



Unaudited interim results for the six months ended 31 December 2021 and cash dividend declaration

Commentary

Salient features

Turnover increased 16% to **R4,346 million**

Gross profit increased 17% to **R1,522 million**

Trading profit increased 25% to **R543 million**

HEPS increased 30% to **242.3 cents**

Interim dividend increased 30% to **104 cents per share**

B-BBEE Level 2

Introduction

The Board of Directors (Board) is very pleased to report a strong operational and financial performance, driven mainly by improved demand in the current reporting period for its over-the-counter (OTC) and consumer healthcare products.

The Group has achieved very healthy growth in turnover, which with some improvement in the exchange rate, manufacturing efficiencies and cost control, has yielded an exceptional increase in trading profits and excellent cash generation.

Financial performance

Revenue and profits

Revenue during the period under review increased by 15.6% to R4,346 million (December 2020: R3,758 million), driven by volume growth of 9.3%, mainly due to the improved demand for over-the-counter and consumer healthcare products, and a mix benefit of 6.0%. Price increases in line with inflation were realised in the OTC and Consumer businesses, but when combined with double-digit price deflation in both the Renal segment of the Hospital Division, and the ARV segment in the Prescription Division, resulted in overall price realisation of less than 1%.

The gross margin for the six-months improved from 34.5% to 35.0% due to a more favourable product sales mix and a better factory performance at Clayville as a result of the increased demand for OTC products.

Operating expenses ended 13.1% higher than the comparative period, the primary drivers being increased selling and distribution expenses, related to the higher turnover and increased investment in marketing our core brands.

This resulted in a 25.5% improvement in trading profit to R543 million (December 2020: R433 million).

Non-trading expenses

Non-trading expenses of R31.6 million consist mainly of share-based expenses of R27.1 million, and corporate activity costs of R3.6 million.

Net finance costs

Net finance costs of R22.5 million (December 2020: R20.8 million) were incurred during the period, including IFRS 16 (Leases) finance costs of R13.2 million (December 2020: R14.6 million).

Headline earnings

Headline earnings for the period increased by 25.7% to R392 million (December 2020: R312 million). This translates into headline earnings per share of 242.3 cents (December 2020: 186.5 cents), an improvement of 30.0%, including the effect of the share repurchases by the Group in the previous financial year.

Cash flows

Cash generation from operations improved substantially to R609.0 million (December 2020: R6.6 million), even with working capital increasing by R80.4 million (December 2020: R508.1 million). Inventories increased by R159.7 million due to higher safety inventory held to address global supply constraints consequent to COVID-19 and to service the increased demand for OTC and consumer healthcare products. Trade and other receivables increased by R155.4 million, due to the higher sales. Nonetheless, the book remains well controlled and the average days outstanding are 59 days (December 2020: 60 days). Trade and other payables increased by R234.7 million since June 2021, driven by the investment in inventory.

The Group acquired a portfolio of 13 Prescription, OTC and Hospital brands from Aspen Pharmacare for R165 million on 30 July 2021.

The Group had net cash resources of R170.3 million (December 2020: R125.7 million) at the end of the period.

Business overview

Consumer turnover improved by 32.7% to R795 million (December 2020: R599 million), supported by the inclusion of the Epi-max brand from 1 January 2021, when it was transferred from the Prescription division. Epi-max recorded growth of 15.3% over the comparable period. On a like-for-like basis sales improved 13.6% with key brands posting healthy growth, most notably Panado which responded well to a marketing campaign linked to COVID-19 vaccinations. A gross margin improvement was realised in the current period, driven by an improvement in the exchange rate and an advantageous sales mix. As a result, trading profit ended on an impressive R172.9 million, 59.0% ahead (21.0% like-for-like) of the prior period of R108.8 million. The division bolstered its personal care and healthcare portfolios with the acquisition of the Prosana, Aqua, Superzest, Arnicamill, Stop Cough and Floradix brands from Peppina, effective 1 December 2021.

