

Dis-Chem

PHARMACIES

BETTER HEALTH STARTS HERE



INTEGRATED REPORT 2024

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY



OVERVIEW OF THE GROUP

- 03 About this report
- 04 Report navigation
- 05 Highlights of the year
- 08 Group profile
- 18 Investment case

CREATING SUSTAINABLE VALUE

- 20 Vision, mission and values
- 22 Competitive advantage
- 23 Strategy
- 25 Targets
- 26 Business model
- 29 Stakeholder relationships
- 31 Material issues

CORPORATE GOVERNANCE

- 36 Chair's report
- 38 Our Board
- 40 Governance report
- 48 Remuneration report
- 67 Social and Ethics Committee report

FINANCIAL PERFORMANCE

- 70 CEO statement
- 72 CFO report
- 77 Summary consolidated financial information

SHAREHOLDER INFORMATION

- 84 Analysis of ordinary shareholders
- 86 Notice of Annual General Meeting
- 91 Form of proxy
- 93 Notes to the form of proxy
- 94 Shareholders' diary
- 95 Abbreviations
- 96 Definitions
- 97 Corporate information

Our inaugural standalone Sustainability Report can be viewed on our website at www.dischemgroup.com

OVERVIEW OF THE GROUP

- 03** About this report
- 04** Report navigation
- 05** Highlights of the year
- 08** Group profile
- 18** Investment case

ABOUT THIS REPORT

The 2024 financial year brought about pleasing results, returning to a normalised operating environment after two challenging years.

We pridefully unveil our Integrated Annual Report (IAR) for the financial year that ended on 29 February 2024, extending its reach to local and international stakeholders. This report is a testament to the Group's commitment to value creation for shareholders, offering an overview of our business performance, accomplishments, and future targets and opportunities.

While our primary audience remains our shareholders, the Group acknowledges all other key stakeholders' pivotal roles in enhancing our value. This report offers shareholders insights into our strategies for creating value across short-, medium-, and long-term horizons. Upholding the highest reporting standards, we've enhanced disclosure while safeguarding information critical to maintaining the Group's competitive edge.

The scope of the report

The IAR encapsulates Dis-Chem's operational performance and that of its principal segments throughout the audited 2024 financial year. It delves into critical aspects such as Dis-Chem's Vision, Mission, Values, strategy, business model, stakeholder relationships, material issues, corporate governance, and pertinent shareholder information. The Group's Annual Financial Statements (AFS) accompany this report and are conveniently available at www.dischemgroup.com.

Financial data within the report adheres to the standards set by the IFRS® Accounting Standards. Adherence to the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV), the Johannesburg Stock Exchange (JSE) Listings Requirements, and the Companies Act is ensured where applicable. The Group's inaugural Sustainability Report setting out Dis-Chem's material sustainability impacts and ESG strategy should be read in conjunction with the Integrated Report.

Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Materiality

The IAR offers a condensed yet comprehensive view of the Group's strategy, performance, and future prospects. The Board and senior management have used the United Nations Sustainable Development Goals (SDGs) framework to identify key issues that might impact the Group's capacity to generate and uphold value for its stakeholders. When determining these significant matters, the Board evaluates various internal and external factors encompassing financial and non-financial risks. The results of this annual review undergo scrutiny by the executive and senior management, ultimately receiving endorsement from the Board.

Integrated reporting framework

The Board is confident that the IAR substantially aligns with the IFRS Foundation's Integrated Reporting Framework (January 2021). At the heart of this framework lies the reporting on the six capitals, strategic concerns, values, and the incorporation of applicable Sustainable Development Goals (SDGs) in driving value creation for the Group. These aspects are comprehensively addressed in the pertinent sections of this report.

Assurance

Dis-Chem operates under a combined assurance model, optimising both internal and external assurance. Forvis Mazars, the external auditor, provided reasonable assurance on the accuracy of the AFS with an unmodified audit opinion.

PricewaterhouseCoopers (PwC), the Group's internal auditors, also contributed to the assurance mechanism. Accredited service providers supplied specific non-financial data validated by the management's verification processes.

While the Dis-Chem Board and senior management thoroughly reviewed the IAR's content, it has not undergone independent assurance.

Forward-looking information

Dis-Chem's IAR includes forward-looking information and statements regarding the Group's financial condition and operational results. The Group has taken reasonable steps to ensure the report's accuracy. However, forward-looking information inherently involves risks and uncertainties as it depends on events and circumstances that may occur in the future. Past performance does not guarantee future outcomes.

There is no assurance that the forward-looking information will prove accurate, and reliance solely on such information should be avoided. Factors that could cause actual results to differ include global and local economic conditions, legislative changes, accounting standards alterations, trading space shifts, working capital variations, and achieved margins.

Dis-Chem is not committed to updating or revising forward-looking information to reflect new developments. The Group does not accept liability for any direct or consequential loss resulting from reliance on any part of the information in this report.

Directors' approval

In adherence to the Board Charter, the Board holds responsibility for maintaining the integrity of the IAR and acknowledges this obligation. The Board has collectively assessed this report's content and approved its dissemination to stakeholders.

The Audit and Risk Committee, entrusted with oversight over the IAR, recommended its approval to the Board. On Friday, 28 June 2024, the Board granted its approval for the IAR, and it was signed on its behalf by:

Larry Nestadt

Independent Non-Executive Chair

Rui Morais

Chief Executive Officer

REPORT NAVIGATION

Six capitals

The Integrated Report comprehensively addresses the impact of the six capitals on the Group's operations and performance, emphasising their role in creating, preserving, or potentially diminishing value. Specific icons have been incorporated to aid navigation and highlight the discussion of these capitals within the report. These icons serve as visual cues, indicating the sections or instances where each capital is referenced, ensuring readers' ease of access and identification.



Financial



Manufactured



Natural



Human

Social and
relationship

Intellectual

King IV

Good corporate governance is ingrained in the fabric of our Group, and the Board acknowledges the ongoing need to monitor and refine our practices as our business evolves and expands.

To aid stakeholders in navigating the report and finding pertinent disclosures, we provide an overview of the King IV principles at the outset. We firmly believe that poor corporate governance adversely affects business outcomes. Embracing the outcomes-based and comprehensive approach of King IV means weaving corporate governance into the daily operations to foster an ethical culture and ensure strong performance, effective control, and legitimacy. Our Group is committed to continuously enhancing and adapting our corporate governance protocols to align with best practices and the expectations of our stakeholders. King IV principles have been seamlessly integrated throughout this report.

King IV reference guide:

Principle	Page
1 Leadership	36–41
2 Organisational ethics	46
3 Responsible corporate citizenship	Refer to Sustainability Report
4 Strategy and performance	23, 77
5 Reporting	3, 46
6 Board	38–39
7 Board composition	38–46
8 Board committees	43–44
9 Board performance evaluation	42
10 Appointment and delegation to management	41–42
11 Risk governance	31–34
12 Technology and information governance	46
13 Compliance governance	46
14 Remuneration governance	48–66
15 Assurance	3
16 Stakeholders	29–30

HIGHLIGHTS OF THE YEAR

Reflecting on our journey through the past year, we proudly present a snapshot of our achievements and milestones that have shaped Dis-Chem's impactful trajectory.



FINANCIAL CAPITAL

REVENUE

GROUP REVENUE

▲ 11.1% to R36.3bn

RETAIL REVENUE

▲ 9.7% to R31.7bn

WHOLESALE REVENUE

▲ 13.3% to R27.4bn

PROFIT MARGINS

Group total income margin at 30.7%

Group operating profit margin at 4.9%

RETURN ON INVESTMENT

Full-year dividend of 45.7 cps

COST-SAVING INITIATIVES

Front shop: redistribution of excess staff

Dispensary: appointment of more post-basic qualified pharmacists



MANUFACTURED CAPITAL

INFRASTRUCTURE DEVELOPMENT

15 new Dis-Chem stores opened
525 Clinics
85 online delivery hubs

TECHNOLOGICAL ADVANCEMENTS

Automated Forecast and Replenishment rollout

Successful integration between Healthforce, GK POS and SAP

Continue to introduce process automation in the wholesale space

FACILITIES EXPANSION

63 000m² warehouse facility

Equipment upgrades

- All diagnostic medical equipment calibrated to ensure accurate readings
- 2D sonar machines procured for all Baby clinics
- Procured breast lights to assist with breast examinations

HIGHLIGHTS OF THE YEAR continued

Reflecting on our journey through the past year, we proudly present a snapshot of our achievements and milestones that have shaped Dis-Chem's impactful trajectory.



INTELLECTUAL CAPITAL

INTELLECTUAL PROPERTY CREATION

Developing stages of dispensary software

EMPLOYEE TRAINING AND DEVELOPMENT

430 nurses: Lactation course, vaccination course, family planning update course, four CPD training courses via Dis-Chem academy, 2D sonar training, IDF diabetic nurse educator international course

INNOVATION AND KNOWLEDGE MANAGEMENT

Integrated Healthcare Ecosystem Vision

Strategic use of data analytics

INTRODUCTION OF MACHINE LEARNING TO FACILITATE WAREHOUSE SLOTTING FOR PRODUCT PLACING IN THE WAREHOUSES



HUMAN CAPITAL

WORKFORCE DIVERSITY AND INCLUSION INITIATIVES

EMPLOYEE ENGAGEMENT

Internal communication via email

Staff magazine

TALENT DEVELOPMENT PROGRAMMES

Succession planning

HEALTH AND WELL-BEING PROGRAMMES

Primary healthcare consultation offerings in-store

Two wellness days for all DC staff

Primary healthcare clinics in four warehouses

Ask Nelson

HIV/Aids campaign

HIGHLIGHTS OF THE YEAR continued

Reflecting on our journey through the past year, we proudly present a snapshot of our achievements and milestones that have shaped Dis-Chem’s impactful trajectory.



SOCIAL AND RELATIONSHIP CAPITAL

COMMUNITY ENGAGEMENT AND CONTRIBUTIONS

- Manage four Afrika Tikkun clinics offering free primary healthcare services
- Inner-city community clinic opened in Pretoria
- Supporting School Wellness Mobile clinics
- Assisting DOH WC by providing two full-time registered nurses for rural community clinics
- Sustainable vegetable gardens

CUSTOMER SATISFACTION AND LOYALTY

- 9.3 million loyalty members
- Personalised customer engagement

STAKEHOLDER RELATIONSHIPS AND PARTNERSHIPS

- 46 approved Dis-Chem clinics private-public partnership contracts
- Partnership with Kaelo and Prime Cure to offer on-site primary healthcare clinics in the workplace
- Partnership with Wits consortium offering various treatments
- Partnership with Futurelife to provide nutritious meals

SOCIAL RESPONSIBILITY INITIATIVES

- Dis-Chem Ride for Sight
- 2024 Back to School
- Wellness talks at rural high schools
- Vaccinations
- Million Comforts campaign
- Bright Smiles, Bright Futures campaign
- Pink Drive
- Blanket campaign



NATURAL CAPITAL

ENVIRONMENTAL SUSTAINABILITY EFFORTS

- Recycling
- Medical waste management

RESOURCE CONSERVATION

- Water, forestry

CARBON FOOTPRINT REDUCTION

- Approval of solar



Market shares

Market shares remained strong in all core categories.

	FY2024	FY2023
Dispensary	24.6%	24.6%
Personal care and beauty	19.0%	19.1%
Healthcare and medical	46.9%	46.8%
Baby care	10.9%	10.8%

GROUP PROFILE

About Dis-Chem

Established in 1978 by Ivan and Lynette Saltzman, Dis-Chem is a prominent retail pharmaceutical group in South Africa. Our core belief centres around prioritising pharmacies and delivering a comprehensive shopping experience, serving as a one-stop destination for our valued customers.

Having been listed on the Johannesburg Stock Exchange (JSE) in 2016, Dis-Chem falls under the category of Food and Drug Retailers. Over time, we've evolved into a highly respected brand in the eyes of South African consumers, built on the pillars of exceptional customer service, diverse product offerings, and an Everyday Low Price (EDLP) strategy.

Catering to all customers, Dis-Chem has firmly established itself as a preferred choice, continually striving to meet the diverse needs of our clientele.



Dis-Chem Pharmacies

Dis-Chem is a premier pharmaceutical retail brand in South Africa, recognised for its exceptional customer service, diverse product range, and steadfast commitment to an Everyday Low-Price approach.



Dis-Chem Baby City

Since its acquisition in 2021, Dis-Chem Baby City has expanded its offerings to encompass a diverse range of products catering to expecting, new, and experienced mothers in the realm of mother and baby essentials.



CJ Distribution

CJ Distribution, part of the Group's wholesale division, operates nationally with warehouses strategically located in Longmeadow, Midrand, KwaZulu-Natal, Delmas and the Western Cape.



GROUP PROFILE continued

Our ethos: Better Health Starts Here

At the time of Dis-Chem's listing in 2016, we had a "Pharmacy First" approach, ensuring that customers could always rely on a pharmacist to meet their pharmaceutical needs whenever they visited a Dis-Chem store. Over time, Dis-Chem's purpose evolved to align with the principle "Better Health Starts Here." In the process, the Group transitioned towards a more professional and corporate culture, which included developing an understanding of ESG challenges. As the business grew in complexity, the need arose to structure, formalise, and establish more controls.

Dis-Chem has undertaken significant measures to improve healthcare accessibility for millions in South Africa. Our initiative seeks to democratise better health outcomes by providing more affordable and easily accessible primary healthcare services. This strategic move signifies Dis-Chem's shift from being just a retail pharmacy to becoming one of the nation's leading private primary healthcare providers.

The "Better Health Starts Here" programme is designed to uplift, sustain, and enhance South Africa's overall health. This commitment ensures millions of patients can access affordable and convenient day-to-day healthcare through Dis-Chem's existing and new products and services. Dis-Chem has centred its business around health as a pharmacy-driven enterprise for over four decades. This recent repositioning represents a significant step in our evolution as one of South Africa's foremost primary healthcare providers, solidifying our unwavering commitment to health and wellness. "Better Health Starts Here" encapsulates Dis-Chem's resolute stance as a formidable champion of health.

Our comprehensive and interconnected services give us a responsibility in a nation where quality healthcare is urgently needed: to extend affordable healthcare access to millions more South Africans. The importance of primary healthcare in proactively managing well-being to prevent severe illnesses cannot be overstated. Beyond alleviating pressure on the public healthcare system, it enables individuals to lead healthier lives, providing substantial physical, mental, and financial benefits.

Primary healthcare serves as the foundation of a healthcare system by significantly improving the health outcomes of a large portion of the population. By leveraging its extensive

network of 261 pharmacies and numerous Dis-Chem Baby City stores housing over 500 nurse-led clinics, Dis-Chem empowers customers to manage their day-to-day health actively. This proactive approach plays a pivotal role in preventing the onset of severe illnesses or conditions.

Through a partnership with Kaelo, Dis-Chem has entered the healthcare funding arena, expanding access to top-notch health insurance products. These policies cover essential everyday healthcare needs, aligning with Dis-Chem's core purpose of delivering access to quality healthcare at reasonable prices. The introduction of the extra rewards programme for policyholders, offering a 20% discount on over 2 500 frequently purchased items, enables customers to access healthcare that essentially pays for itself.

We are dedicated to advancing integrated primary healthcare for a more extensive consumer base, aiming to bolster accessibility, cut costs, and drive superior health outcomes for more South Africans.

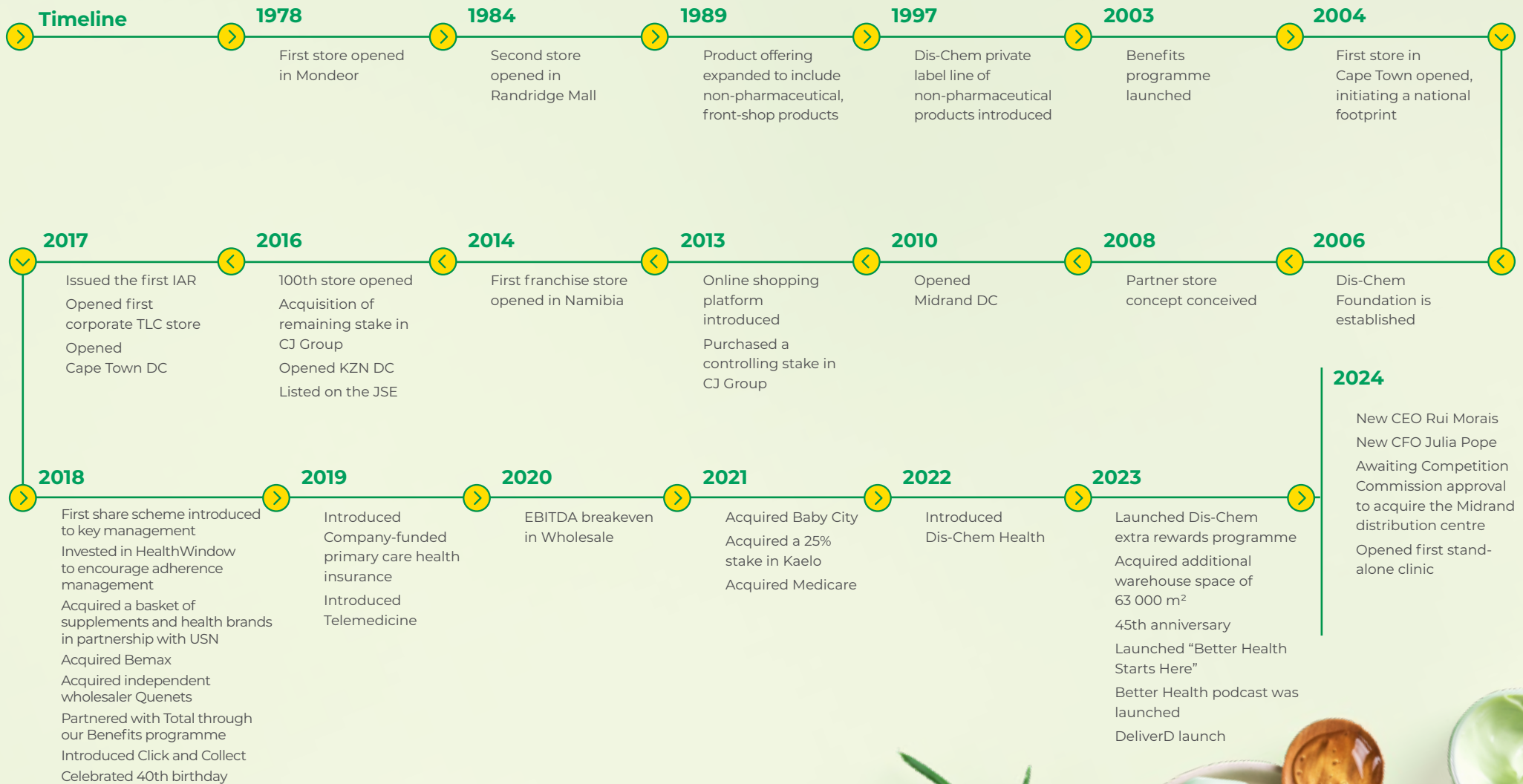
No individual should miss out on the advantages of good health. Recognising that everyone is on a unique health journey, we facilitate enhanced access to medication, affordability, and support. Our approach acknowledges the diverse health needs and requirements of each person. Believing that better health should be within everyone's grasp, we've curated a suite of services, products, experiences, and value propositions tailored to assist individuals in finding personalised pathways to improved health.

