam take any responsibility for verification of the banking details provided above nor for the authenticity of the signature below. Offer Participants warrant the correctness of the above banking details and indemnify and hold both AfroCentric and Sanlam harmless against any loss suffered by such Offer Participant due to funds having been paid into the account, details of which have been provided above.

|                                       |  |
|---------------------------------------|--|
| <b>Signature of Offer Participant</b> |  |
| Assisted by me (if applicable)        |  |
| (State full name and capacity)        |  |
| Date                                  |  |
| Telephone number (home)               |  |
| Telephone number (work)               |  |
| Cellphone number                      |  |

**PART D: TO BE COMPLETED BY OFFER PARTICIPANTS WHO ARE CERTIFICATED SHAREHOLDERS AND EMIGRANTS FROM THE COMMON MONETARY AREA AND WHOSE TENDERED AFROCENTRIC SHARES HAVE NOT BEEN RELEASED**

**NB: PART A must also be completed.**

**Note: To be able to receive Sanlam Shares, a Certificated Shareholder must have a nominated Broker/CSDP account**

The Offer Consideration due to Offer Participants who are Certificated Shareholders and are emigrants from the Common Monetary Area and whose Tendered AfroCentric Shares have not been released, will be forwarded to the Authorised Dealer controlling his/her blocked assets and credited to the emigrant's blocked account. Accordingly, a Foreign Shareholder who is an emigrant from the Common Monetary Area must provide the following information:

|                                  |  |
|----------------------------------|--|
| <b>Name of Authorised Dealer</b> |  |
| Account number                   |  |
| Address                          |  |

If no detail of the Authorised Dealer is made above, the Offer Consideration due to such Foreign Shareholder will be held in trust by the Transfer Secretaries until a written instruction is received as to the disposal of such amount. No interest will accrue or be paid on any Offer Consideration so held in trust.

**PART E: TO BE COMPLETED BY OFFER PARTICIPANTS WHO ARE CERTIFICATED SHAREHOLDERS AND NON-RESIDENTS OF THE COMMON MONETARY AREA OR EMIGRANTS FROM THE COMMON MONETARY AREA, WHOSE TENDERED AFROCENTRIC SHARES HAVE BEEN RELEASED AND WHO WISH TO HAVE THE OFFER CONSIDERATION PAID TO AN AUTHORISED DEALER**

**NB: PART A must also be completed.**

**Note: To be able to receive Sanlam Shares, a Certificated Shareholder must have a nominated Broker/CSDP account**

The Offer Consideration due to Offer Participants who are Certificated Shareholders and have registered addresses outside South Africa (other than Certificated Shareholders who are emigrants from the Common Monetary Area and whose Partial Offer Shares have not been released) and whose AfroCentric share certificates are endorsed as non-resident must nominate an Authorised Dealer to whom such Offer Consideration should be paid. Alternatively, the Certificated Shareholder must complete Part B to receive the Offer Consideration in cash by EFT.

|                                  |  |
|----------------------------------|--|
| <b>Name of Authorised Dealer</b> |  |
| Account number                   |  |
| Address                          |  |

If no detail of the Authorised Dealer is made above, the Offer Consideration due to such Foreign Shareholder will be held in trust by the Transfer Secretaries until a written instruction is received as to the disposal of such amount. No interest will accrue or be paid on any Offer Consideration so held in trust.

**Note:** In order to comply with the requirements of the Financial Intelligence Centre Act 38 of 2001, as amended, the Transfer Secretaries will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Offer Participant:

1. a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
2. a certified true copy of an original account statement (in respect of updating the CSDP/Broker details).

**Notes:**

1. Emigrants from the Common Monetary Area must complete Part D. If Part D is not properly completed, the Offer Consideration will be held in trust by the Transfer Secretaries pending receipt of the necessary nomination or instruction. No interest will accrue or be paid on any Offer Consideration so held in trust.
2. All other non-residents of the Common Monetary Area must complete Part E if they wish the Offer Consideration to be paid to an Authorised Dealer in South Africa.
3. The notes to Part 1 of this Form of Election and Surrender apply equally to this Part 2.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 20\_\_\_\_

Signature \_\_\_\_\_

Assisted by (if applicable) \_\_\_\_\_

Address \_\_\_\_\_

Telephone number \_\_\_\_\_

Cell phone \_\_\_\_\_