OTC turnover, which focuses on products in the pain, coughs, colds and flu, and anti-histamine therapeutic categories through the pharmacy channel, improved by 26.4% to R993.9 million (2020 December: R786.2 million), arising from the relaxation in COVID-19 restrictions, which resulted in improved demand across the cough and cold basket compared with the struggles experienced in the comparative period. According to IQVIA, overall the division posted growth ahead of the market. Citro-Soda, Allergex and Corenza-C all posted double digit ex-factory growth. A significant gross margin improvement was realised, compared to the prior comparative period, driven by an advantageous sales mix, the strengthening of the rand and better recoveries in the Clayville factory due to an increase in production levels to service the improved demand. As a result, trading profit increased by an extraordinary 57.7% to R166.8 million (December 2020: R105.8 million).

Prescription turnover improved by 4.6% to R1,572 million (December 2020: R1,503 million), and 11.2% excluding the impact of the movement of Epi-max to the Consumer division. The performance was aided by the lower levels of lock-down compared to the comparative period and a steady increase in elective surgeries, reflected in the volume growth of 6.5%. Mix, excluding the removal of Epi-max, contributed 5.1% to the increase, following the launch of five products in the second half of the 2021 financial year and six new products in the current period. The change in sales mix, driven by the transfer of Epi-max and a higher proportion of ARV tender sales, resulted in a decline in the gross margin in the current reporting period. As a result, trading profit declined by 14.3% to R121.9 million (December 2020: R142.2 million), but on a like-for-like basis improved by 11.8%.

Hospital turnover improved by 13.0% to R984.0 million (December 2020: R870.3 million), driven by a change in mix which contributed 15.4% including the on-boarding of the Roche renal portfolio effective February 2021, as well as the addition of rapid diagnostic test kits on behalf of Abbott Diagnostics and an infant nutrition range in the public sector from Sanulac. Organic volumes contributed 2.8%. Selling prices were decreased in the Renal business, following the strengthening of the rand, as agreed with customers when prices had been increased during the previous financial year, when the Rand deteriorated. This resulted in an overall price deflation of 5.2% in the business. The gross margin ended marginally lower than the comparative period and marketing investment increased as a result of new product launches. Consequently, trading profit improved by 6.3% to R80.6 million (December 2020: R75.8 million).

Dividend distribution

The Board has declared an interim dividend of 104 cents per share for the six-month period ended 31 December 2021 out of income reserves, an increase of 30% over the comparative period and in line with the growth in earnings.

COVID-19

The Group continues to support the national response to the COVID-19 pandemic and is a strong advocate for vaccinations, as it is evident that vaccination is the best way to protect ourselves from severe disease.

The Group continues to encourage all our employees to be vaccinated and we are making steady progress with our internal vaccination drive, with 82% of our employees vaccinated to date.

Whilst the outlook for the impact of the COVID-19 pandemic is impossible to predict, the Group continues to monitor the situation closely and has embedded all necessary protocols in our daily operations.

COMMENTARY (Continued)

Prospects

In December, Adcock Ingram received regulatory approval from SAHPRA for the sterile eye drops facility at the Clayville factory. We have commenced production of validation batches of the first product we intend to manufacture in the facility, and on a staged basis will introduce at least four additional products in the financial year.

The Board is confident that the strength and resilience of the Company's broad and affordable portfolio of well-known brands, can continue to withstand the macroeconomic challenges in South Africa.

The exchange rate has had a favourable impact on the Group in the period and the 2022 SEP increase of 3.5% will assist in protecting the gross margin.

Nonetheless, the Company continues to seek-out investment opportunities for non price-regulated brands to limit the impact of the SEP environment.

Dividend distribution

The Board has declared an interim gross dividend out of income reserves of 104 cents per share in respect of the six-months ended 31 December 2021. The South African dividend tax ("DT") rate is 20% and the net dividend payable to shareholders who are not exempt from DT is 83.2 cents per share. Adcock Ingram currently has 175 758 861 ordinary shares in issue and qualifying for ordinary dividends. The income tax reference number is 9528/919/15/3.

The salient dates for the distribution are detailed below:

Last date to trade cum distribution	Tuesday, 15 March 2022
Shares trade ex distribution	Wednesday, 16 March 2022
Record date	Friday, 18 March 2022
Payment date	Tuesday, 22 March 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 March 2022 and Friday, 18 March 2022, both dates inclusive.