Dis-Chem goes beyond the conventional role of a pharmacy and retail outlet; we are committed to delivering healthcare through diverse avenues. Our scope includes community clinics, feeding programmes, the Dis-Chem Foundation, and health insurance offerings, expanding our services beyond mere products. These initiatives propel us forward, aiming to spearhead a health movement in South Africa, advocating for better health for everyone. This shift broadens our perspective, enabling a comprehensive approach to health and wellness in today's world, aligning with our continual growth and enhancement of services.

Maintaining this broader focus and embracing a holistic outlook on health and wellness will undoubtedly benefit our customers and the communities we engage with. We are motivated by the opportunity to positively impact lives beyond the conventional boundaries of a pharmacy or retail store.



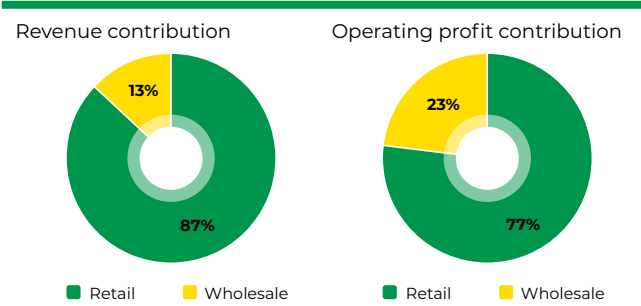
GROUP PROFILE continued



GROUP PROFILE continued

Group operational structure

Dis-Chem operates through two primary segments: Retail and wholesale. Retail constitutes the larger share of both revenue and operating profit for the Group.



Retail segment

The retail segment is comprised of the following and allows the Group to offer its customers a wide variety of products and services at competitive prices:

- A. RETAIL PHARMACY STORES
- B. PRIMARY HEALTHCARE CLINICS
- C. BABY CITY
- D. DIS-CHEM DIRECT
- E. E-COMMERCE
- F. ANCILLARY SERVICES

A. Retail pharmacy stores

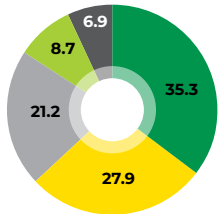
At the end of the 2024 financial year, the Group had a collective count of 327 stores, encompassing Dis-Chem Pharmacies (273) and Dis-Chem Baby City (54) stores. Store sizes range from 70 m² to over 2 500 m².

The retail pharmacy stores are structured around four fundamental categories: Dispensary, Personal Care and Beauty, Healthcare and Medical, and Baby Care.

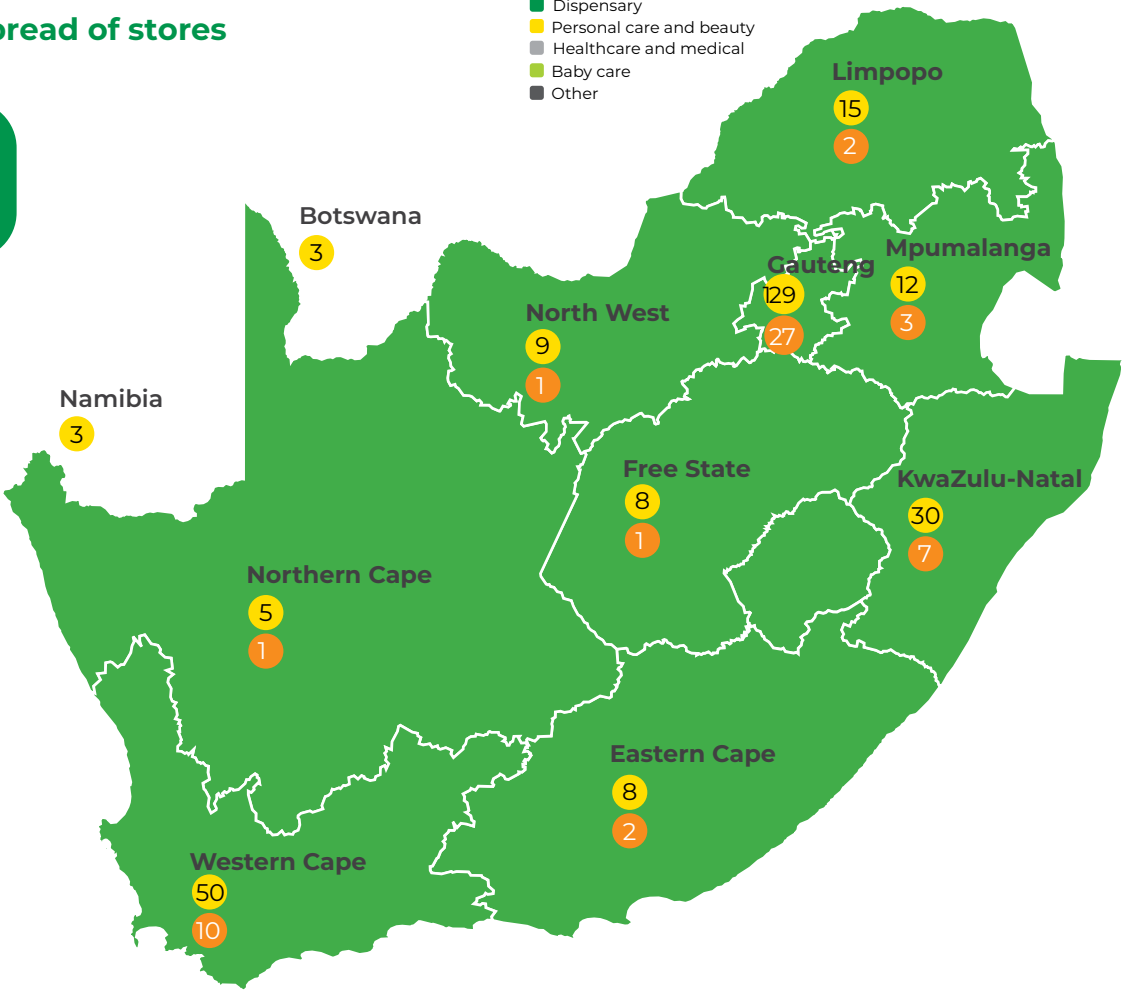
Geographical spread of stores



Category revenue contribution (%)



- Dispensary
- Personal care and beauty
- Healthcare and medical
- Baby care
- Other



GROUP PROFILE continued

Retail segment



DISPENSARY

Dis-Chem's dispensary category encompasses a wide range of pharmaceutical and healthcare products and services.

This includes prescription medications, over-the-counter medicines, vitamins, supplements, and personal care items. Additionally, Dis-Chem offers services such as medication dispensing, prescription management, health screenings, and pharmacist consultations. The dispensary category serves as a vital hub for fulfilling medical needs, providing expert guidance, and promoting overall customer well-being.

The dispensary category contributes over a third of the Group's total revenue. This sector operates under stringent regulations, and the Department of Health (DOH) oversees scheduled drug prices and dispensing fees.

Scheduled drug prices adhere to the Single Exit Price (SEP), a calculation derived from a formula that factors in inflation and currency exchange rates, subject to annual revisions. In January 2024, the health minister recommended a 6.79% increase in the SEP.

The DOH structures the pharmacy dispensing fee, subject to a statutory maximum and annual increases determined by certain factors.

Health Window

Health Window specialises in improving patient adherence to chronic medication by leveraging intelligent software, technology solutions, and timely customer engagement. Upon investment in 2018, the average script fill rate for Dis-Chem's chronic patient population was six dispenses annually, mirroring the global average set by the World Health Organization. Through Health Window's PackMyMeds digital service, call centre, and health management interventions, the managed patient chronic script fill rate has now reached ten dispenses annually. These interventions have notably boosted Dis-Chem's chronic sales growth and market share while helping more people to live longer and healthier lives. Enhanced adherence to prescribed treatment plans significantly improves patient outcomes, aligning with our commitment as caring pharmacists.

Patients managed by Health Window exhibit increased spending on acute medication and front-shop products compared to those not on the service, underscoring the inherent value of engaging customers as healthcare providers offering a deeper understanding of their needs from a medical and health-oriented perspective.



GROUP PROFILE continued

Personal Care and Beauty

Dis-Chem's Personal Care and Beauty category offers extensive products and services to enhance personal grooming, skincare, and beauty routines. In the fiercely competitive realm of personal care, the Group employs a blend of Everyday Low Price (EDLP) and promotional pricing strategies to maintain its edge. Varied promotions such as 2+1 offers, percentage discounts, segmented offerings, and strategic campaigns are key components in this approach.

Customers can find a diverse range of skincare products within this category, including cleansers, moisturisers, serums, and treatments tailored to various skin types and concerns. Additionally, the category features hair care products, such as shampoos, conditioners, styling aids, and hair treatments.

Dis-Chem provides a wide selection of makeup products for those interested in cosmetics, including foundations, concealers, eyeshadows, lipsticks, and more, catering to different preferences and skin tones. The category also includes grooming essentials like razors, shaving creams, and grooming tools for both men and women.

Moreover, the Group actively expands its exclusive brand assortment within pivotal sub-categories to stay ahead, aligning with evolving consumer behaviour trends. Efforts are underway to broaden our private label ranges in sectors with lower market penetration.

Speciality items such as bath and body products, fragrances, oral care products, and intimate care solutions are also part of the Personal Care and Beauty category, ensuring comprehensive personal care options for customers. With a focus on quality, affordability, and diversity, Dis-Chem's Personal Care and Beauty category strives to meet its clientele's diverse needs and preferences while promoting self-care and confidence.

Healthcare and Medical

Dis-Chem is proud to be the market leader in the healthcare and medical category, playing an essential role in our broader health ecosystem and primary healthcare offering. Leveraging our market leadership, we provide customers access to the broadest range of high-quality health & medical products at the most competitive prices in the market.

Continued sales and share growth are driven by a highly experienced and dynamic category buying team, ongoing innovation, unparalleled depth of range, everyday low pricing, and specialisation. This is supported by top-notch service and educated advice from over 1 000 well-trained in-store health advisors, who are supported by in-store clinics, nurses, and pharmacists.

The customer value proposition is strengthened by a wide array of private label and exclusive house brands, spanning health, vitamins, nutrition, medical, and sports supplements, which cater to the budget-conscious and those seeking the latest and greatest premium brands. A solid digital and communications strategy and access to extensive health resources and information via the Dis-Chem website, social media, and Living Fit online platforms underpin this.

We are enhancing convenience by striving to dominate the digital health space, facilitated by App-based ordering, 'On-demand' delivery of core, medical and health-focused products, and access to the full range of offerings and additional online exclusives through the Dis-Chem e-commerce store.

Surprising and delighting customers generate further excitement with aggressive, month-end, 'healthy' promotions, 2+1 and 20% weekends, and highly personalised offers designed to grow sales, increase shop frequency, and generate new sales.

A growing awareness about personal health and wellness and the desire to live healthier lifestyles supports continued growth in demand for products and services that can support this aim.

Baby Care

In the Baby category, we take pride in offering a curated selection of national and in-house brands dedicated to providing the best for our customers. Our shelves are adorned with diverse, high-quality baby products, from gentle skincare essentials to nourishing baby foods. We understand the importance of safety and comfort for babies, so we carry various trusted brands specialising in diapers, wipes, and baby care items. We carry an extensive collection of adorable and stimulating toys designed to aid in babies' development. Our Baby category is thoughtfully stocked to cater to families' unique needs and preferences, ensuring a delightful shopping experience.

To complement this category, our Moms and Baby clinics provide a holistic service offering within this segment, enhancing the overall customer experience. We plan to launch our "All in One Parenting Programme" in 2024.



GROUP PROFILE continued

Loyalty Benefits programme

OUR BENEFIT PROGRAMME BOASTS A ROBUST ACTIVE MEMBERSHIP OF 9.3 MILLION INDIVIDUALS SPANNING BOTH DIS-CHEM AND DIS-CHEM BABY CITY BRANDS.

These members contribute approximately 81% to our total retail sales, demonstrating higher spending per basket and increased shopping frequency compared to non-benefit members.

The perks of our multi-partner Benefit programme are diverse and compelling, rewarding members with benefits on qualifying purchases and offering exceptional advantages such as partner rewards, instant discounts, exclusive magazines, access to specialised programmes like our Baby programme, occasional bonus rewards, and automatic entry into exciting competitions.

We ensure tailored customer engagement through the programme, delivering pertinent information to the right audience. Moreover, each swipe of our Benefit card contributes a percentage of eligible purchases to the Dis-Chem Foundation, aligning with our ethos of caring and giving back.

The Dis-Chem Foundation primarily focuses on access to healthcare, access to education and community upliftment. Last year alone, it provided over 2.4 million nutritious meals to children, established and supported food gardens, and facilitated access to clean water in rural communities, thereby fostering sustainable work opportunities and nourishment for those in need. Our community clinics also extend health services to those requiring assistance.

This impactful work is made possible through the generous support of Dis-Chem and Baby City Benefit Card members, as The Foundation is a beneficiary of the Dis-Chem Group's Benefit programme.

Setting our Benefits programme apart, we differentiate ourselves through real-time earn and redeem partnerships and customer-centric focus groups. Our strategic alliances span the banking, medical aid, and lifestyle sectors, reinforcing our commitment to providing unique and valuable experiences to our members.

In-house brands

In 1997, Dis-Chem commenced offering non-pharmaceutical in-house brands. In-house and exclusive brands constitute roughly 20% of overall retail sales. Annually, we foster product innovation through structured innovation sessions with suppliers, seizing market gaps by communicating opportunities.

Dis-Chem has pursued a strategic balance between in-house, exclusive, and national brands, aiming to offer high-quality products with enhanced value propositions. This approach ensures diversity and exclusivity on our shelves while maintaining exceptional quality. Among our in-house brands are familiar names like Softi, Medic, Biogen, Baby Things, and several others, each contributing to our extensive line-up.

To curate this vast array, we collaborate with local and international manufacturers, distributors, and suppliers, boasting a collection of approximately 10 000 stock-keeping units (SKUs). Consumers often lean towards in-house brands, particularly during challenging economic periods, recognising their value compared to national brand equivalents. This preference aligns with our commitment to provide quality and value, making our in-house offerings a reliable choice for customers seeking both affordability and quality.

In 2022, we pinpointed a R1 billion opportunity for in-house brand growth that would span three years. We achieved our target six months ahead of plan. Following this, we conducted a thorough white space analysis to uncover potential areas for expansion. We've identified priority sectors and commenced product development within each category. Our primary objective is to boost our in-house brand's market share in front-shop sales, particularly given these products' higher margins.

B. PRIMARY HEALTHCARE CLINICS

Dis-Chem takes great pride in the establishment of clinics in each of its stores, positioning them as essential hubs for primary healthcare within South African communities. These clinics play a crucial role in offering comprehensive services to address a spectrum of health needs, encompassing point-of-care screening, baby consultations, and both female and male health services. By providing accessible and comprehensive primary healthcare, our clinics actively promote and safeguard the well-being of the communities we serve.

Our overarching vision is centred on enhancing access to affordable primary healthcare for all South Africans, particularly those without access to private healthcare. To realise this vision, we have strategically forged partnerships with key companies, enabling us to provide integrated healthcare services to all in need.

We operate 525 well-managed clinics staffed by a dedicated team of 530 registered nursing practitioners. Our commitment to continuous training ensures that our nursing practitioners continually expand their capabilities, empowering them to serve as essential entry points within the broader healthcare system.

Since January 2020, our Telemedicine infrastructure and innovation have been accessible in all our clinics, delivering significant advantages such as access to General Practitioners (GPs) at more affordable rates and electronic prescriptions seamlessly integrated into our dispensaries.

To cater to the diverse needs of many South Africans, we offer a range of private primary care insurance products. Since the launch in March 2022, our product range has expanded, and the uptake has exceeded our expectations, underscoring the substantial market opportunity we envisage.

We remain dedicated to our objective of providing accessible, affordable, and high-quality healthcare to all, and we are confident that our integrated approach will continue to make a meaningful impact on the health and well-being of the communities we serve.

GROUP PROFILE continued

Service Offerings

Point of care screening:

- Blood pressure
- Blood glucose
- Total cholesterol
- Haemoglobin testing
- HBA1C testing
- Lipogram testing

Well Baby consultation:

- Milestone evaluation and education
- Immunisation
- General health education

Female health:

- Pap smear screening
- Breast examination
- Health education

Male:

- PSA testing
- Health education

General consultation services:

- Administration of injections
- Pathology
- Health education and advice

DIS-CHEM HEALTH

In South Africa, funding is the biggest barrier to accessing healthcare. In 2021, Dis-Chem made a strategic move by acquiring a 25% stake in Kaelo Group, a cutting-edge provider of essential healthcare solutions. Building upon extensive research and recognising a significant market opportunity, we launched medical insurance and gap cover products in 2022 under the Dis-Chem Health brand, specifically tailored for the South African retail market lacking access to private healthcare. Our mission is to make quality private healthcare affordable and accessible to all. Our medical insurance offerings include budget-friendly options for day-to-day coverage and accident protection. To further enhance the value for our customers, we introduced extra rewards, providing instant discounts on a wide selection of over 2 500 products. Our aim is to create an integrated healthcare ecosystem and rebrand our Group from retailer to healthcare provider.

C. BABY CITY

"All great ideas start with the first few baby steps." Acquired in 2020, Baby City stands as a specialised retail hyperstore dedicated to offering an extensive array of baby-and toddler-related products and toys. With a presence in 54 stores nationwide, we take pride in delivering exceptional service through a team of passionate and highly knowledgeable staff. Our commitment is to assist customers in making the best selections to meet their unique needs. Aligning with our motto, "We know you care," Baby City ensures accessibility to a comprehensive range of quality branded products at everyday low prices.

The acquisition of Baby City has significantly expanded our portfolio of products and services, enabling us to strengthen our offerings and our in-house baby brand. This strategic move has broadened our footprint in the baby care sector, allowing us to cater to broader consumer needs.

Each Baby City store features a Mom & Baby clinic, reinforcing our dedication to comprehensive care for infants and toddlers. Staffed with professional nurses, these clinics provide preventative healthcare services, including full antenatal and 2D scans, coupled with expert advice to support parents in their journey.

Moreover, Baby City extends its commitment to customer satisfaction through its Benefit programme. This initiative allows customers to earn Benefit rewards on qualifying purchases, adding value to their overall shopping experience.

At the core of Baby City's ethos is the belief that parenthood should be a sweet and simple experience. With this in mind, we strive to create an environment where customers can find all their baby and toddler essentials while receiving expert guidance, all in pursuit of making parenthood a joyous journey.

We remain dedicated to upholding the highest standards in product quality, customer service, and overall value. Baby City will continue to serve as a trusted partner for parents, providing them with the support and resources they need for a seamless parenting experience.

D. DIS-CHEM DIRECT

Dis-Chem Direct is the Group's courier service designed to deliver chronic and prescription medications nationwide. This service caters to a broad spectrum of clients, including medical aids, corporations, individual customers, healthcare providers, and government institutions. Its primary function is to ensure the timely and secure delivery of essential medications to those who rely on them, offering nationwide coverage to meet diverse healthcare needs.

GROUP PROFILE continued

E. E-COMMERCE

The trend towards online shopping continues to accelerate, as seen by the 32.9% revenue increase in the past financial year. Operational enhancements and deeper systems integration have enabled online pharmacy capability in our DeliverD 60-minute on-demand delivery service, which now includes the ability for customers to claim their medication directly from their medical scheme. To meet the increased demand for online shopping convenience, particularly in the on-demand space, Dis-Chem will almost double the number of fulfilment hubs across our network in the current financial year. Additionally, services like PackMyMeds, our digital chronic medication adherence service, and WhatsApp for Business have grown substantially. These trends are propelled by the convenience of online shopping, widespread mobile device use, improved internet accessibility, and the rise of fintech solutions enabling flexible payments for South African consumers.

The landscape of consumer behaviour has undergone a remarkable transformation in recent years, with an increasing shift towards online shopping and digital experiences. Recognising this paradigm shift, Dis-Chem has proactively embraced the digital era, strategically investing in e-commerce and cutting-edge technology to provide customers with a seamless and convenient platform.

As consumers increasingly seek the ease and efficiency of online shopping, Dis-Chem will continue to invest and enhance its digital infrastructure to create an intuitive and user-friendly e-commerce platform. This investment allows us to offer customers the flexibility to browse and purchase a wide range of health, pharmaceutical and beauty products from the comfort of their homes, ensuring a convenient and secure online shopping experience.

Our commitment to driving e-commerce is not merely a response to the current trend but a proactive effort to meet evolving customer expectations. The digital platform serves as a virtual extension of our physical stores and a dynamic space where customers can access valuable health information, personalised recommendations, and exclusive promotions.

Furthermore, Dis-Chem continues to invest in cutting-edge technology to stay at the forefront of innovation. This includes

advancements in supply chain management, inventory optimisation, and personalised customer engagement. We aim to seamlessly integrate the online and offline shopping experiences, providing customers with a cohesive journey across all touchpoints.

As the trend towards digital engagement in retail shows no signs of slowing down, Dis-Chem remains committed to adaptability and innovation. We recognise that the future of retail lies in the fusion of technology and customer-centric solutions. Our ongoing investment in e-commerce and digital infrastructure reflects our dedication to staying ahead of the curve, offering customers unparalleled convenience, and reinforcing Dis-Chem as a leader in the evolving retail landscape.

F. ANCILLARY SERVICES

The Group has hair and beauty salons within some of its larger Dis-Chem stores. These salons offer a range of exclusive products and services, including facials, massages, haircuts, and grooming services for gentlemen. They are managed by skilled and knowledgeable stylists and therapists who bring their expertise and industry experience to provide top-notch services to our customers. It's a great way to complement our retail offerings, providing customers with a convenient and comprehensive beauty and wellness experience while visiting our stores.



WHOLESALE SEGMENT

The wholesale segment specialises in fine-picking wholesale operations. Its revenue is derived from serving various entities, including Dis-Chem retail stores, Baby City, independent pharmacies, and the Group's TLC franchise. To efficiently cater to these diverse entities, CJ Distribution operates six fully functional distribution centres in strategic locations: Longmeadow, Midrand, Delmas, Nelspruit, Durban, and Cape Town. These distribution centres are pivotal in ensuring timely and effective supply chain management, enabling the seamless distribution of products to the network's various retail and franchise outlets.

Distribution centre (m²)

Cape Town, Western Cape 15 693	Delmas, Mpumalanga 6 030
Pinetown, KwaZulu-Natal 14 400	Longmeadow, Gauteng 63 000
Midrand, Gauteng 44 000	Nelspruit, Mpumalanga 500

GROUP PROFILE continued

TECHNOLOGY, EFFICIENCY, AND INNOVATION

We are actively pursuing opportunities to enhance process automation within our operations. At our Longmeadow facility, we are streamlining processing workflows by minimising touchpoints and optimising the movement of high-value equipment. This approach allows us to reallocate resources towards priority tasks, improving efficiency and responsiveness. Additionally, we are focusing on automating the replenishment of unfulfilled demand and order-based replenishment ahead of store demand processing, enabling us to anticipate future demand patterns proactively.

Our migration to the SAP cloud-hosted environment for decentralised EWM (Extended Warehouse Management) has yielded significant benefits, including 99% uptime over the past two years, scalability options to meet changing capacity needs, and the seamless inclusion of the Longmeadow facility without additional licensing costs or hardware investments.

Furthermore, we have initiated the integration of machine learning technologies to optimise product placement within our distribution centres, enhancing overall operational effectiveness and agility.

THE LOCAL CHOICE (TLC)

Since its inception in 2010, The Local Choice (TLC) has been more than just a franchise pharmacy brand; it's been a gateway to success for independent pharmacists across South Africa. With 205 pharmacies standing firm under the TLC banner, the brand has become synonymous with empowerment, offering pharmacists the chance to thrive within a supportive network while maintaining autonomy.

At the core of TLC's mission is the belief that every pharmacist deserves the opportunity to realise their full potential. With an annual turnover exceeding R2 billion, TLC provides a robust platform for entrepreneurial pharmacists to survive and thrive in a competitive market landscape. Through strategic support and tailored resources, TLC equips its franchisees with the tools needed to navigate the complexities of modern pharmacy management.

Central to TLC's appeal is its comprehensive suite of offerings to franchisees. TLC provides the infrastructure necessary for operational efficiency and success, from business intelligence to centralised stock files. Retail and operational support further bolsters franchisee confidence, ensuring they have access to guidance and expertise every step of the way.

Clinic assistance is another cornerstone of TLC's franchise model. With 146 pharmacies equipped with clinics, franchisees can expand their service offerings, catering to the diverse healthcare needs of their communities. This enhances TLC pharmacies' value proposition and fosters more profound connections with patrons, cementing the brand's reputation as a trusted healthcare partner.

Marketing support rounds out TLC's offerings, amplifying the visibility and reach of franchise pharmacies. Leveraging the strength of the TLC brand, franchisees benefit from targeted marketing campaigns that drive foot traffic and increase brand recognition within their local markets. This collaborative marketing approach ensures franchisees can focus on what they do best – providing exceptional care to their communities – while TLC handles the promotional heavy lifting.

For independent pharmacists seeking a pathway to success within a supportive network, The Local Choice (TLC) offers a compelling opportunity. With a presence in every province of South Africa and an average pharmacy size of 245 square metres, TLC pharmacies serve as inclusive spaces where franchisees can thrive, secure in the knowledge that they have the backing of a trusted brand and the support of a dedicated network.

As TLC continues expanding its footprint across South Africa, the brand remains committed to empowering independent pharmacists. Through strategic support, comprehensive resources, and a shared commitment to excellence, TLC is not just shaping the future of pharmacy – it's shaping the future of healthcare itself.



INVESTMENT CASE

Dis-Chem presents an opportunity for both local and international investors to tap into the dynamic Food and Drug Retail sector within South Africa. A combination of long-term growth drivers and the inherent defensive nature of our business strengthens our investment proposition. We believe these factors will continue to fortify the Group’s position, fostering sustained benefits and growth prospects.

The longevity of our growth drivers and the resilience of our business model contribute to an investment case poised for continued success. This combination positions Dis-Chem as an attractive choice for investors seeking exposure to the robust and enduring nature of the South African Food and Drug Retail sector.

Strong market and industry positioning with an increase in healthcare demand

Well-recognised brand in South Africa.

South Africa has increased urbanisation and a growing population with increasing healthcare needs.

The prevalence of chronic diseases contributes to a consistent demand for medication and primary care services.

National distribution network	Operate in a defensive industry	Organic and acquisitive growth	Qualified workforce	Well-invested asset base
A well-organised supply chain ensures the timely availability of pharmaceuticals to meet customer demand.	The food and drug retail industry demonstrates a certain level of resilience, protecting against adverse economic conditions.	The organisation’s robust organic expansion is augmented by strategic acquisitions, showcasing our proficiency in seamlessly vertically integrating these acquisitions.	The Group hires skilled personnel and remains committed to investing in training programmes to enhance service standards.	We are strategically invested in infrastructure to accommodate growth, focusing on expanding our store network, adding new warehouses, enhancing information technology capabilities, and pursuing strategic acquisitions.
Strategic differentiators	Technological integration and e-commerce	Robust and proficient management team	Social responsibility and community engagement	Minimal direct impact from currency fluctuations
Exclusive partnerships, product range, customer service. Pharmacy and clinic/s in all stores. Everyday low-price strategy. Integrated Healthcare. Services at scale and lower costs.	Growing personalisation. Streamlining processes, optimising efficiency and reducing operational costs. Elevates overall customer experience.	Expertise, skills, and knowledge play a crucial role in the overall success and growth of the business. Many long-serving managers.	The Dis-Chem Foundation exemplifies our commitment to CSR, community engagement and sustainable business practice. Sustainable business ESG imperatives and our approach to it.	Provides stability to our financial performance.

CREATING SUSTAINABLE VALUE

- 20 Vision, mission and values
- 22 Competitive advantage
- 23 Strategy
- 25 Targets
- 26 Business model
- 29 Stakeholder relationships
- 31 Material issues

VISION, MISSION, VALUES

At Dis-Chem, our commitment lies in providing customers with superior products and services while maintaining affordability, all within the framework of industry regulations and guidelines. Guided by a clear vision, mission, and values, our daily operations are centred on our collective direction and objectives, ensuring a cohesive effort toward achieving our organisational goals.

VISION

Our vision is to be the preferred and leading retail pharmacy group in Southern Africa and:

1. To be the preferred partner for our customers, employees, suppliers, the communities that we operate in, our shareholders and regulators
2. To lead the market in terms of product innovation and range, superior customer service and loyalty rewards
3. To be the destination outlet of choice for health, beauty, and other personal needs of our customers without losing the advantage of convenience
4. To operate in Southern Africa to take advantage of supply chain and other operating efficiencies

MISSION

Our mission is to be a committed and caring team that strives to provide consistent value, low prices and service excellence for our customer's health and beauty needs while caring for the communities and environments in which we operate.

VISION, MISSION, VALUES continued

VALUES

Our values are core to the business's success and ensure it remains aligned with its strategic direction. The following values are the foundation for achieving our vision:



Achieve Excellence by maintaining high Quality & Professionalism in everything we do, staying Committed & having Passion for what we do.

Quality:

Adhere to standard operating procedures, compliance policies and procedures

Commitment:

Meet performance targets
Care, attention and dedication even over "the little things."

Professionalism:

Recognise the need for procedures and follow relevant guidelines
Professionally deliver information and services

Passion:

Go above and beyond the call of duty
Remain dedicated to projects and work tasks



Maintain excellent Customer Service by conveying Respect, Empathy, and a constant desire to improve.

Display Engagement and Be the Brand.

Respect:

Treat customers with courtesy, politeness and kindness
Provide quality service to all customers

Engagement:

Increase levels of customer satisfaction through quality orientation

Be the Brand:

Consistently deliver on promises

Empathy:

Care for and understand customer needs
Listen to and assist customers



Always Do the Right Thing by maintaining Integrity, honesty & loyalty. Ensure Delivery through Teamwork and accept Accountability.

Integrity:

Demonstrate honesty in an ethical and trustworthy manner
Blow the whistle on suspicious behaviour
Maintain confidentiality of private Company information

Teamwork:

Build constructive working relationships and remain a team player
Show care and respect for co-workers
Appreciate cultural richness and diversity

Accountability:

Take responsibility for work tasks and deadlines
Take responsibility for our decisions and actions

Delivery:

Reliably deliver on commitments and work tasks
Focus on results and desired outcomes and how to best achieve them



Display an Entrepreneurial Spirit through:

Innovation – being innovative in your approach to business and coming up with new ideas to stay ahead of the pack – and accomplishing more with less by maximising available resources and achieving goals.

Being flexible, adaptable, and resilient to remain competitive.

Innovation:

Develop new/ enhance existing solutions

Flexible:

Provide solutions to all types of workplace challenges
Effectively deal with change and diverse people
Adapt to changing business needs, conditions and responsibilities

Unique:

Encourage and develop new ideas

Resilient:

Cope well with pressure and recover quickly from difficulties
Learn from mistakes and celebrate success

COMPETITIVE ADVANTAGE

At Dis-Chem, we take pride in the distinctive competitive advantages that set us apart in the market. Our commitment to excellence and innovation positions us as a leader in the industry. Here are key elements that define our competitive edge:

Customer-centric approach

Our unwavering commitment to customer satisfaction is at the core of our business philosophy. We prioritise understanding and meeting the unique needs of our clients, fostering long-lasting relationships built on trust and reliability. We have experienced and knowledgeable staff in all categories.

Strategic partnerships

Strategic alliances with key industry players, suppliers, and stakeholders enhance our capabilities. These partnerships broaden our product and service offerings and provide exclusive advantages directly benefiting our customers.

Adaptability and flexibility

In a dynamic business environment, adaptability is crucial. We demonstrate agility in responding to market changes, evolving customer preferences, and emerging trends, ensuring we remain at the forefront of industry developments.

Continuous improvement culture

We foster a culture of continuous improvement, encouraging innovation and learning at every level of the organisation. This commitment to excellence empowers us to stay ahead in a competitive landscape and consistently raise the bar for industry standards.

Product range

We distinguish ourselves as the preferred destination store, providing a wide array of products that address the diverse needs of our customers. Our dedicated purchasing teams specialise in curating our offerings, and we maintain an interactive presence on social and digital platforms to foster ongoing communication.

Value

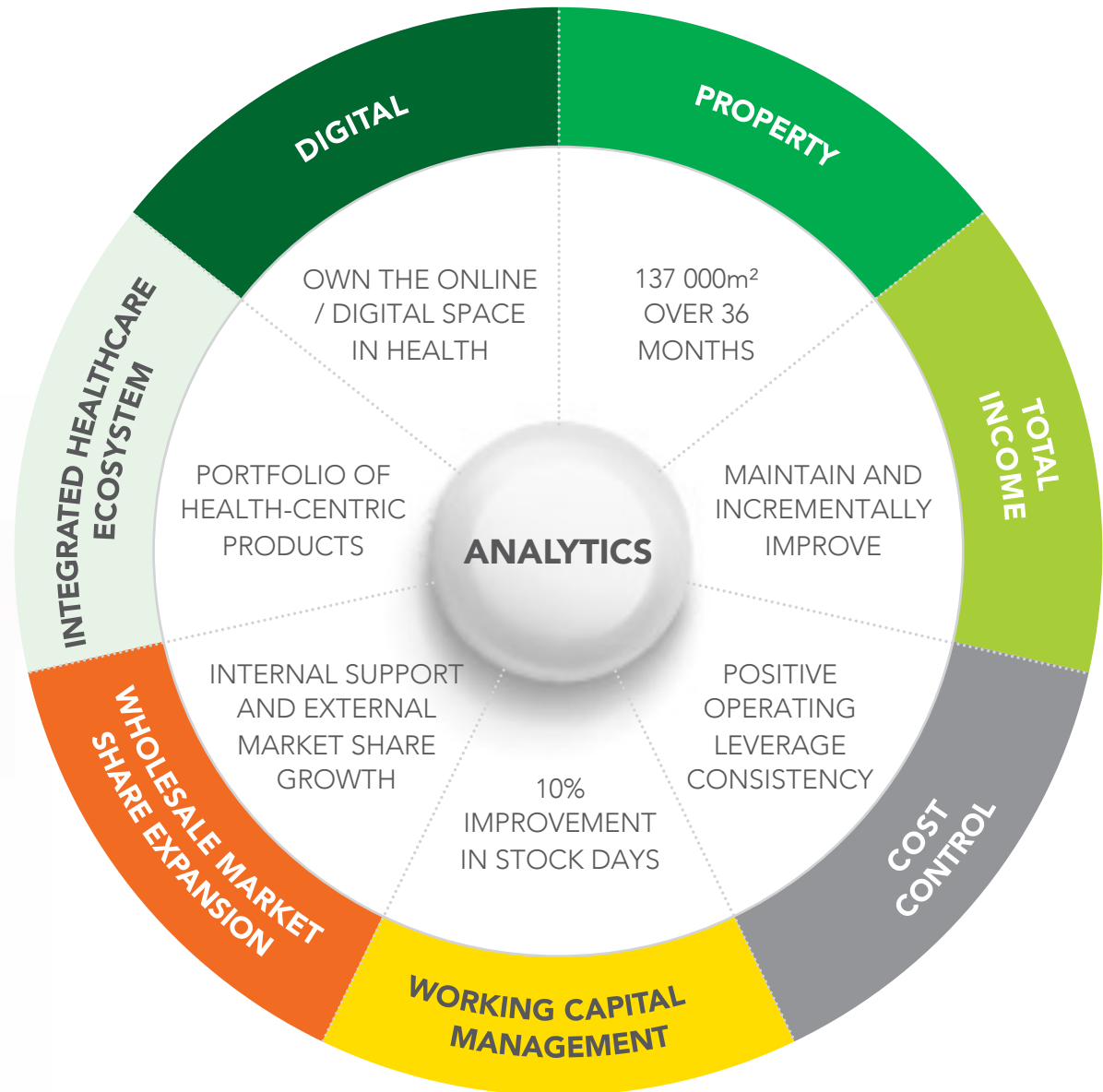
Implementing an everyday low price strategy underscores our commitment to providing quality products at the most competitive prices. By procuring large order quantities and achieving higher sales volumes, we ensure the sustainability of low prices, allowing customers to access cost-effective and high-quality goods consistently.