N Madisa
Chairperson

22 February 2022

AG Hall
Chief executive officer

Condensed consolidated statements of comprehensive income

	Note	Unaudited six months ended 31 December 2021 R'000	Change %	Unaudited six months ended 31 December 2020 R'000	Audited year ended 30 June 2021 R'000
Revenue	3.1	4 345 674	16	3 758 258	7 776 854
Cost of sales		(2 824 022)		(2 459 833)	(5 094 079)
Gross profit		1 521 652	17	1 298 425	2 682 775
Selling, distribution and marketing expenses		(691 733)	14	(605 588)	(1 212 482)
Fixed and administrative expenses		(286 693)	10	(259 848)	(555 683)
Trading profit	3.3	543 226	25	432 989	914 610
Non-trading expenses	2	(31 642)		(47 176)	(64 855)
Operating profit		511 584	33	385 813	849 755
Finance income		1 698		2 036	4 315
Finance costs		(24 240)		(22 819)	(47 982)
Dividend income		1 261		82	2 473
Equity-accounted earnings		53 987		59 324	97 315
Profit before taxation		544 290	28	424 436	905 876
Taxation		(152 119)		(110 076)	(243 764)
Profit for the period/year		392 171	25	314 360	662 112
Exchange differences on translation of foreign operations:		36 412		(51 832)	(61 412)
Subsidiaries		1 981		(4 820)	(6 099)
Joint venture		34 431		(47 012)	(55 313)
Movement in cash flow hedge accounting reserve, net of tax		9 445		(53 941)	(88 486)
Fair value of investment, net of tax		-		-	97
Actuarial profit on post-employment medical liability, net of tax		-		-	(482)
Total comprehensive income for the period/year, net of tax		438 028		208 587	511 829
Profit attributable to:					
Owners of the parent		391 851		311 874	657 463
Non-controlling interests		320		2 486	4 649
		392 171		314 360	662 112
Total comprehensive income attributable to:					
Owners of the parent		437 708		206 101	507 180
Non-controlling interests		320		2 486	4 649
		438 028		208 587	511 829
Basic earnings per ordinary share (cents)		242.2	30	186.5	396.3
Diluted basic earnings per ordinary share (cents)		242.1	30	186.5	396.1
Headline earnings per ordinary share (cents)		242.3	30	186.5	404.7
Diluted headline earnings per ordinary share (cents)		242.2	30	186.5	404.5

Condensed consolidated statement of changes in equity

	Issued share capital R'000	Share premium R'000	Non-distributable reserves R'000	Retained income R'000	Total attributable to holders of the parent R'000	Non-controlling interests R'000	Total R'000
As at 1 July 2020 (Audited)	16 746	510 354	257 329	3 751 353	4 535 782	2 719	4 538 501
Treasury shares purchased	(40)	(16 040)			(16 080)		(16 080)
Share-based payment reserve*			13 461		13 461		13 461
Total comprehensive income			(95 858)	311 874	216 016	2 486	218 502
Profit for the period				311 874	311 874	2 486	314 360
Other comprehensive income			(105 773)		(105 773)		(105 773)
Reclassified to cost of inventory – not included in other comprehensive income			9 915		9 915		9 915
Balance at 31 December 2020 (Unaudited)	16 706	494 314	174 932	4 063 227	4 749 179	5 205	4 754 384
Share-based payment expenses*			3 395		3 395		3 395
Treasury shares purchase	(530)	(239 139)			(239 669)		(239 669)
Acquisition of non-controlling interests				(58 850)	(58 850)	176	(58 674)
Total comprehensive income			15 853	345 589	361 442	2 163	363 605
Profit for the period				345 589	345 589	2 163	347 752
Other comprehensive income			(44 510)		(44 510)		(44 510)
Reclassified to cost of inventory – not included in other comprehensive income			60 363		60 363		60 363
Dividends				(133 149)	(133 149)	(6 784)	(139 933)
Balance at 30 June 2021 (Audited)	16 176	255 175	194 180	4 216 817	4 682 348	760	4 683 108
Movement in treasury shares		28			28		28
Movement in share-based payment reserve*			23 170		23 170		23 170
Total comprehensive income			57 202	391 851	449 053	320	449 373
Profit for the period				391 851	391 851	320	392 171
Other comprehensive income			45 857		45 857		45 857
Reclassified to cost of inventory – not included in other comprehensive income			11 345		11 345		11 345
Dividends				(145 582)	(145 582)		(145 582)
Balance at 31 December 2021 (Unaudited)	16 176	255 203	274 552	4 463 086	5 009 017	1 080	5 010 097

* Relate to equity and BMT option schemes.