Accessibility

In each store, both the front shop and the dispensary adhere to identical operating hours, ensuring a consistent and seamless accessibility of services. No demarcation exists between the front shop and the dispensary, promoting a unified and integrated customer experience.

STRATEGY

The Group recently reviewed and adapted its longer-term growth strategy. The successful implementation of the strategy should result in a diversified earnings profile, improved shareholder returns and more value for stakeholders. Our strategy is supported by substantial human capital, information technology and sound financial and capital management.



STRATEGY continued

Property

Target to increase our property footprint by 137 000m² over 36 months
22 new Dis-Chem stores secured for FY2025



Total income

Aim to maintain and incrementally improve our total income margin



Cost control

Focus on securing sustained positive operating leverage, following establishing a staffing framework with leadership and management accountability



Working capital management

We target a 10% improvement in stock days while maintaining debtor and creditor days



Wholesale market share expansion

A dual strategy of supporting internal retail property growth while continuing to grow the independent pharmacy market ahead of peers



Integrated healthcare ecosystem

Reimagine healthcare access via a portfolio with health-centric financial services products and the synergistic interaction with the Group's pharmacy and clinic footprint



Leveraging analytics

With a focus on relevance, commercialise health consumption data to deliver enhanced shopper and patient-centric value



Digital

Dominate the health sector's digital space



TARGETS

Embarking on a path of strategic growth and sustainability, our Group sets ambitious short- and medium-term targets that encapsulate our commitment to innovation, excellence, and continued value creation.

Retail

- Increase retail space by 137 000m² over 36 months
- Improve volume growth
- Improve trading densities
- Gain market share in all core categories
- Leverage the existing head office cost base
- Enhance and grow the e-commerce platform
- Drive secondary retail opportunities
- Drive and grow customer loyalty
- Look for consolidation opportunities
- Train and motivate employees

Wholesale

- Leverage our infrastructure
- Negotiate better commercial terms with vendors
- Capture the supply chain by adding TLC franchises
- Invest in price to attract independent volume
- Focus on productivity and cost efficiency
- Focus on supplier management to improve supplier profitability



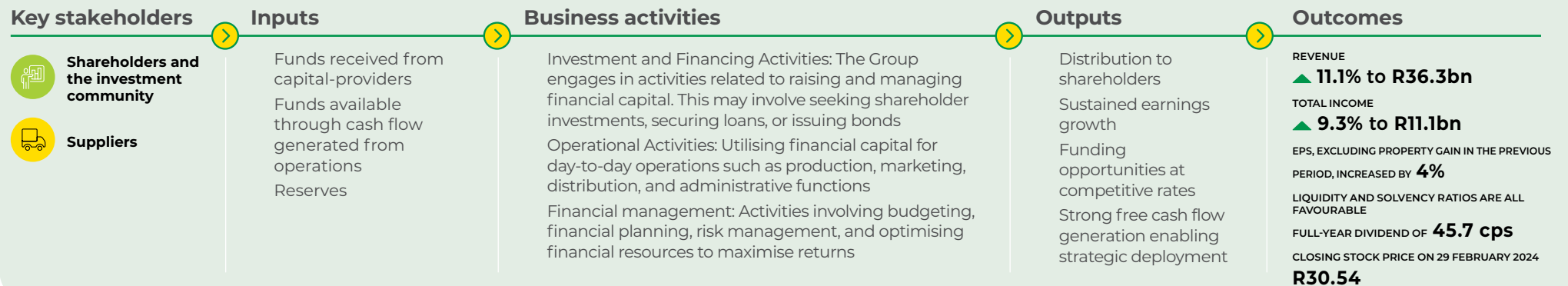
BUSINESS MODEL

Our motto, "BETTER HEALTH STARTS HERE," is the cornerstone of our business model, emphasising our commitment to fostering improved health and well-being.



FINANCIAL CAPITAL

Our objective is to generate value for our stakeholders by boosting revenue and profitability via both organic growth and strategic acquisitions. We are dedicated to managing our financial resources in a manner that ensures enduring economic growth in the long term.



MANUFACTURED CAPITAL

Consistent investment in our distribution centres and retail outlets is pivotal in advancing our mission to deliver high-quality products and exceptional customer service.

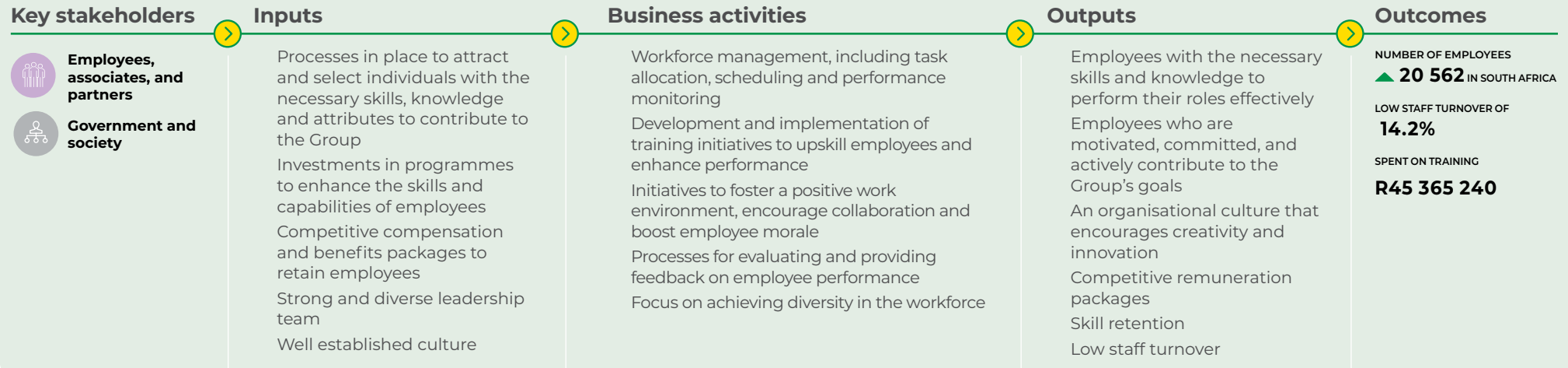


BUSINESS MODEL continued



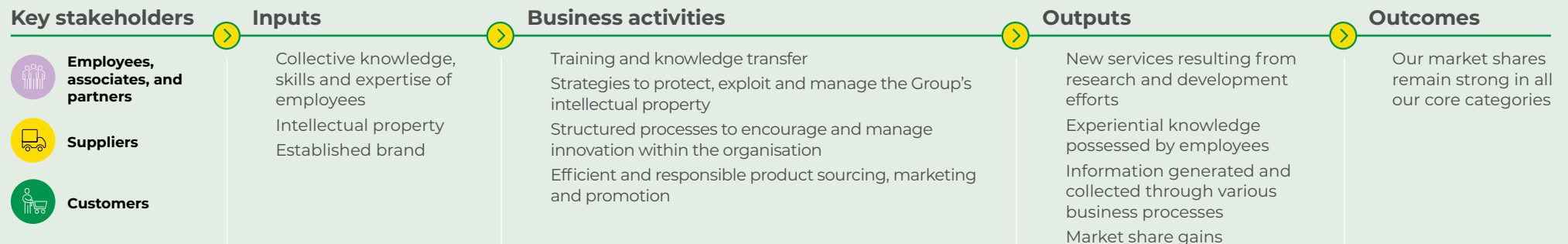
HUMAN CAPITAL

We consider our employees our most valuable asset, striving to create a secure and fulfilling workplace environment for each individual in our organisation.



INTELLECTUAL CAPITAL

We drive innovation by embracing technological advancements and staying ahead of market shifts, leading the way in our industry.



BUSINESS MODEL continued



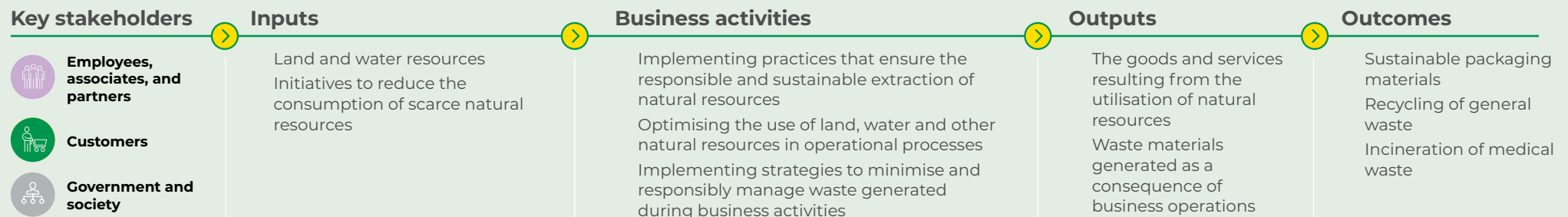
SOCIAL AND RELATIONSHIP CAPITAL

We are focused on nurturing and upholding relationships with our stakeholders, prioritising social initiatives. We strongly believe that responsible corporate citizenship is fundamental to securing sustainable growth.



NATURAL CAPITAL

Our dedication lies in minimising our environmental footprint through responsible and conscientious ecological stewardship.



STAKEHOLDER RELATIONSHIPS

The Group actively involves stakeholders in our daily activities to create lasting value in the short-, medium-, and long-term. Identifying key stakeholders involves continuous engagement with both internal and external parties. Our approach to engaging stakeholders is decentralised, integrating them into various divisional operations and support functions. This strategy ensures a comprehensive and inclusive involvement across our organisational spectrum.



The Board holds ultimate responsibility for stakeholder management, ensuring a balanced approach that considers stakeholders’ needs, interests, and expectations while serving the Group’s best interests. The execution and oversight of stakeholder engagement are delegated to the management team entrusted with implementing and monitoring these initiatives.

Shareholders and the investment community



Employees, associates, and partners



Customers




Government and society







Suppliers



Stakeholder	Motivation for Engagement	Engagement mechanisms
<div></div> <div>Shareholders and the investment community Shareholders serve as our key suppliers of financial capital within the overarching investment framework and community they inhabit. Non-public shareholders account for 0.04%, while public shareholders make up 99.96%. Furthermore, the breakdown between local and offshore investors is 90.9% and 9.1%, respectively.</div>	<div>To create an informed view of the Group</div> <div>To disclose Group performance, strategy and prospects</div> <div>To report on ESG</div> <div>To address any concerns raised</div>	<div>Integrated Annual Report</div> <div>Annual Financial Statements</div> <div>Results presentations</div> <div>Roadshows</div> <div>Conference calls</div> <div>Trading updates</div> <div>Website</div> <div>Annual General Meeting</div> <div>SENS announcements</div> <div>Conferences</div> <div>Investor days</div> <div>Sustainability Report</div>

STAKEHOLDER RELATIONSHIPS continued

Stakeholder	Motivation for Engagement	Engagement mechanisms
 Employees, associates and partners Our employees, associates, and partners represent the cornerstone of our human, social, and relational capital, crucial for steering our daily operations and fostering direct engagements with our customers. With over 20 000 dedicated individuals, we leverage their commitment to embody our vision, mission, and values, thereby generating value for our organisation.	To enhance a sense of value, commitment and motivation To align thinking relating to Group strategy Feedback on areas for workplace and performance improvement To instil trust in management	Staff magazine Newsletters Electronic communication Management and team meetings Intranet Performance reviews
 Customers Customers constitute the primary market to which we deliver our products and services. They are pivotal in facilitating the Group's sustainable, value-driven business. As the primary source of the Group's revenue, the market we serve enables us to cultivate a resilient, value-centric organisation.	To understand customer needs To increase long-term loyalty To improve brand awareness and grow market share To improve customer service To encourage product and quality feedback	Social media Magazines Electronic communication Direct engagement Call centres Advertising Promotional campaigns Benefits programme Surveys
 Government and society The government and society encompass our wider national community, including representatives who advocate for public interests within public institutions. We maintain close collaboration with governmental bodies to enhance our positive influence on the communities where we operate, ensuring we maximise our impact for the betterment of society.	To fulfil legislative requirements To contribute to community upliftment To obtain pharmacy licenses	Regular meetings with regulatory bodies Donations Foundation campaigns
 Suppliers Suppliers form integral parts of our supply chain, powering our operations by providing essential resources and connections to key means of production. With a network of approximately 2 000 suppliers, we rely on their contributions to sustain our operations and facilitate our production processes.	To gain visibility into order quantities, factory capacities, product costs and quality To improve supplier performance To enhance response times To enhance safety and quality	Site visits Meetings Electronic communication Quality audits and product testing

MATERIAL ISSUES

Annually, the Board and senior management conduct a comprehensive review of the Group’s material issues, encompassing internal, industry, and macroeconomic factors. This evaluation identifies key financial and non-financial operational risks that could profoundly affect the Group’s capacity to generate and uphold value for its stakeholders.

The Audit and Risk Committee is central in the risk management process, overseeing the development and yearly review of the risk policy and plan to mitigate the Group’s risks. Additionally, the committee ensures senior management maintains a risk register and actively considers and enacts suitable risk mitigation responses.

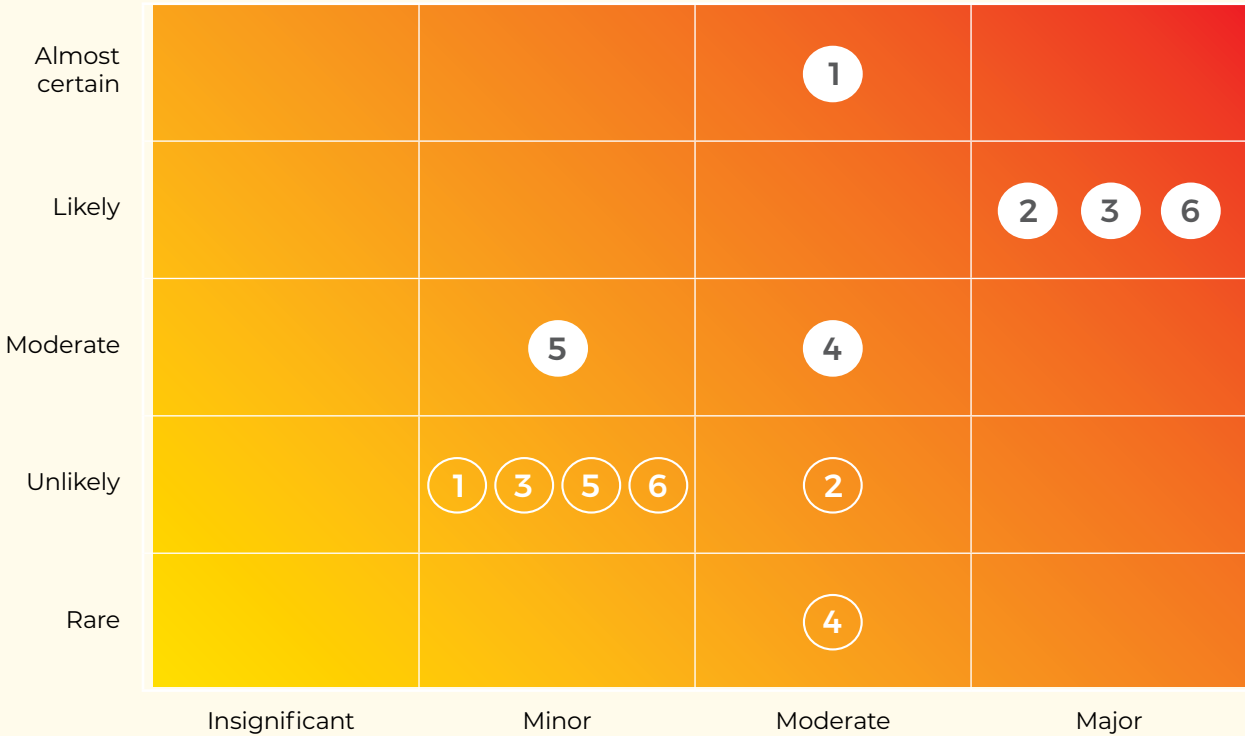
The Board, sub-committees and senior management considered the following factors in identifying the Group’s material issues:

- Political and macroeconomic environment
- Current and expected trading environment
- Competitive landscape
- Business strengths, weaknesses, opportunities, and threats
- Capital resources
- Regulation
- Key risks as detailed in the Group’s risk register
- Strategic objectives

The following material issues have been obtained from our risk register and could significantly impact the Group’s ability to create and sustain value:

1. Brand loss
2. Shortage of retail space
3. Competition
4. Skills shortage
5. Regulations
6. Information technology

- Material risk
- Residual risk (after mitigation)



MATERIAL ISSUES continued

Brand loss

Risks:

Dis-Chem's financial performance is impacted by the perception, recognition, and image associated with the Dis-Chem brand, a dynamic influenced by various factors. These factors encompass:

- Sustaining high levels of in-store service
- Providing an extensive range of products and services that align with customer needs
- Upholding product quality
- Offering competitive pricing
- Ensuring adequate in-store stock availability
- Maintaining a positive image of its stores
- Cultivating favourable perceptions of its loyalty programme
- Strengthening communication activities, including advertising campaigns

Failure to uphold a positive brand image could significantly impact Dis-Chem's business, operational results, and financial condition.

Mitigation:

- Investment in employee training
- Diversify and expand on product offerings
- Maintain product quality
- Implement competitive pricing strategies
- Optimise supply chain management
- Enhance store image
- Enhance loyalty programme
- Communicate effectively
- Monitor and respond to feedback
- Develop and regularly update crisis management plans

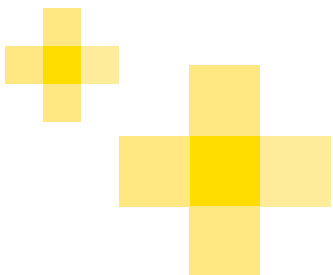
Shortage of retail space

Risks:

An integral component of Dis-Chem's expansion strategy involves the augmentation of its store network through either the establishment of new stores or the acquisition of independent pharmacies that can be transformed into Dis-Chem outlets. The successful execution of this strategy is contingent upon various factors, notably the Group's proficiency in identifying and securing lucrative acquisitions and suitable locations for new stores. Failure to open new stores promptly and profitably may impede Dis-Chem's realisation of its growth objectives.

Mitigation:

- Thorough market research
- Strategic planning outlining specific criteria for selecting locations and potential acquisition targets
- Conduct thorough financial due diligence when considering acquisitions
- Streamline and optimise operational processes to ensure efficient store openings and conversions
- Implement standardised procedures for integrating new stores into Dis-Chem's operational framework



MATERIAL ISSUES continued

Competition

Risks:

Dis-Chem's network of retail pharmacy stores, e-commerce platforms, corporate wellness clinics, and courier services operate in a highly competitive environment. This intense competition significantly impacts various aspects, including pricing, product range and quality, store location and format, customer service levels, and advertising strategies. Dis-Chem contends with many local, regional, and national competitors, encompassing diverse retailers of varying sizes and offering distinct but competitive products and services. These competitors include other pharmacy groups, independent pharmacies, prescription courier providers, and a range of retailers such as grocery stores, convenience stores, and online retail platforms. If Dis-Chem cannot effectively address these diverse sources and forms of competition, it may adversely impact the Group's business, operations, and financial condition.

Mitigation:

- Differentiated strategy setting us apart from competitors
- Continuously innovate products and services to stay ahead of market trends and meet evolving customer needs.
- Introduce exclusive or specialised offerings
- Enhance customer experience
- Employ competitive pricing strategies
- Strategic advertising and marketing
- E-commerce platform optimisation
- Strategic partnerships with other businesses or healthcare providers
- Supply chain efficiency
- Monitor competitor activities and market trends

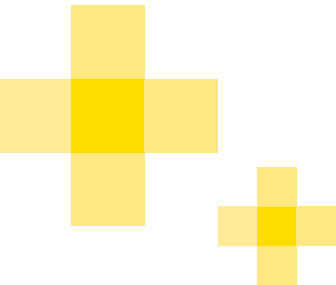
Skills shortage

Risks:

Dis-Chem's operations' effectiveness relies on its workforce's dedication, capabilities, and expertise, particularly professionals such as pharmacists, qualified pharmacy assistants, registered nurses and store managers. Dis-Chem faces competition from other employers, including pharmacies, healthcare providers, and governmental entities, in recruiting and retaining these professionals. In the event that Dis-Chem encounters challenges in recruiting skilled personnel as needed or experiences an elevated employee turnover rate, it could potentially result in a significant adverse impact on the Group's business, operational results, and financial condition.

Mitigation:

- Proactive talent acquisition and development strategies
- Competitive compensation and benefits packages to attract and retain top talent
- Employee recognition and incentives
- Positive work environment
- Career development opportunities
- Employee engagement surveys
- Succession planning
- Collaboration with educational institutions
- Retention strategies, including bonuses and incentives
- Competitor benchmarking
- Effective recruitment practices



MATERIAL ISSUES continued

Regulations

Risks:

The healthcare industry in South Africa operates within a framework of extensive government regulation. Dis-Chem is obligated to adhere to and bear costs associated with compliance with numerous laws and regulations, including but not limited to the Pharmacy Act, the Medicines Act, and the Consumer Protection Act. Uncertainty prevails regarding the enactment, in their existing form or at all, of various draft regulations issued by the National Department of Health and the SAPC. Untimely compliance or non-compliance with these laws and regulations could lead to escalated expenditures or the imposition of civil and criminal penalties. Such consequences have the potential to adversely impact the continuous operation of Dis-Chem's business, including the risk of license loss, difficulty in obtaining new licenses, or substantial monetary fines. Any alterations to legislation, regulatory frameworks, or healthcare policies in South Africa, as well as the imposition of additional requirements or restrictions on Dis-Chem, may adversely affect its business, operational results, and financial condition.

Mitigation:

A compliance management system ensures adherence to current laws and regulations
Regular policy and procedure updates
Engagement with legal and regulatory expertise
Regular audits and assessments
Positive government relationships
Monitor draft regulations
Staff training and awareness
Scenario planning to anticipate potential regulatory changes

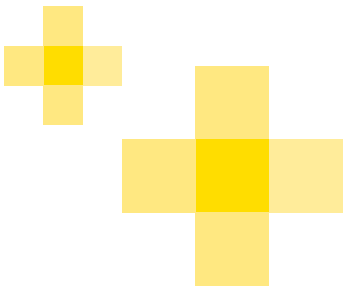
Information Technology

Risks:

Dis-Chem stores sensitive information, including customer data, medical records, and payment details. If our IT systems are compromised, it can lead to data breaches, resulting in the theft of sensitive information. This can damage customer trust, lead to legal consequences and incur significant financial losses. Cybercriminals may target the Group with malware, ransomware, or phishing attacks to disrupt operations, steal data, or extort money. Such attacks can cripple IT systems, leading to downtime, loss of revenue, and reputational damage. The Group relies on complex supply chains to procure and distribute medications. IT systems facilitate communication and coordination within these supply chains. Any disruptions or failures in IT infrastructure can lead to delays in supply chain processes, affecting product availability and customer satisfaction.

Mitigation:

Investment in robust IT infrastructure
Administer regular security audits
Regular training for employees
Remain updated on the latest regulatory requirements
Foster a culture of security awareness and accountability among staff members





CORPORATE GOVERNANCE

- 36** Chair's report
- 38** Our Board
- 40** Governance report
- 48** Remuneration report
- 67** Social and Ethics Committee report
- 68** Sustainability report

CHAIR'S REPORT



I am pleased to present the annual report of Dis-Chem for the 2024 financial year. It is with great pride that I reflect on the achievements and milestones attained by our Company over the past year despite the numerous challenges posed by the ever-evolving business landscape.

As we navigate through uncertain times, we must acknowledge the dedication and resilience of our team, whose unwavering commitment has been instrumental in steering Dis-Chem towards continued growth and success. Together, we can make better health a reality. In this report, I will outline the company's key highlights, accomplishments, and strategic initiatives and provide insights into our vision for the future and our unwavering commitment to delivering value to our shareholders.

Strategic oversight

In exercising our duty of strategic oversight, the Board has remained deeply committed to guiding the Company towards sustainable growth and value creation. We have diligently assessed the company's strategic direction throughout the reporting period, ensuring alignment with our long-term vision and objectives. By engaging with management, stakeholders, and external experts, we have facilitated robust discussions on emerging trends, market dynamics, and opportunities for innovation. Our strategic oversight has also extended to risk management, with a concerted effort to identify and mitigate potential risks that may impact the company's performance and reputation. As stewards of shareholder interests, we have upheld the highest governance, transparency, and accountability standards, fostering a culture of integrity and ethical conduct throughout the organisation. Looking ahead, the Board remains steadfast in its commitment to providing strategic guidance and leadership as we navigate the evolving business landscape and strive to deliver sustainable value for all stakeholders.

Stakeholder engagement

Over the past year, the Board has prioritised steering the business towards delivering value for shareholders ethically and responsibly. Simultaneously, the focus remained on making meaningful contributions to all stakeholders through salaries, taxes, levies, and various forms of donations and support. This approach ensures a balanced commitment to the community's shareholders and broader stakeholders. We invite all our stakeholders to join the journey to a "Better Health Starts Here".

Risk management

Effective risk management is paramount to safeguarding our organisation and preserving stakeholder trust in today's complex business environment. One of the key risks we have identified is the potential breach of personal data under the Protection of Personal Information (POPI) Act. This risk significantly impacts our customers' privacy and regulatory compliance obligations.

Regrettably, Dis-Chem customers were impacted by a personal data breach through a third-party incident during the reporting period. In response to this development, we conducted a thorough investigation to ascertain the extent of the breach and assess our internal controls and processes.

I am pleased to report that Dis-Chem was cleared of any wrongdoing following a comprehensive investigation, and it was determined that the breach did not originate from within our systems or processes. While this incident underscored the ever-present threat of cybersecurity breaches, it also highlighted the effectiveness of our risk management protocols and the resilience of our cybersecurity infrastructure.

Moving forward, we remain steadfast in our commitment to upholding the highest data protection standards and compliance with regulatory requirements, including the POPI Act. We will continue to invest in advanced cybersecurity measures, enhance employee training and awareness, and strengthen our partnerships with trusted third-party vendors to mitigate the risk of future incidents and safeguard the interests of our customers and stakeholders.

ESG

Our commitment to Environmental, Social, and Governance (ESG) principles is central to our corporate ethos at Dis-Chem. We are proud to present our first standalone Sustainability Report, which is now available on our Group website. Dis-Chem believes integrating ESG into our core business and decision-making processes is essential for long-term sustainability. Our sustainability pillars include good environmental stewardship, investing in employees and the communities we serve, practising good business ethics, and providing customer-centric service.

CHAIR'S REPORT continued

Leadership

As we approach nearly a year since the succession of our former CEO, Ivan Saltzman, by Rui Morais and the appointment of Julia Pope as CFO, I am pleased to report that the transition has been remarkably smooth and successful. Under Rui's capable leadership, supported by Julia in her new role, the executive team has demonstrated strong vision, strategic direction, and effective decision-making, ensuring continuity and stability during this period of change.

Rui Morais has seamlessly stepped into his role as CEO, bringing with him a wealth of experience, strategic insight, and a steadfast commitment to the values and principles that define our organisation. His leadership has been instrumental in guiding our Company through challenges and opportunities, driving growth, and fostering a culture of innovation and excellence.

Alongside Rui, Julia Pope has assumed the position of CFO with commendable skill and professionalism, further enriching our leadership team with her finance and strategic planning expertise. Rui, Julia, and the rest of the executive team have formed a cohesive unit, united in their dedication to advancing the company's mission and delivering value to our stakeholders.

As we reflect on the past year and look to the future, I am confident that our leadership team is well-equipped to navigate the evolving landscape of our industry and capitalise on emerging opportunities. Their collective leadership, coupled with the dedication and talent of our entire workforce, positions us firmly for continued success and sustainable growth in the years ahead.

National Health Insurance

Dis-Chem acknowledges the importance of universal healthcare and supports the principle of providing equitable access to quality healthcare services for all South Africans. The Company recognises the significant health disparities within the country and the need for a system that addresses these inequalities.

Dis-Chem advocates for a collaborative approach where the private sector plays a significant role in the NHI system. The Company believes that leveraging private healthcare providers' expertise, infrastructure, and resources can enhance the effectiveness of NHI. Dis-Chem suggests that public-private partnerships could be beneficial in achieving the goals of universal healthcare coverage.

Dis-Chem calls for greater clarity and transparency in the planning and rollout of NHI. The Company urges the government to provide detailed plans, timelines, and frameworks to ensure that all stakeholders, including healthcare providers and patients, are well-informed and prepared for the transition.

Dis-Chem remains committed to engaging with the government and other stakeholders in the healthcare sector to ensure the successful implementation of NHI. The Company is open to contributing its insights and resources to support the development of a robust and effective universal healthcare system.

In summary, Dis-Chem supports the overarching goal of NHI to provide universal healthcare but expresses concerns about the practical aspects of its implementation. The Company emphasises the need for careful planning, sustainable funding, and the private sector's involvement to ensure NHI's success. Dis-Chem remains a proactive participant in discussions around NHI, advocating for a system that benefits all South Africans without compromising quality or efficiency.

Conclusion

In conclusion, I am optimistic about the future of Dis-Chem. With our solid foundation and the collective efforts of our team, I am confident that we will continue to thrive and achieve greater heights.

Thank you for your ongoing support and trust in Dis-Chem.

Warm regards,

Larry Nestadt

Independent Non-Executive Chair



OUR BOARD



**Rui Manuel
MORAIS (40)**

BCom, CA(SA)

Appointed to the Board in November 2016

CHIEF EXECUTIVE OFFICER

Background:

With a decade of experience in the retail pharmacy industry, Rui has dedicated the past ten years to contributing his expertise to Dis-Chem. Prior to his tenure at Dis-Chem, he held several senior managerial positions at Ernst and Young.



**Julia
POPE (43)**

BCom, CA(SA)

Appointed to the Board in July 2023

CHIEF FINANCIAL OFFICER

Executive director

Background:

Julia, a qualified chartered accountant, boasts more than 15 years of experience in the retail and consumer products sector. Having held senior management positions at Ernst & Young before joining Dis-Chem in 2017, she progressed from Executive Head of Finance to assume the position of CFO in July 2023.



**Ivan Leon
SALTZMAN (74)**

DipPharm

Appointed to the Board in November 2016

EXECUTIVE DIRECTOR

Executive director and co-founder

Background:

With over 40 years of experience in the retail pharmacy industry, Ivan, a co-founder of Dis-Chem and a qualified pharmacist, brings a wealth of expertise. He is wholeheartedly dedicated to the business, actively participating in the Group's daily operations and decision-making processes.



**Stanley
GOETSCH (67)**

BPharm

Appointed to the Board in 2022

EXECUTIVE DIRECTOR

Background:

Stan, a qualified pharmacist, brings substantial expertise to the retail pharmacy industry. Prior to assuming the role of category manager within the Group, Stan served as a pharmacist and store manager, showcasing a comprehensive understanding of the pharmaceutical field.



**Saul Eytan
SALTZMAN (44)**

BCom

Appointed to the Board in 2022

EXECUTIVE DIRECTOR

Background:

Saul boasts two decades of dedicated experience in the retail and pharmaceutical industry, exclusively within the Dis-Chem organisation. Throughout his tenure, he has undertaken various strategic roles, including leadership of the import division and a particular focus on shaping the Group's private label strategy.

OUR BOARD continued



**Laurence Michael
NESTADT (73)**

Appointed to the Board in November 2016

INDEPENDENT NON-EXECUTIVE CHAIR

Background:

Larry has enjoyed a distinguished and prosperous career on the global corporate stage. He played a key role in the founding of Investec Bank Ltd and has been a driving force in establishing and strategically growing multiple publicly listed companies.



**Alupheli
SITHEBE (41)**

BCom, CA(SA), MBA

Appointed to the Board in January 2021

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background:

Alu, a seasoned private equity investment professional, brings a wealth of expertise in mergers and acquisitions. Her most recent role was as Principal at African Phoenix Investments Limited. She embarked on her career at EY, where she earned qualification as a CA(SA) in the Retail & Consumer Products division. Currently serving as the managing director of Kamva Investments, Alu, her investment holding business, continues to play a pivotal role in the industry.



**Anuschka
COOVADIA (46)**

MBChB, MAP, MSE

Appointed to the Board in November 2016

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background:

Dr Anuschka is a partner at Usizo Advisory Solutions, an autonomous health advisory consultancy. With over 15 years of experience in the health and research sector, she previously served as the Head of Healthcare for Africa at KPMG International. Additionally, she held a Directorship at Ayurveda Investments, a healthcare investment development fund, and contributed as a member of a global task team focusing on Universal Health Coverage.



**Happy
MASONDO (56)**

BA, BCom Law

Appointed to the Board in 2022

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background:

Happy is a senior corporate lawyer with over 25 years of experience and is a specialist in public interest law, constitutional law, renewable energy projects, information technology, corporate governance, regulatory advisory services and public-private partnerships. Happy has advised many clients, including private and public companies, state-owned entities, energy companies, financial institutions, construction and engineering firms, listed organisations, telecommunications companies, and information and technology firms.



**Joe
MTHIMUNYE (59)**

BCompt (Hons), CTA, CA(SA)

Appointed to the Board in November 2016

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background:

Joe is the co-founder and executive Chair of AloeCap, a boutique corporate finance and investment company. Prior to his involvement with AloeCap, he played a key role as one of the founding partners of Gobodo Inc., an accounting and auditing practice that paved the way for SNG Grant Thornton.



**Katlego
KOBUE (37)**

BCom

Appointed to the Board in January 2021

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Background:

Katlego is a senior investment manager at Royal Bafokeng Holdings, a community investment company affiliated with the Royal Bafokeng Nation. With over 11 years of tenure, Katlego has undertaken various roles within the investment department at RBH.

GOVERNANCE REPORT

At Dis-Chem, our commitment to exemplary governance practices fuels our ongoing efforts to enhance our business management for sustainable value creation. We endeavour to foster an ethical culture that encourages transparent decision-making, fostering an environment conducive to strong performance.

Framework and principles

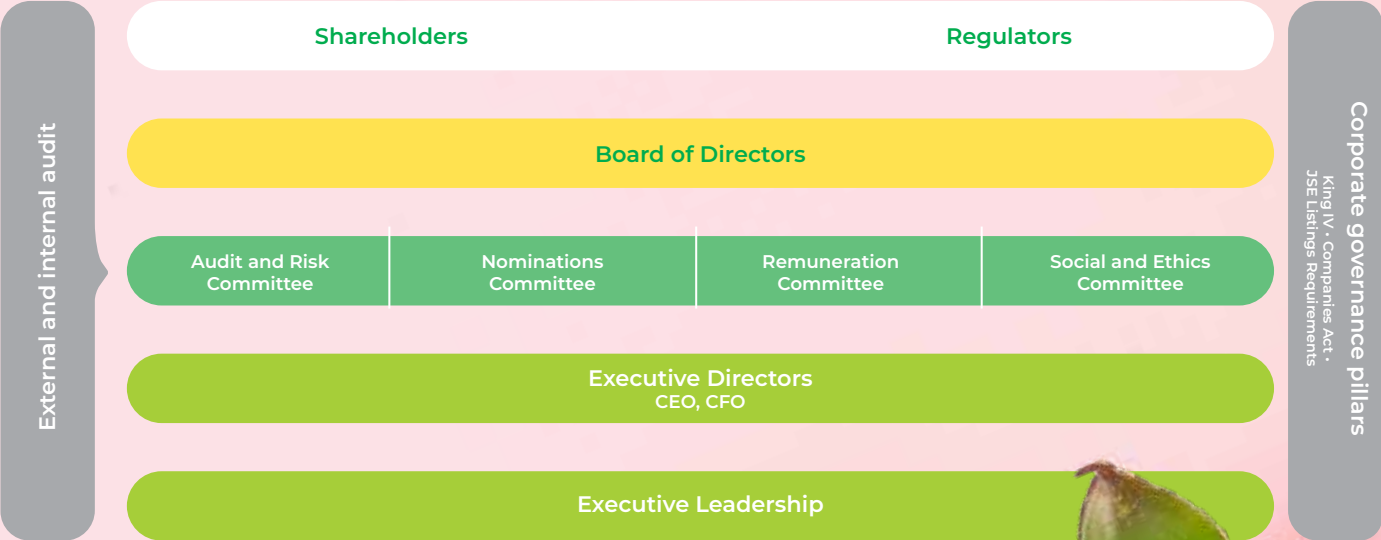
The Group's governance framework is meticulously designed to align with our strategic goals while adhering to compliance standards. It thoroughly weighs stakeholders' interests to mitigate conflicts and uphold exemplary corporate conduct.

The Board prioritises the issuance of comprehensive reports by Dis-Chem, facilitating stakeholders' informed evaluations of the Group's performance and outlook across short-, medium-, and long-term horizons. We strive to uphold a consistent reporting and disclosure standard, prioritising our stakeholders' best interests. Our commitment to complete adherence to the JSE Listings Requirements remains steadfast.