Condensed consolidated statements of financial position

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
ASSETS			
Property, plant and equipment	1 466 996	1 519 117	1 495 159
Right-of-use assets	202 859	243 498	223 039
Intangible assets	1 258 909	923 810	1 053 718
Investment in joint ventures	493 831	503 826	489 962
Deferred tax assets	3 370	6 220	4 944
Other financial assets	24 682	25 871	26 092
Loans receivable	7 084	14 195	9 798
Non-current assets	3 457 731	3 236 537	3 302 712
Inventories	1 960 791	1 962 413	1 865 512
Receivables and other current assets	1 936 105	1 843 584	1 764 737
Cash and cash equivalents	170 333	426 981	62 117
Taxation receivable	36 029	38 808	45 340
Current assets	4 103 258	4 271 786	3 737 706
Total assets	7 560 989	7 508 323	7 040 418
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	16 176	16 706	16 176
Share premium	255 203	494 314	255 175
Non-distributable reserves	274 552	174 932	194 180
Retained income	4 463 086	4 063 227	4 216 817
Total shareholders' funds	5 009 017	4 749 179	4 682 348
Non-controlling interests	1 080	5 205	760
Total equity	5 010 097	4 754 384	4 683 108
Long-term portion of lease liability	231 676	264 357	247 234
Post-employment medical liability	15 675	14 990	15 537
Deferred tax liability	131 998	136 254	125 226
Non-current liabilities	379 349	415 601	387 997
Trade and other payables	1 994 074	1 906 789	1 761 733
Bank overdraft	-	301 315	13 881
Short-term portion of lease liability	33 264	32 157	34 448
Provisions	144 205	98 077	159 251
Current liabilities	2 171 543	2 338 338	1 969 313
Total equity and liabilities	7 560 989	7 508 323	7 040 418

Condensed consolidated statements of cash flows

	Unaudited six months ended 31 December 2021 R'000	Unaudited six months ended 31 December 2020 R'000	Audited year ended 30 June 2021 R'000
Cash flows from operating activities			
Operating profit	511 584	385 813	849 755
Other adjustments and non-cash items*	177 825	128 868	373 183
Operating profit before working capital changes	689 409	514 681	1 222 938
Working capital movements	(80 398)	(508 051)	(511 852)
Cash generated from operations	609 011	6 630	711 086
Finance income received	1 648	2 082	4 334
Finance costs paid	(23 844)	(22 862)	(47 834)
Dividend income received	85 809	53 746	98 572
Dividends paid	(145 582)	–	(139 933)
Taxation paid	(142 456)	(137 270)	(296 886)
Net cash inflow/(outflow) from operating activities	384 586	(97 674)	329 339
Cash flows from investing activities			
Purchase of property, plant and equipment – Replacement	(38 150)	(7 076)	(95 817)
– Expansion	(1 991)	(57 830)	(16 497)
Purchase of intangible assets	(209 889)	–	(147 614)
Proceeds on loans receivable	2 714	3 666	8 063
Sale/(Purchase) of Group Risk Holdings Proprietary Limited shares	438	–	(366)
Proceeds on disposal of property, plant and equipment	22	–	–
Proceeds of sale of interest in BMT	–	699	968
Net cash outflow from investing activities	(246 856)	(60 541)	(251 263)
Cash flows from financing activities			
Share repurchase	–	(16 080)	(255 749)
Repayment of lease liabilities	(16 877)	(13 766)	(28 961)
Equity options scheme settlement	(519)	–	(256)
Acquisition of non-controlling interests in Novartis Ophthalmics (Pty) Ltd	–	–	(58 674)
Treasury shares sold for equity option scheme	28	–	–
Net cash outflow from financing activities	(17 368)	(29 846)	(343 640)
Net increase/(decrease) in cash and cash equivalents	120 362	(188 061)	(265 564)
Effects of exchange rate changes on cash and cash equivalents	1 735	(3 098)	(3 025)
Cash and cash equivalents at beginning of period/year	48 236	316 825	316 825
Cash and cash equivalents at end of period/year	170 333	125 666	48 236

* Includes depreciation, amortisation, IFRS 2 expense and inventory write-offs

Notes to the consolidated financial statements

1. BASIS OF PREPARATION

Introduction

The condensed unaudited interim results for the six months ended 31 December 2021 have been prepared in compliance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS), the requirements of the International Accounting Standards (IAS) 34: Interim financial reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. The Board of Directors take full responsibility for the set of financial results which have been prepared under the supervision of Ms Dorette Neethling, Chief Financial Officer.