Concerns

We encourage our shareholders to express their concerns within the Group. The Board will make dedicated efforts to address these issues and provide clarity on the related processes.

Governance structure



Key issues addressed in the 2024 financial year

- Transformation
- Cyber security
- ESG
- Related party ownerships



GOVERNANCE REPORT continued

Board of Directors

The Board of Directors acknowledges that effective corporate governance begins with ethical and pragmatic leadership, necessitating continual monitoring, adaptation, and enhancement. Board members are collectively and individually held to a standard of behaviour characterised by integrity, competence, responsibility, accountability, fairness, and transparency. This approach aims to achieve strategic objectives and foster positive outcomes consistently over time.

Dis-Chem's unitary Board structure consists of 11 directors:

- Five independent, non-executive directors (NEDs).
- One non-independent non-executive director.
- Five executive directors.

Independent NED, Larry Nestadt is the Chair of the Board. Each director's age, tenure, experience, and expertise are briefly set out on pages 38 and 39.

The requirements of the non-executive directors include dedicating sufficient time and energy to the concerns of the Board. They are allowed to serve on other Boards provided their other duties do not inhibit their commitment to adding value to the Dis-Chem Board.

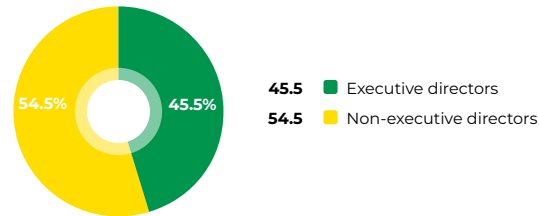
Appointments

The Board has established a policy outlining appointment procedures to ensure a balanced distribution of power and authority within its composition. These appointments are conducted formally and transparently, falling under the purview of the Board with support from the Nominations Committee, which is responsible for recommending such appointments.

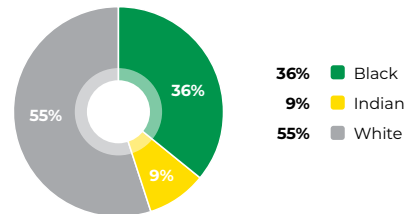
In adherence to requirements, the Board actively supervises the nomination and appointment process for new directors, striving to balance power, gender representation, and meeting racial targets. Our Nominations Committee oversees and guides our Board appointment policy. The committee has applied the appropriate criteria in selecting and appointing executive director Ms Julia Pope, effective 1 July 2023.

Diversity

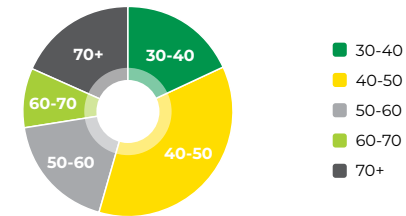
Executive vs non-executive



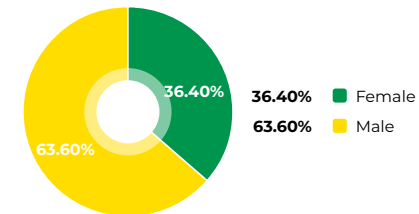
Race



Age



Gender



Skills

The Board boasts extensive business expertise and specialised skills across diverse accounting, finance, retail, and healthcare sectors. This eclectic blend of knowledge, skills, experience, and independence allows the Board to offer impartial and objective guidance and judgment in decision-making.

	Accounting	Finance	Healthcare	Retail	Legal
Alupheli Sithebe	x	x		x	
Anuschka Coovadia		x	x	x	
Happy Masondo				x	x
Ivan Saltzman			x	x	
Joe Mthimunya	x	x	x	x	
Julia Pope	x	x		x	
Katlego Kobue	x	x		x	
Larry Nestadt		x		x	
Rui Morais	x	x	x	x	
Saul Saltzman		x		x	
Stan Goetsch			x	x	

GOVERNANCE REPORT continued

Responsibilities

The Board bears responsibility for overseeing the Group's performance, defining its strategic direction, upholding values, and ensuring robust governance. Its key role involves exercising prudent control over the Group's affairs, actively engaging in formulating and approving the Group's strategy rather than merely receiving it from management. This proactive approach provides the necessary leadership for the Group to achieve its business objectives within established internal controls.

In ensuring effective governance, the Board focuses on appointing and delegating to management to foster role clarity and effectively exercise authority and responsibilities. Clear separation and delineation of roles and duties characterise the Non-Executive Chair and CEO positions. As the highest-ranking decision-makers, the CEO and CFO steer the Group's strategic and operational matters with relevant sub-committees, making recommendations or decisions. These recommendations are brought before the Board for final approval, when necessary, while in other instances, the authority to make decisions is delegated to the CEO and CFO.

Responsibilities included in the approved Board Charter include the following:

- Act as the focal point for and custodian of corporate governance by managing its relationship with management, the shareholders, and other Group stakeholders to build and maintain stakeholders' trust and confidence in the Group and sound corporate governance principles. In this regard, the Board will be expected to:
 - Acquire a working knowledge and understanding of the Group's business and the laws, regulations and processes that govern its activities.
 - Be able to make sound business decisions and recommendations.
 - Exercise judgment independently.
 - Exercise stewardship always and uphold the highest degree of ethics in all forms of conduct.

Appreciate that strategy, risk, performance, and sustainability are inseparable and give effect to this by:

- Contributing to and approving the strategy.
- Satisfying itself that the strategy and business plans do not give rise to risks management has not thoroughly assessed.
- Identifying key performance and risk areas, which includes the responsibility of setting the Group's level of risk tolerance and limits for its risk appetite on an annual basis and monitoring the same accordingly.
- Ensuring that the strategy will result in sustainable outcomes.
- Considering sustainability as a business opportunity that guides strategy formulation.

Provide effective leadership on an ethical foundation.

Ensure that the Group is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Group but also the impact that business operations have on the environment and the society within which it operates.

Ensure that the Group's ethics are managed effectively.

Ensure that the Group has an effective and independent audit committee.

Be responsible for the governance of risk.

Be responsible for IT governance, which includes ensuring that information assets are identified, managed and treated as important business assets.

Ensure the Group complies with applicable laws and considers adherence to non-binding rules and standards.

Ensure that there is an effective risk-based internal audit for approaching the Group's control environment, which must be aligned with the risk assessment process.

Appreciate that stakeholders' perceptions affect the Group's reputation.

Ensure the integrity of the Group's Integrated Report.

Act in the best interests of the Group by ensuring that individual directors:

- Adhere to legal standards of conduct.
- Are permitted to take outside or other independent advice as deemed necessary in connection with their duties following an agreed procedure.

- Disclose real or perceived conflicts to the Board and deal with them accordingly, and to deal in securities only according to the policy adopted by the Board.

Commence business rescue proceedings as soon as the Group is financially distressed.

Report on the effectiveness of the Group's system of internal control.

Elect a Chair of the Board that is an independent non-executive director.

Appoint and annually evaluate the performance of the Chief Executive Officer.

The Board is expected to meet at least four times a year. Additional meetings may be arranged to address any specific business issues that may arise between scheduled meetings.

Performance evaluation

In line with the requirements of King IV, the Group is required to evaluate the following areas of the Board:

The effectiveness of Board composition, governance processes and procedures.

The effectiveness of the Board committees in discharging their respective mandates.

The effectiveness of the Chair of the Board in his role as Chair.

The effectiveness of the Chief Executive Officers in interacting with the Board.

Each director is tasked with regularly evaluating the performance of the Board, its committees, the Chair, the CEO, and the CFO, ensuring a comprehensive assessment of the unit's effectiveness. The annual evaluation process involves gauging the efficiency of these components as a collective entity. This year's evaluation reflected the directors' opinion that the Board, its committees, and the Group's topmost executives fulfilled their obligations effectively. Directors believe that the Board's composition is well-balanced regarding skills, qualifications, and experience, making a substantial contribution to the Group.

GOVERNANCE REPORT continued

Share dealings

The Group's share dealing policy strictly regulates directors' transactions involving Dis-Chem shares. All directors and the Company Secretary must seek the Chair's written approval before buying or selling Dis-Chem shares. Additionally, the Chair must secure consent from the Audit and Risk Committee's Chair before conducting any share dealings. Directors are required to promptly inform the Company Secretary of any trades involving the company's shares. This information is subsequently disclosed on SENS within the stipulated time frame per the JSE Listings Requirements.

Aligned with JSE Listings Requirements, the Group implements a closed-period policy, barring directors and prescribed officers from engaging in Dis-Chem share transactions during these periods. This prohibition aims to prevent potential insider trading among individuals with access to confidential or price-sensitive information. Furthermore, embargoes on share dealings may be enforced if directors and executives possess price-sensitive information that has not yet been made public.

Access to information

Directors are granted unrestricted access to all Group information, records, documents, and assets, ensuring transparency and informed decision-making. Information pertinent to Board meetings is promptly disseminated to allow directors ample time for preparation and thoughtful consideration.

Acknowledging situations where directors may require independent professional counsel, the Board supports such initiatives. The Group has established procedures for directors to seek independent advice, with the Group bearing the expenses incurred under specific guidelines.

Governance Committees

The Board assigns specific functions to well-structured committees while retaining its overarching responsibilities without relinquishing them. The Board is content that this framework for delegating authority enhances role clarity and facilitates the effective execution of authority and duties. All committees will meet at least twice a year.

Audit and Risk Committee

Members: Joe Mthimunya (Chair), Alupheli Sithebe, Anuschka Coovadia, Happy Masondo, Katlego Kobue

KEY RESPONSIBILITIES

Financial Reporting Oversight:

- i. Reviewing and overseeing the financial reporting process to ensure financial statements' accuracy, completeness, and transparency.
- ii. Engaging with external auditors to discuss audit plans, results, and any significant accounting or reporting issues.

Internal Control Review:

- i. Evaluating the effectiveness of the Group's internal control systems and risk management processes.
- ii. Monitoring and assessing the adequacy of measures in place to safeguard Group assets and ensure compliance with policies and regulations.

External Audit Oversight:

- i. Recommending the appointment or termination of external auditors.
- ii. Reviewing and approving the scope of the external audit, including non-audit services provided by the external auditors.

Risk Management:

- i. Assessing the Group's risk management policies and procedures.
- ii. Identify and evaluate significant risks that could impact the achievement of the Group's objectives.
- iii. Reviewing and approving risk mitigation strategies and risk appetite.

Compliance Monitoring:

- i. Monitoring the Group's compliance with relevant laws, regulations, and corporate governance principles.
- ii. Ensuring that the Group adheres to ethical and legal standards in its business practices.

Whistleblower Protection:

- i. Overseeing procedures for receiving and handling complaints and concerns related to accounting, internal controls, or auditing matters, often including protection for whistleblowers.

Financial Governance:

- i. Reviewing related party transactions to ensure they are conducted on arm's length terms and in the best interests of the Group.
- ii. Assessing the adequacy of financial governance policies and procedures.

Communication and Reporting:

- i. Communicating with the Board of Directors and shareholders regarding the committee's activities, findings, and recommendations.
- ii. Prepare and review reports on the committee's activities to be included in the Group's annual reports.



GOVERNANCE REPORT continued

Remuneration Committee

Members: Joe Mthimunye (Chair), Larry Nestadt, Katlego Kobue, Happy Masondo

KEY RESPONSIBILITIES

Executive Compensation: Reviewing and recommending the compensation packages for senior executives, including base salary, bonuses, stock options, and other benefits.

Performance Evaluation: Assessing the performance of senior executives against predetermined targets and goals to determine variable compensation components.

Incentive Programmes: Overseeing the design and implementation of incentive programmes, such as stock option plans or bonus structures, to align executive interests with the long-term success of the Group.

Governance and Compliance: Ensuring executive remuneration practices comply with relevant regulations, legal requirements, and corporate governance principles.

Stakeholder Communication: Communicating with shareholders and other stakeholders about the Group's executive compensation policies, seeking input when necessary, and providing transparency on remuneration decisions.

Risk Management: Assessing and managing the risks associated with the Group's remuneration policies, particularly those related to excessive or inappropriate executive compensation.

Nominations Committee

Members: Larry Nestadt (Chair), Joe Mthimunye, Katlego Kobue, Happy Masondo

KEY RESPONSIBILITIES

Board Composition: Assessing the board's current composition and evaluating its members' skills, experience, and diversity. The committee ensures that the Board collectively possesses the necessary skills and expertise to guide the Group.

Identifying Candidates: Actively seeking and identifying suitable candidates for Board positions, including potential directors, committee members, and, in some cases, executive leadership roles. This may involve considering internal candidates as well as external individuals.

Nomination Process: Developing and overseeing a formal and transparent process for the nomination and appointment of directors. This process may include establishing criteria for director qualifications, considering the independence of directors, and addressing any potential conflicts of interest.

Succession Planning: Developing and maintaining a plan for Board and executive leadership succession, ensuring a smooth transition in the event of retirements, resignations, or other changes.

Evaluation of directors: Periodically assessing the performance of individual directors, including their contribution to Board committees and adherence to corporate governance standards.

Diversity and Inclusion: Promoting diversity and inclusion within the Board, considering factors such as gender, ethnicity, skills, and experience to ensure a well-rounded and representative group of directors.

Shareholder Input: Engaging with shareholders and seeking their input on Board composition and nominations, especially when significant changes or vacancies are anticipated.

Corporate Governance: Overseeing and ensuring compliance with corporate governance principles and Board structure and composition guidelines.

Social and Ethics Committee

Members: Alupheli Sithebe (Chair), Anuschka Coovadia, Happy Masondo, Katlego Kobue, Saul Saltzman

KEY RESPONSIBILITIES

Social Responsibility: Assessing and monitoring the Group's impact on the broader community, including its social, environmental, and sustainability practices. This involves reviewing and recommending policies and practices contributing to positive social outcomes.

Ethical Conduct: Overseeing the development and implementation of a code of ethics for the Group. This includes promoting ethical behaviour and ensuring that the Group's activities align with its values and ethical standards.

Stakeholder Engagement: Considering the interests and concerns of various stakeholders, including employees, customers, suppliers, and the local community. The committee may facilitate communication between the Group and its stakeholders to address social and ethical issues.

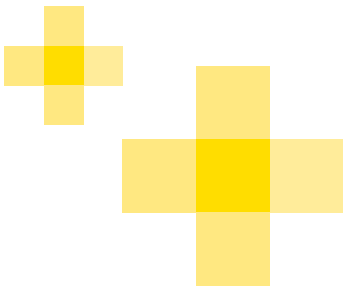
Employee Welfare: Monitoring the Group's commitment to fair labour practices, employee welfare, diversity and inclusion, and other aspects related to the well-being of employees.

Environmental Impact: Assessing and monitoring the Group's environmental practices and their environmental impact. This may involve reviewing sustainability initiatives, resource management, and environmental conservation efforts.

Compliance: Ensuring that the Group complies with relevant laws, regulations, and industry social and ethical responsibility standards. This includes monitoring changes in legislation and advising the Board on potential impacts.

Reporting: Preparing and overseeing the disclosure of social and ethics-related information in the Group's annual reports, Sustainability Reports, and other communications. This helps provide transparency to stakeholders regarding the Group's performance in these areas.

Risk Management: Identifying and assessing social and ethical risks that could impact the Group's reputation, brand, or long-term sustainability. The committee may work with other committees, such as risk management, to integrate social and ethical considerations into overall risk management practices.



GOVERNANCE REPORT continued

1 March 2023 – 29 February 2024

Director	Board meetings	Audit and Risk Committee meetings	Remuneration Committee meetings	Nominations Committee meetings	Social and Ethics Committee meetings
A Coovadia	4/4	3/4	n/a	n/a	2/2
A Sithebe	4/4	4/4	n/a	n/a	2/2
H Masondo	4/4	4/4	3/3	3/3	2/2
IL Saltzman	3/4	3/4*	3/3*	3/3*	n/a
J Pope**	4/4	4/4*	2/3*	2/3*	1/2*
JS Mthimunye	4/4	4/4	3/3	3/3	n/a
KKD Kobue	4/4	4/4*	3/3	3/3	2/2
LM Nestadt	4/4	n/a	3/3	3/3	n/a
RM Morais	4/4	4/4*	3/3*	3/3*	2/2*
S Goetsch	4/4	4/4*	n/a	n/a	n/a
SE Saltzman	3/4	3/4*	n/a	n/a	2/2

* Invitee

** J Pope attended all meetings from her appointment in July 2023

Accountability and control

The Group's **AFS** are crafted following suitable accounting policies, and external auditors conduct independent examinations following the International Standards of Auditing.

The Board is content that the Group's AFS for the 2024 financial year accurately depict the Group's operational outcomes and financial standing.

Company Secretary

All directors have access to the advice and support of the Company Secretary, acting as an intermediary between the Dis-Chem Board and the Group while not holding a Directorship within the Group. The Company Secretary oversees information flow to the Board and its committees and ensures compliance with Board procedures.

In adherence with JSE Listings Requirements, the qualifications and experience of the Company Secretary undergo a formal assessment by the Nominations Committee, subsequently receiving approval from the Board. This evaluation confirms the role's objective nature, ensuring no affiliations with any specific Board member, absence of Directorship, and provision of impartial advice to the entire Board.

The assessment affirmed that the current Company Secretary possesses suitable qualifications, experience, and integrity to fulfil the Company Secretary's duties. A professional and independent relationship with the Board is maintained. The appointment and dismissal of the Company Secretary fall under the purview of the Board and not the executive management team.

Furthermore, the Company Secretary oversees the induction programme for newly appointed directors and facilitates the annual Board evaluation.

Compliance

All business units, departments, and subsidiaries within the Group are mandated to adhere to relevant legislation and regulations. The Audit and Risk Committee plays a pivotal role in overseeing the Group's compliance risk through the compliance framework and review mechanisms.

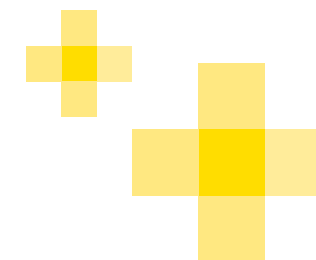
Continuous monitoring of the legislative landscape is conducted, enabling assessment of the potential impact of new laws and regulations on the Group's operations. This proactive approach ensures a vigilant stance toward compliance with evolving legal requirements.

Investor relations

The Group prioritises effective communication with all shareholders whenever feasible. Timely, relevant, and balanced communication regarding Group strategies and financial performance is pivotal in upholding transparency, objectivity, and honesty. Regular engagement aids in enhancing shareholder relationships. Presentations about the Group's interim and final results are accessible to shareholders, potential shareholders, analysts, and other relevant parties. These presentations are promptly published on the Dis-Chem Group website.