The accounting policies applied in the preparation of the condensed interim consolidated financial statements are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

	Unaudited six months ended 31 December 2021 R'000	Unaudited six months ended 31 December 2020 R'000	Audited year ended 30 June 2021 R'000
2. NON-TRADING EXPENSES			
Share-based payment expenses	27 084	13 353	17 953
Transaction costs	3 586	1 082	1 287
Fair value adjustment of long-term receivable	972	–	–
Retrenchment costs	–	32 741	32 615
Impairments	–	–	13 000
	31 642	47 176	64 855

Notes to the consolidated financial statements (Continued)

3. SEGMENT REPORTING

3.1 Revenue

Geographical segments are not disclosed as the Indian operations of the Group are immaterial, and the Company mainly operates in Southern Africa.

The Group's reportable segments in Southern Africa are as follows:

Consumer – competes in the Fast Moving Consumer Goods (FMCG) space;

Over the Counter (OTC) – focuses primarily on brands sold predominantly in the pharmacy market, where the pharmacist plays a role in the product choice;

Prescription – markets products prescribed by medical practitioners and includes specialised instruments and surgical products;

Hospital – supplier of hospital and critical care products, including intravenous solutions, blood collection products and renal dialysis systems; and

Other – shared services – other support services, including the regulatory services in India, as well as the investment in the joint venture and cash and bank overdraft balances which are managed on a central basis in Southern Africa.

The Group has disclosed the regulatory services in India, after eliminating intercompany sales in the "Other – shared services" segment as it is managed as a shared service. Rest of Africa, after eliminating intercompany sales, has been included with in OTC, as it is managed by the OTC management team. As such, the December 2020 figures have been restated.

	Unaudited six months ended 31 December 2021 R'000	Change %	Unaudited six months ended 31 December 2020 R'000	Audited year ended 30 June 2021 R'000
Consumer	795 187	33	598 938	1 267 287
OTC	993 915	26	786 150	1 735 239
Prescription	1 572 368	5	1 502 632	3 021 520
Hospital	983 891	13	870 323	1 752 229
Other – shared services	313		215	579
	4 345 674	16	3 758 258	7 776 854

3.2 Revenue channel

The Group disaggregates revenue based on the following types of markets:

- ☐ Public sector (governmental), when sales are normally based on tender prices;
- ☐ Private sector, when sales are subject to SEP, non-SEP or formulary prices; and
- ☐ Export (foreign) sales.

	Wholesaler	Corporate pharmacy	Retail/ FMCG	Hospital (including SANBS)	Inde- pendent pharmacy	Total private	Public market	Export and foreign	Total
31 December 2021									
Consumer	89 734	186 838	505 129	6	7 370	789 077	–	6 110	795 187
OTC	692 553	98 192	49 355	–	60 836	900 936	80 650	12 329	993 915
Prescription	629 775	400 496	167 607	7 025	44 977	1 249 880	308 946	13 542	1 572 368
Hospital	234 620	23 819	33 132	375 812	31 854	699 237	259 583	25 071	983 891
Other – shared services	–	–	–	–	–	–	–	313	313
	1 646 682	709 345	755 223	382 843	145 037	3 639 130	649 179	57 365	4 345 674
% Split	37.9%	16.4%	17.4%	8.8%	3.3%	83.8%	14.9%	1.3%	100.0%

Revenue in terms of IFRS 15 and segmental revenue (note 3.1) are considered to be the same.