Stringent measures are in place to ensure that all price-sensitive information adheres to the JSE Listings Requirements and is disseminated simultaneously to all shareholders and pertinent parties. Shareholders are actively encouraged to participate in the AGM, providing a platform to raise relevant queries and engage with the directors.

The Investor Relations policy is readily available on the Group's website at www.dischemgroup.com.



GOVERNANCE REPORT continued

Ethics and managing unethical behaviour

Dis-Chem is committed to fair dealings and integrity in its business practices, endorsed actively by the Board of Directors. This dedication is rooted in the fundamental belief that business should be conducted honestly, fairly, and within legal boundaries. The directors expect all employees and representatives to align with high moral, ethical, and legal standards. Employees seeking guidance on specific conduct matters can seek advice from their manager, director, or CEO.

The Board assumes responsibility for governing Dis-Chem's ethics, fostering an ethical culture within the organisation. The Social and Ethics Committee is entrusted with monitoring organisational ethics. All directors and managers in the Group are tasked with ensuring that the Group's ethical standards and policies are effectively communicated to their respective employees. Ultimately, employees must adhere to Dis-Chem's principles of honesty, integrity, fairness, and compliance with all laws and regulations.

Dis-Chem maintains a zero-tolerance stance against theft, fraud, and corruption, aligning with its role as a responsible corporate entity. Reported theft, fraud, and corruption incidents are thoroughly evaluated to determine appropriate investigation procedures. Identified cases are reported to South African Police Services and relevant registered bodies, such as the HPCSA. Civil recoveries are pursued by affected business units when deemed financially feasible.

To ensure transparency and accountability, Dis-Chem has established mechanisms for stakeholders to report irregularities, including allegations of theft, fraud, corruption, or unethical behaviour, including unethical medical conduct. These reporting mechanisms are accessible to all Dis-Chem employees in South Africa and the public, suppliers, and consumers.

Whistleblowing

Serving as a crucial mechanism for transparency and accountability, whistleblowers play a pivotal role in exposing wrongdoing that may otherwise go unnoticed. The act requires moral fortitude as it often involves personal and professional risks, such as retaliation from employers. Whistle-

blowing safeguards the public interest by unveiling corruption, fraud, or safety violations, fostering a culture of integrity within our Group. Legal protections are increasingly implemented to shield whistleblowers from reprisals, recognising their invaluable contribution to promoting ethical conduct and ensuring organisational accountability. Whistleblowing is a cornerstone for maintaining the checks and balances necessary for a just and moral society.

Going concern

The Group's financial statements have been formulated based on the Group operating as a going concern. After a thorough review of the Group's budget and cash flow forecast, the directors are content with the Group's robust financial standing. They affirm that the Group possesses adequate access to borrowing facilities, ensuring it can meet its anticipated cash needs.

Internal control and internal audit

The Dis-Chem Board is responsible for ensuring that an appropriate system of internal controls is maintained to provide reasonable assurance that:

1. Dis-Chem's assets are appropriately safeguarded and managed
2. Losses arising from fraud and/or other illegal acts are minimised
3. Accounting records, financial statements and operating information are accurate, complete and fairly presented

PricewaterhouseCoopers (PwC) assumed the role of the Group's internal auditors in March 2017. Their mandate involves both assurance and consulting functions, ensuring independent and objective assessment of Dis-Chem's internal control system. Their systematic and rigorous approach focuses on evaluating the efficacy of risk management, control mechanisms, and governance processes.

Internal Audit's scope encompasses identifying areas for process enhancement and providing assurance to the Group's stakeholders, affirming the organisation's responsible operations. They report to the Audit and Risk Committee

and actively support the committee in effectively fulfilling its delegated responsibilities from the Board. This support involves conducting independent reviews across financial, IT, compliance, and operational processes.

Information Technology Governance

IT governance is an essential facet of enterprise governance, encompassing leadership, organisational structures, and prescribed IT Frameworks that ensure the alignment of the organisation's IT with its strategic objectives while sustaining and extending its business strategies, operations, and adherence.

The primary objectives of IT governance within Dis-Chem include ensuring the alignment of IT with the enterprise's chosen business strategies, utilising IT to optimise business opportunities and benefits, responsibly using IT resources, and effectively managing IT-related risks to achieve key objectives.

This governance framework aims to facilitate strategic alignment between IT and the business, emphasising the importance of measuring performance judiciously.

Dis-Chem's IT governance policies draw from several foundational frameworks and principles, including King IV, COBIT and ITIL frameworks, as well as CIS/SANS Top 18 Critical Security Controls (CSC) framework and ISO27000/ NIST/PCIDSS. Specifically, Dis-Chem has adopted COBIT 2019, developed by the Information Systems Audit and Control Association (ISACA), which focuses on managing and governing IT to deliver the information necessary for the enterprise's objectives. Additionally, in adherence to the Protection of Personal Information Act (POPIA), Dis-Chem has implemented robust measures to ensure the privacy and security of personal information. Through comprehensive data protection policies, regular staff training, risk assessments and the implementation of state-of-the-art information security technologies, we uphold stringent standards for handling personal information. Our compliance framework encompasses transparent data collection practices, explicit consent procedures, and secure data storage protocols. Additionally, we conduct regular audits and assessments to ensure ongoing compliance with POPIA requirements.

GOVERNANCE REPORT continued

COBIT 2019 underscores the importance of IT meeting various criteria such as effectiveness, efficiency, availability, integrity, confidentiality, reliability, and compliance. It categorises IT into processes like planning, implementation, delivery, support, monitoring, and reporting. COBIT 5 and COBIT 2019 are both frameworks developed by ISACA for governing and managing enterprise IT processes, but they have some differences in terms of structure, focus, and updates.

Dis-Chem's IT Services are committed to maintaining consistent, high-availability, high-quality implementation and management of IT services and resources, processes, and practices. The IT policies and supporting procedures and standards provide direction and guidelines for governing and managing information technology. They establish controls, processes, and procedures, raise employee awareness on cyber security and technology use, outline cybersecurity best practices, and address compliance and data management, including data privacy risks.

Legal and regulatory environment

Adhering to legal and regulatory standards is fundamental to our corporate governance, especially considering the expansive regulatory landscape we operate and the necessity to comply with diverse legal and licensing prerequisites. While the results of legal proceedings and claims against the Group are unpredictable, the Group is well-equipped with resources to navigate and manage these processes effectively.

The Board oversees compliance with relevant laws and the adoption of non-binding regulations, codes, and standards, aiming to uphold Dis-Chem's commitment to ethical conduct and being a responsible corporate entity.

Based on the Board's assessment, it's believed that no ongoing or forthcoming legal actions will significantly impact the Group's operations.

Political party support

The Group supports democracy in South Africa but refrains from providing financial donations to individual political parties.

Reporting frameworks

The reporting frameworks are aligned with the requirements of the IFRS Foundation's Integrated Reporting Framework (January 2021).

Stakeholder relationships

The Group's market relevance hinges on meaningful engagement with all stakeholders, fostering strong relationships that help understand shareholders' expectations and mitigate reputational risks. Both financial and non-financial information is promptly and accurately disseminated to all stakeholders.

The Dis-Chem Board is satisfied that it has fulfilled its mandate for the 2024 financial year, ensuring relevant information disclosure to meet the King IV and other relevant disclosure requirements.

REMUNERATION REPORT

This document outlines Dis-Chem Pharmacies Limited's (Dis-Chem) or (the Group) prospective remuneration policy and its execution for the 2024 fiscal year. In adherence to the recommended practices of the King Report on Corporate Governance (King IV) and the Johannesburg Stock Exchange (JSE) Listings Requirements, the report is structured into three sections:

- Part 1:** A statement from the Chair of the Remuneration Committee
- Part 2:** The Group's remuneration philosophy, policy and strategy for the forthcoming year
- Part 3:** The implementation of the policy for the past year

Part 1: Background statement

Dear Shareholders

As Chair of the Remuneration Committee, it is my privilege to present to you the remuneration report for Dis-Chem for the FY2024. The Remuneration Committee plays a crucial role in ensuring that our company's compensation policies and practices are aligned with our strategic objectives, promote long-term shareholder value, and attract, retain, and motivate talented individuals who are essential to our success. In this report, I will provide an overview of our approach to executive compensation, the rationale behind our decisions, and the outcomes achieved in the past year. Our commitment to transparency and accountability underscores our dedication to upholding the highest standards of corporate governance and fostering trust among our shareholders.

Committee Composition

Happy Masedo
Joe Mthimnye (Chair)
Katlego Kobue
Larry Nestadt

All members of the Remuneration Committee are non-executive directors, 75% of which are independent.

Remuneration and performance during the 2024 financial year

2024 guaranteed pay adjustments

The average annual performance-linked salary increases, tied to the Consumer Price Index (CPI), reached 5.3%, effective 1 March 2024. This mirrors the application of the same principle in 2023, resulting in an average annual increase of 5.5%. Notably, the overall average increase of 5.3% aligns with the market median, falling within the range of 5% to 6%. These increments are carefully calculated, considering the Group's financial capacity and comparative positioning within the market. The approach ensures a balanced consideration of affordability while maintaining competitive market alignment.

2024 Short-Term Incentive (STI) outcomes

Group performance is evaluated in relation to short-term targets and budgets, with a substantial portion of executive and senior management remuneration structured as variable to serve as a performance incentive. The effectiveness of this incentive structure is reflected in the Short-Term Incentives paid out as a result of the Group's performance, which are detailed below:

	2024	2023	% Change
Executives	12 008 449	13 357 878	(10.1)
Senior management	85 125 559	75 551 052	12.7
Total	97 134 008	88 908 930	9.3
HEPS growth	(1.6%)		

– STIs are paid in June following financial year-end

This approach underscores the commitment to aligning remuneration with achieving strategic objectives and encourages a performance-driven culture within the organisation.

The disbursement of Short-Term Incentives (STIs) serves as a crucial mechanism in aligning employee performance with shareholder interests. A noteworthy aspect of this alignment is the allocation of bonus shares, constituting a portion of the overall STI outcomes. This strategic approach

establishes a direct link between short-term and long-term incentives, emphasising the Group's commitment to fostering sustained success and value creation. By tying employee rewards to the achievement of both immediate and enduring goals, the organisation reinforces a shared commitment to driving performance that benefits not only individuals but also the long-term prosperity of shareholders.

Adjustments to non-executive director (NED) fees

Adhering to best practices, a benchmarking exercise was performed comparing NED fees to five similar retailers in terms of market capitalisation and complexity. The increase in the fees aligns with the market average as well as the evolution of the committee roles which was taken into consideration. A two-year time frame was recommended and approved to implement such increases, FY24 being the second year. Such adherence to best practices fosters transparency and accountability in corporate governance, reflecting a commitment to fair and uniform treatment across different levels of leadership within the organisation.

Key areas of focus and key decisions taken by the committee during the reporting period

During the period under review, the Remuneration Committee focused on the following items:

- Total Guaranteed Package (TGP) for all employees
- Review of STIs and LTIs

The committee approved the salary and wage increases for the Group

- Executive and senior management

The committee approved the salary increases of executives and senior management

- Fair pay

The Group has fully complied with national minimum wage legislation, particularly within the parameters defined by the Security industry and the Wholesale and Retail Sector. This commitment to adhering to minimum wage standards underscores our dedication to fair labour practices and the well-being of our employees. By aligning with industry-specific regulations, the Group ensures that its compensation policies not only meet legal requirements but also contribute to fostering a supportive and equitable work environment.

REMUNERATION REPORT continued

- Governance
- Director’s fees for NEDs: Reviewed and made recommendations to the Board on NED fees
- Future areas of focus
- Voting and shareholder engagement

At the AGM held in July 2023 and the prior years, the Group’s shareholders voted as follows:

Percentage votes in favour	FY2023	FY2022	FY2021
Non-binding advisory vote on remuneration policy	83.51%	90.47%	84.8%
Non-binding advisory vote on remuneration implementation report	83.92%	90.47%	85.1%

Policy changes

STI for senior management

In conclusion

We value your input and invite any comments or concerns you may have regarding our report, specifically in relation to the remuneration policy or its implementation. Your feedback is crucial to our commitment to continuous improvement in our remuneration practices. We look forward to engaging with you and welcome your support on the resolutions for both the remuneration policy and the implementation report at the Annual General Meeting scheduled for the 31 July 2024. Your participation is essential as we collectively work towards ensuring transparency, fairness, and alignment with the expectations of our valued shareholders.

Sincerely

Joe Mthimunye
Chair of the Remuneration Committee

Part 2: Overview of the main provisions of the remuneration philosophy, policy and strategy

This section of the report provides an overview of Dis-Chem’s philosophy and remuneration principles in respect of all employees and the detailed principles applicable to the executive directors, prescribed officers and non-executive directors.

Remuneration governance

The Remuneration Committee is established as a committee of the Board. It has been entrusted with the crucial responsibility of overseeing the development of the remuneration policy and ensuring its effective implementation within the Group. Additionally, the committee is charged with directing the nominations activities of the Board. The specific roles and responsibilities of the committee are comprehensively outlined in its terms of reference.

The committee held three formal meetings throughout the financial year to deliberate on matters within its horizon. The dedication and active participation of the Remuneration Committee members are evident in their attendance records, which are detailed below:

Members of the Remuneration Committee	Meetings and attendance
Happy Masondo	3/3
Joe Mthimunye (Chair)	3/3
Katlego Kobue	3/3
Larry Nestadt	3/3

In alignment with the recommendations outlined in King IV, the Remuneration Committee primarily consists of independent non-executive directors, ensuring a robust and impartial approach to remuneration matters. The appointment of both the chairperson and committee members is made by the Board, emphasising the collective expertise and qualifications that each member brings to discharge their responsibilities effectively. Notably, the committee does not determine its own remuneration; instead, executive management proposes directors’ fees and fee structures, supported by independent advice and benchmarking. These proposals undergo Board review and are ultimately presented to shareholders for approval through a special resolution.

The Chair of the Remuneration Committee diligently reports to the Board following each committee meeting and actively participates in the Annual General Meeting (AGM), responding to queries from shareholders regarding the committee’s areas of responsibility. The activities undertaken by the Remuneration Committee throughout the 2024 financial year are comprehensively outlined in part 1 of this report. Importantly, the committee expresses its satisfaction with having fulfilled its responsibilities for the 2024 financial year in accordance with its mandate, reflecting a commitment to governance excellence and accountability.

REMUNERATION REPORT continued

Invitees

Invitees to Remuneration Committee meetings have no vote and are not present when issues affecting their own remuneration are discussed. Regular invitees include Rui Morais and Julia Pope.

Remuneration philosophy and policy

Dis-Chem's remuneration philosophy revolves around the central tenets of attracting, retaining, and motivating top talent, thereby cultivating a highly skilled and motivated workforce. Aligned with our Group principles, this philosophy is instrumental in fostering a high-performance culture to achieve the Group's long-term strategic objectives and ensure sustainable shareholder returns within our defined risk parameters. Executive contracts and variable incentive schemes are subjected to a malus and clawback policy to uphold accountability and responsibility.

Remuneration outcomes are intricately tied to multiple facets, including overall Group performance, the performance of subsidiary entities, and the achievements of both teams and individuals. This ensures a holistic approach to reward systems incentivising contributions at various organisational levels. Recognising the diversity of roles and levels within the Group, the composition of each employee's total reward package is tailored to their specific position and responsibilities, reflecting a commitment to fairness and equity in our remuneration practices.

Fair and responsible remuneration

Dis-Chem strongly emphasises ensuring that our remuneration policy and practices are meticulously structured to remunerate all employees in a fair, responsible, and transparent manner. As part of our commitment to fostering equitable compensation, the Group is actively engaged in constructing internal pay scales across six distinct areas of focus: Support Services (encompassing Corporate & Administrative structures), Dispensary, Nursing, Retail, Supply Chain (inclusive of Logistics and Distribution Centres), and IT. This strategic initiative aims to enhance our ability to manage and promote internal parity, ensuring that our remuneration practices align with industry standards and market trends.

The development of these internal pay scales is underpinned by the Group's dedication to remaining competitive in key skill areas. This is achieved through a concurrent external benchmarking process, allowing us to gauge and respond to industry compensation trends. By adopting this comprehensive approach, Dis-Chem aims to maintain a compensation framework that reflects internal equity and remains competitive in the broader market, ultimately contributing to the attraction and retention of top talent across various crucial functions within the organisation.

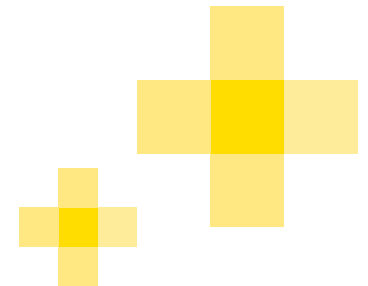


REMUNERATION REPORT continued

Overview: Elements of remuneration

Below is an overview of the elements of remuneration and a detailed analysis:

	Total guaranteed package (TGP)	Short-term incentive (STI)	Long-term incentive (LTI)
Description/nature	Market-related level of remuneration per specific role, including salary and benefits. Benefits include: Retirement contribution with an escalation in Group contributions based on tenure. Medical aid for Grade C+ roles. Medical Insurance for Grade A and B roles. Staff discounts. Travel allowance (if role appropriate). Cell phone allowance (if role appropriate). 13 th cheque payable in December or the employee's birthday month (excluding Senior Management / Key roles that are incentivised via STI).	Senior manager level employees or in key strategic roles receive an STI payable every year in June/ July. The STI calculation is based on financial, strategic and personal KPIs.	The current LTI is a forfeitable share plan (FSP) consisting of bonus shares (previously, a Share Appreciation Rights (SAR) scheme was used alongside the FSP). Participants receive bonus shares based on the STI earned under the bonus scheme. Participants have all shareholder rights, including dividends from the date of FSP awards. Awards vest after a three-year vesting period.
Eligibility	All employees are eligible based on specific job grades.	Employees at senior manager level and in key strategic roles (including executive directors and prescribed officers).	Grade E roles and specific strategic grade D roles.
Basis for determination/ link to performance	Determined based on the employee's role, market value, Group and personal performance. Salaries are also compared to external benchmarks. Line Management performs an annual performance assessment, and increases are awarded in March each year.	Individual and Group performance is considered before the payment of any bonus.	Performance is measured "on the way in" for bonus shares: eligible employees receive bonus shares based on a portion of the annual bonus (if no yearly bonus is paid, there will be no award of bonus shares).