Notes to the consolidated financial statements (Continued)

3. SEGMENT REPORTING (continued)

	Unaudited six months ended 31 December 2021 R'000	Change %	Unaudited six months ended 31 December 2020 R'000	Audited year ended 30 June 2021 R'000
3.3 Trading profit				
Consumer	172 934	59	108 782	235 380
OTC	166 847	58	105 768	292 327
Prescription	121 878	(14)	142 249	223 826
Hospital	80 565	6	75 798	161 385
Other – shared services	1 002		392	1 692
	543 226	25	432 989	914 610
3.4 Total assets				
Consumer	1 178 707		825 072	1 183 276
OTC	1 794 540		1 759 707	1 784 018
Prescription	2 280 403		2 327 524	1 958 535
Hospital	1 519 887		1 523 110	1 419 328
Other – shared services	787 452		1 072 910	695 261
	7 560 989		7 508 323	7 040 418
3.5 Current liabilities				
Consumer	268 551		232 307	233 541
OTC	374 516		388 355	387 065
Prescription	855 999		824 526	697 896
Hospital	447 193		435 852	439 814
Other – shared services	225 284		457 298	210 997
	2 171 543		2 338 338	1 969 313

Notes to the consolidated financial statements (Continued)

	Unaudited six months ended 31 December 2021 R'000	Unaudited six months ended 31 December 2020 R'000	Audited year ended 30 June 2021 R'000
4. INVENTORY			
Inventories written down and recognised as an expense in cost of sales that forms part of trading profit	28 915	28 003	76 581
5. CAPITAL COMMITMENTS			
– contracted	71 924	57 474	56 568
– approved but not contracted	64 924	44 311	54 181
	136 848	101 785	110 749
6. HEADLINE EARNINGS			
Headline earnings is determined as follows:			
Profit attributable to owners of Adcock Ingram	391 851	311 874	657 463
Adjusted for:			
(Profit)/Loss on disposal/scraping of property, plant and equipment	(18)	–	1 325
Tax effect on the (profit)/loss on disposal of property, plant and equipment	5	–	(619)
Impairment of intangible assets	–	–	13 000
Adjustments relating to equity accounted joint ventures	125	24	113
Headline earnings	391 963	311 898	671 282
7. SHARE CAPITAL			
Number of shares in issue	175 759	175 759	175 759
Number of ordinary shares held by the Group companies	(14 000)	(8 701)	(14 001)
Net shares in issue	161 759	167 058	161 758
Headline earnings and basic earnings per share are based on:			
Weighted average number of ordinary shares outstanding	161 759	167 219	165 888
Diluted weighted average number of shares outstanding	161 841	167 219	165 971

Notes to the consolidated financial statements (Continued)

8. FAIR VALUE HIERARCHY

The Group classifies all financial instruments and its fair value hierarchy as follows:

Financial instruments	Classification per IFRS 9	Statement of financial position line item	Unaudited six months ended 31 December 2021 R'000	Unaudited six months ended 31 December 2020 R'000	Audited year ended 30 June 2021 R'000
At fair value – Level 2¹					
Foreign exchange contracts – derivative asset	Derivative financial instruments	Receivables and other current assets	15 413	–	228
Foreign exchange contracts – derivative liability	Derivative financial instruments	Trade and other payables	–	49 320	13 689
At fair value – Level 3²					
Black Managers Share Trust	Fair value through profit and loss	Other financial assets	22 925	24 167	23 898
Investment	Fair value through OCI	Other financial assets	1 757	1 703	2 194
At amortised cost					
Trade and sundry receivables ³	At amortised cost	Receivables and other current assets	1 829 104	1 759 504	1 687 358
Cash and cash equivalents ³	At amortised cost	Cash and cash equivalents	170 333	426 981	62 117
Trade and other payables ³	At amortised cost	Trade and other payables	1 927 144	1 790 275	1 696 402
Bank overdraft ³	At amortised cost	Bank overdraft	–	301 315	13 881

Valuation techniques

¹ Level 2. Fair value based on the ruling market rate at reporting period end. The fair value of the forward exchange contract is calculated as the difference in the forward exchange rate as per the contract and the forward exchange rate of a similar contract with similar terms and maturities concluded as at the valuation date multiplied by the foreign currency monetary units as per the Forward Exchange Contract (FEC).

² Level 3. The value of the investment in Group Risk Holdings Proprietary Limited is based on Adcock Ingram's proportionate share of the net asset value of the Company. The value of the investment in the Black Managers Share Trust is based on the expected capital contribution to be received from the scheme beneficiaries.

³ The carrying value approximates the fair value due to the short-term nature.

Notes to the consolidated financial statements (Continued)

9. RELATED PARTIES

The following services have been obtained from subsidiaries of The Bidvest Group Limited, the controlling shareholder of the Company. All of the services are in the ordinary course of business and on an aggregated basis these arrangements/agreements are less than 10% of the Company's market capitalisation, which is within the ordinary course of business exclusion pursuant to Section 9 of the JSE Listings Requirements.

9.1 The following services are obtained with no contract in place for these services, as they are obtained on an *ad hoc* basis, with price and quality dictating the purchase:

Company	Description	Unaudited six months ended 31 December 2021 R'000	Unaudited six months ended 31 December 2020 R'000	Audited year ended 2021 R'000
		First Garment Rental (Pty) Ltd	Factory laundry	1 257
HRG Rennies Travel (Pty) Ltd	Travel	1 223	494	1 642
Bidvest Office (Pty) Ltd t/a Hortors SA Diaries	Diaries	1 453	–	1 622
Bidvest Afcom (Pty) Ltd	Consumables (tape)	934	111	260
Bidvest Paperplus (Pty) Ltd t/a Lithotech Blesston	Consumables	568	160	254
Bidvest Office (Pty) Ltd t/a Bidvest Waltons	Office stationery	537	267	1 289
Aluminium Foil Converters (Pty) Ltd	Packaging	320	–	–
Steiner Hygiene (Pty) Ltd	Cleaning consumables	298	153	441
Bidvest Office (Pty) Ltd t/a Cecil Nurse	Furniture	217	12	350
Bidvest G Fox (Pty) Ltd	Protective wear	184	425	537
Bidvest Paperplus (Pty) Ltd t/a Rotolabel Johannesburg	Packaging	111	–	8
Bidvest Material Handling (Pty) Ltd	Maintenance	10	210	395
		7 112	2 819	9 240

9.2 The following services are obtained where no contract is in place, but a 12-month price agreement has been concluded:

Company	Description			
Pureau Fresh Water Company (Pty) Ltd	Refreshments	362	322	789

9.3 Contracts are in place for a period of time for the following services obtained:

Company	Description			
Safcor Freight (Pty) Ltd t/a Bidvest International Logistics	Freight forwarding	39 560	28 118	44 793
Bidvest Protea Coin (Pty) Ltd	Guarding	8 986	7 418	16 967
Bidvest Prestige Cleaning t/a Bidvest Managed Solutions (Pty) Ltd	Cleaning	5 057	3 012	6 922
Bidvest Facilities Management (Pty) Ltd	Facilities Management	4 749	3 659	7 411
Bidvest Managed Solutions (Pty) Ltd	Cleaning/Gardening	2 251	2 409	4 879
		60 603	44 616	80 972

9.4 The following directors' fees have been paid following the authority granted at the Annual General Meetings, held in November 2020 and November 2021:

Company	Description			
Bidvest Corporate Services	Directors' fees	594	808	1 474
Bidvest Branded Products	Directors' fees	217	214	427
		811	1 022	1 901

Corporate information

Adcock Ingram Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 2007/016236/06)
Share code: AIP ISIN: ZAE000123436
("Adcock Ingram" or "the Company" or "the Group")

Directors

Ms L Boyce (Non-executive Director)
Dr S Gumbi (Independent Non-executive Director)
Mr A Hall (Chief Executive Officer)
Prof M Haus (Lead Independent Non-executive Director)
Ms B Letsoalo (Executive Director: Human Capital and Transformation)
Ms N Madisa (Non-executive Director and Chairperson)
Dr C Manning (Independent Non-executive Director)
Prof Michael Sathekge (Independent Non-executive Director)
Ms D Neethling (Chief Financial Officer)
Ms D Ransby (Independent Non-executive Director)
Mr K Wakeford (Non-executive Director)

Company secretary

Mr Mahlatse "Lucky" Phalafala

Registered office

1 New Road, Midrand, 1682

Postal address

Private Bag X69, Bryanston, 2021

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank
Johannesburg, 2196
Private Bag X9000
Saxonwold, 2132

Auditors

PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Waterfall, 2090

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place, corner Fredman Drive and Rivonia Road
Sandton, 2196

Bankers

Nedbank Limited
135 Rivonia Road, Sandown
Sandton, 2146

Rand Merchant Bank
1 Merchant Place, corner Fredman Drive and Rivonia Road
Sandton, 2196

Investec Bank Limited
100 Grayston Drive
Sandton, 2196