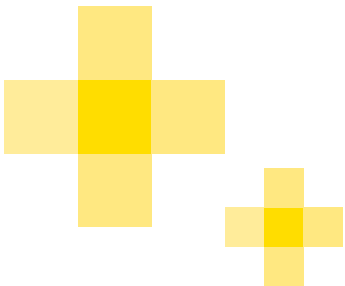


REMUNERATION REPORT continued

Linking pay to strategy

The Group's remuneration policies are strongly aligned with the Group's long-term strategy designed to incentivise the delivery of the Group's financial and non-financial objectives.

Element	Performance measures	Link to strategy	Link to shareholder value creation
Total guaranteed package	Determined based on employee's role and strategic impact, market value, length of service, Group performance, recent personal performance, and potential to progress to more senior roles.	Create sustainable value for all our stakeholders.	Paying well, proportional to market norms, is the key to retaining key talent, which will minimise business interruptions and motivate employees.
Variable pay (STI) performance measures	Financial Store/regional profit growth (store and regional managers) or HEPS growth targets (head office and executive management). Cost containment. Inventory management specifically inventory days.	Drive revenue, margin and market share growth. Ensure cost containment at an individual store level and overall Group level. Ensure optimal inventory levels held.	There will be a focus across the supply chain to negotiate better commercial terms with vendors and continue our EDLP strategy to drive volume and grow market share. Cost containment with the retail framework as increased stores are rolled out. We aim to grow our market share in all our core categories in various ways, including leveraging our infrastructure.
Variable pay (STI) performance measures	Non-financial Transformation/diversity. B-BBEE. Continuous progress of Healthcare Ecosystem.	Practice good corporate citizenship. Increase our store footprint. Achieve strategic advantage through our integrated supply chain. Drive secondary retail opportunities through innovation.	Focus on equality, people development and driving ESG initiatives. Increase national footprint. Drive secondary opportunities. Retain first-to-market, innovative practices to deliver revenue diversification. Reinforce the strong brand recognition.



REMUNERATION REPORT continued

Linking pay to performance

The remuneration framework for executive directors and prescribed officers is carefully crafted to reflect the Group's objectives and facilitate alignment with its overarching business strategy and financial performance. This design also considers the substantial personal shareholdings held by executives, establishing a direct alignment with shareholders' interests. The Remuneration Committee continuously monitors and reviews remuneration to ensure that guaranteed and variable pay proportions remain market-related. This ongoing scrutiny ensures alignment with strategic objectives, aiming to create sustained value for all stakeholders.

Benchmarking

Executive directors and prescribed officers' total reward is benchmarked at least every three years, with the last exercise having taken place in February 2023 against a comparator group of JSE-listed companies in the retail sector. The current comparator group comprises the following companies:

AECI Limited
 Aspen Pharmacare Holdings Limited
 Astral Foods Limited
 AVI Limited
 Bid Corporation Limited
 Coca-Cola Sabco (Pty) Ltd
 Clicks Group Limited
 Illovo Sugar Africa (Pty) Limited
 Oceana Group Limited
 RCL Foods Limited
 Sappi Limited

Where remuneration levels are not set by legislation, remuneration survey data is used to assess the Group's competitiveness in attracting key talent while ensuring that the Group's remuneration levels remain fair and sustainable overall.

Guaranteed package

Total guaranteed package

Type of remuneration	Fixed
Description of TGP	Salary and benefits
Benefits	Retirement contribution based on years of service Car or travel allowance, as relevant Medical aid or medical insurance Cell phone allowance, as relevant Staff discounts
Basis for determination	Determined based on employee's role, market value, length of service, Group performance and personal performance Salaries are also compared to external benchmarks The annual guaranteed pay of executive directors is generally positioned at the upper quartile of the market, subject to a strong performance assessment An annual assessment is performed, and increases are awarded in March each year
Method of payment	Cash payment after deductions



REMUNERATION REPORT continued

Short-Term Incentive (STI)

	STI			
Type of remuneration	Variable			
Description of the STI	Several STIs are applied across the Group			
	Executive bonus scheme	Head office and warehouse managers bonus scheme	Store and regional manager bonus scheme	Dispensary manager bonus scheme
Eligibility	Executives and key strategic employees	Head office staff and warehouse managers	Store and regional managers	Dispensary managers
Brief overview/ bonus formula	<p>The bonus is based on a combination of Group and personal performance:</p> <p>TGP x on-target % x (financial multiplier x weighting + non-financial multiplier x weighting)</p> <p>Notes: Further details on target setting, allocation and earnings potential for executives are set out below.</p>	<p>The bonus is based on financial, strategic and personal KPIs depending on the level of responsibility within the Group:</p> <p>(Financial% + Strategic% + Personal%) x number of monthly cheques</p> <p>Financial KPIs Group HEP's target Retail cost containment or wholesale budget performance Budget performance to actual</p> <p>Strategic KPIs Group B-BBBEE Equity targets Better health integration Legal compliance</p> <p>Personal KPIs Overall performance of the individual based on their specific KPIs</p> <p>Each KPI is allocated a certain percentage based on the level of responsibility of that employee's role and ability to influence the Group through strategic decision making. More senior managements bonuses are therefore weighted more to financial and strategic KPIs.</p>	<p>The bonus is based on financial, strategic and personal KPIs depending on the level of responsibility within the Group:</p> <p>(Financial% + Strategic% + Personal%) x number of monthly cheques</p> <p>Financial KPIs Store/regional profit growth to budget target Retail cost containment Stock days</p> <p>Strategic KPIs Equity targets Better health integration</p> <p>Personal KPIs Overall performance of the individual based on their specific KPIs</p> <p>Each KPI is allocated a certain percentage based on the level of responsibility of that employee's role and ability to influence the Group through strategic decision making.</p>	<p>The bonus is based on year-on-year profitability. TGP/12 (total gross monthly package) x KPA (1) x no. of payments (2)</p> <p>Notes:</p> <ol style="list-style-type: none"> A financial metric including salary complement and cost containment; plus, specific dispensary KPA metrics (compliance and stock management, data quality and dashboard order management); employment equity and managerial competency/soft skills. The number of payments is based on years of targets achieved. <p>To qualify for achieving the target the full 80% of the financial metric must be achieved</p>
On-target %	Directors and executives: 22.5%–50%	Range per target	Range per target	N/A
Capping	Bonuses are capped at 60% of TGP	Bonuses are inherently capped as the payment is linked to a percentage of fixed pay.	Bonuses are inherently capped as the payment is linked to a percentage of fixed pay.	Bonuses are inherently capped as the payment is linked to a percentage of fixed pay.
Performance period	One year			
Payment	Cash payable in June			

REMUNERATION REPORT continued

Further details pertaining to executive STIs

Bonus formula

THE STI IS DETERMINED AS FOLLOWS:

STI = TGP x on-target % x (financial multiplier % + non-financial modifier %)

Financial performance conditions for FY2024

The financial performance is weighted at 75% and is determined concerning the following performance conditions:

Performance condition	Weighting
HEPS growth relative to budget	32.5%
Cost containment	32.5%
Working capital-inventory	10%
Total	75%

Disclosing prospective performance targets is considered price-sensitive information, so a cautious approach is taken. These targets are established in relation to the budget, head count framework and store inventory targets, employing three distinct performance levels, each associated with its own financial multiplier. The calibration of targets undergoes a rigorous process to ensure accuracy and relevance.

Non-financial performance conditions for FY2024

Non-financial performance is weighted at 25% and is determined in respect of the following performance conditions: Transformation/diversity; B-BBEE; effective integration of acquired assets; brand building and maintenance; and continual progress on the Healthcare Ecosystem.

Threshold performance signifies the minimum level of achievement necessary to pay any bonus. Target performance represents a level of performance encompassing a degree of stretch, encouraging a standard of excellence. In contrast, stretch performance pertains to exceptional achievements beyond standard expectations. This multi-tiered approach allows for a nuanced performance evaluation, aligning incentive structures with varying degrees of accomplishment. The achievement against targets and related financial multipliers are as follows:

Range	Achieved	Multiplier
Threshold	50%-75%	50%
On target performance	75% -100%	75%-100% (on a linear basis)
Stretch	100% +	100%-125% (on a linear basis)

REMUNERATION REPORT continued

Long-term incentive (LTI)

FORFEITABLE SHARE PLAN (FSP)

LTI-FSP

Type of remuneration	Variable
Description of the LTI	An FSP is used. Participants have all shareholder rights, including dividends, from the award date. The shares awarded can either be bonus shares or restricted shares. The shares are subject to employment and disposal restrictions until a three-year vesting period ends.
Instrument	Bonus shares
Eligibility	Senior and regional managers, executive directors and prescribed officers.
Operation of instruments and allocation levels	A portion of the STI, 40%–100%, is matched in bonus shares.
Performance conditions	Performance is measured “on the way in” for bonus shares: eligible employees receive bonus shares based on a portion of the annual bonus (if no annual bonus is paid, there will be no award of bonus shares).
Performance period	One year via the STI
Vesting period and conditions	A three-year vesting period applies. Vesting is subject to continued employment.
Settlement	Equity
Group and individual limits (if applicable)	The maximum number of shares that can be issued under the FSP and the historic SAR is 5% of the issued share capital, and the maximum number of shares that can be settled to an individual must not exceed 1%. Dis-Chem settles all awards by way of a market purchase of shares.



REMUNERATION REPORT continued

Historic share plan

Share Appreciation Rights (SAR)

The Group previously operated a SAR alongside the FSP. Senior management (including prescribed officers) participated in the scheme. Under this plan, employees shared in the growth in the share price between the award price and exercise price and received shares in the value of that appreciation. The SAR had a three-year vesting period and an exercise period of a further three years. The last awards under the SAR were made in February 2019.

Termination of employment provisions

Element of remuneration	Voluntary resignation	Dismissal/ termination for cause	Normal and early retirement, retrenchment and death	Mutual separation
Base salary	Paid over the notice period or as a lump sum	No payment	Paid for a defined period based on cause and local policy as executives have different employment entities	Paid over the notice period or as a lump sum
Benefits	Applicable benefits may continue to be provided during the notice period but will not be paid on a lump sum basis	Benefits will fall away at such time that employment ceases	Benefits will fall away at such time that employment cease	Applicable benefits may continue to be provided during the notice period but will not be paid on a lump sum basis
STI	Employee is required to be in employment over the full period	N/A	Employee is required to be in employment over the full period	Subject to negotiation
LTI	All unvested awards of Forfeitable Shares will be forfeited in their entirety and will lapse immediately on the date of termination of employment	All unvested awards of Forfeitable Shares will be forfeited in their entirety and will lapse immediately on the date of termination of employment	A portion of unvested awards will Vest on the date of termination of employment	Subject to Remuneration Committee approval

Executive directors' and prescribed officer service contracts

The executive directors' service contracts contain a three-month notice period for termination of employment, exclusive of termination for any reason justifying summary dismissal in law. All of the executive directors are subject to restraints of trade.

Malus and clawback policy

As a result of the increased corporate governance requirements related to executive remuneration, the Group has implemented malus and clawback provisions, which apply to the STI and LTI pay-outs should a trigger event occur. The purpose of a malus and clawback policy is to allow the Group and its Board to reduce or cancel unvested and unpaid incentives (malus) as well as recoup vested, settled and paid incentives (clawback). This policy applies to all executives. A trigger event occurs when an executive is dismissed for any due cause as applicable by law after due process and procedure have been followed. This mainly concerns any form of gross misconduct or poor performance. Should an executive be found guilty in any criminal matter in a Court of Law in South Africa or any territory the Group operates, this could also trigger malus and clawback provisions.

Executive share ownership

We do not have a formal minimum shareholding requirement, but our executives historically hold significant shareholding in the Group, as disclosed in part 3.

REMUNERATION REPORT continued

Non-executive directors' fee policy

NEDs have no fixed term of appointment; however, rotation of directors is required as per the Group's Memorandum of Incorporation. Regarding their service agreement, NEDs who wish to resign from the Board must give three months' written notice. NED fees are reviewed annually as part of the work plan and reflect the NED's expertise, responsibilities, and contributions throughout the year. Fees are benchmarked against similar retailers in terms of market capitalisation and complexity. The Board endorses the NED fees and fees proposed at the AGM for shareholder approval by special resolution before payment for the following financial year. Proposed NED fees are set out in the table below. NEDs are paid in cash. The Chair is entitled to a fixed annual fee, and NEDs receive a fee per quarter. The proposed fees for FY2025 below are presented in the notice of AGM on page 86.

Role	Fees up to 28 February 2025 (R)
Chair	3 489 333
Non-executive director	470 355
Chair of the Audit and Risk Committee	399 620
Member of the Audit and Risk Committee	238 667
Chair of the Remuneration and Nomination Committee	246 609
Member of the Remuneration and Nomination Committee	106 239
Chair of the Social and Ethics Committee	178 918
Member of the Social and Ethics Committee	96 139

REMUNERATION REPORT continued

Part 3: Implementation report

This section focuses on the execution of Dis-Chem's remuneration policy. It furnishes information on the compensation disbursed to executive directors and prescribed officers, along with the fees extended to NEDs for the period concluding on 29 February 2024.

Salary adjustments

The average annual performance-linked salary increases for all employees, tied to CPI, amounted to 5.3% and took effect on 1 March, 2024. Similarly, the same principle was employed in 2023, resulting in an average annual increase of 5.5%. No minimum wage adjustment was carried out in the current cycle, as addressed in the previous year alongside the Group-wide increase. This underscores the Group's commitment to investing in the well-being of lower-earning staff.

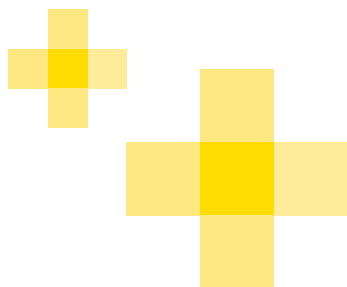
STI outcomes for FY2024

Short-term bonuses paid to executive directors and prescribed officers were calculated in terms of the formula:

TGP x on-target % x (financial performance multiplier)
+ (non-financial performance multiplier)

Financial performance outcomes

Measures	Weighting	Threshold	On-target	Stretch	Actual outcome (weighting x performance achievement)	Multiplier %
Financial performance achieved	–	(50%–75%)	(75%–100%)	(capped at 125%)		
HEPS growth relative to budget	32.5%				Not achieved	0
Cost containment	32.5%		Achieved		32.5% x 86%	28%
Working capital-inventory	10%	Achieved			10% x 74% achievement	7.4%
Overall score	75%					35.4%
Performance condition	Weighting	Threshold	Target	Stretch		
Non-financial performance achieved	25%	(50%–75%)	(75%–100%)	(capped at 125%)		
Actual outcome multiplier achieved	26%					



REMUNERATION REPORT continued

Final outcomes

Name	New TGP	On-target %	Financial multiplier	Non-financial multiplier	Bonus FY2024
Executive directors					
RM Morais	12 824 820	30.0%	35.4%	26.0%	2 360 498
JD Pope	6 215 213	30.0%	35.4%	26.0%	1 143 953
IL Saltzman	15 111 456	22.5%	35.4%	26.0%	2 086 027
SRN Goetsch	6 315 168	22.5%	35.4%	26.0%	871 763
SE Saltzman	6 360 900	22.5%	35.4%	26.0%	878 076
Prescribed officers					
LF Saltzman	12 384 756	22.5%	35.4%	26.0%	1 709 626
BI Epstein	6 317 520	22.5%	35.4%	26.0%	872 088
KS Sterling	6 315 108	22.5%	35.4%	26.0%	871 755
CJ Williams	6 599 388	30.0%	35.4%	26.0%	1 214 663
CR Fairweather	4 502 016	25.0%	34.8%	26.0%	684 795
CA Swanepoel	4 528 640	20.8%	29.8%	26.0%	526 864
TJ Ponter	3 555 120	25.0%	39.8%	26.0%	585 203
R Govender	3 346 428	8.3%	39.8%	26.0%	183 617
Z Dindar	3 555 120	25.0%	39.8%	26.0%	585 203
Q Cronje	4 831 370	25.0%	29.8%	26.0%	674 500



REMUNERATION REPORT continued

LTI awards – table of unvested awards

Share appreciation rights (SARs)

Under the SAR plan, employees share in the growth in the share price between the award price and exercise price and receive shares to the value of that appreciation. The SAR was discontinued in February 2019, and no further share appreciation rights have been allocated since.

Options granted to directors and prescribed officers on the share appreciation rights scheme at 29 February 2024:

	SRN Goetsch	BI Epstein	KS Sterling	CJ William	TJ Ponter	Total options
Offer date: 1 June 2018						
Opening balance	-	58 999	58 921	41 459	-	159 379
Forfeited	-	(58 999)	(58 921)	(41 459)	-	(159 379)
Closing balance	-	-	-	-	-	-
Offer date: 1 February 2019						
Opening balance	65 741	65 893	65 596	49 048	16 439	262 717
Exercised	-	-	-	-	(16 439)	(16 439)
Closing balance	65 741	65 893	65 596	49 048	-	246 278

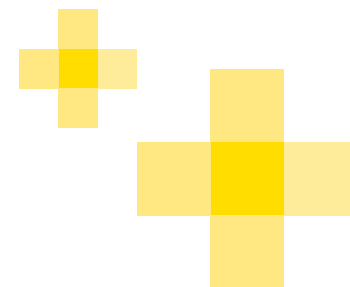
TJ Ponter exercised 16 439 options in the current year for R8 832.

Shares granted to directors and prescribed officers on the forfeitable share plan scheme at 29 February 2024:

	IL Saltzman	LF Saltzma	SE Saltzma	SRN Goetsch	BI Epstein	KS Sterling	CJ William	JD Pope	Total shares
Offer date: 30 August 2022									
Opening and closing balance	123 041	100 840	37 171	38 565	38 579	38 564	51 420	14 667	442 847
Offer date: 30 August 2023									
Opening balance	-	-	-	-	-	-	-	-	-
Awarded	113 587	93 092	34 315	35 602	35 615	35 601	47 469	18 753	414 034
	113 587	93 092	34 315	35 602	35 615	35 601	47 469	18 753	414 034

JD Pope exercised 19 974 options in the current year and received R476 532 and TJ Ponter exercised 17 037 options at R406 462.

TJ Ponter and JD Pope also have 25 064 and 14 057 shares respectively in regard to offer date 1 September 2021 on the forfeitable share plan scheme.



REMUNERATION REPORT continued

Forfeitable share plan

Executive directors, prescribed officers and senior management participate in the FSP. The bonus shares awarded are subject to performance conditions measured “on the way in”. The bonus shares are awarded as a portion of the STI based on the achievement of the STI outcomes. Furthermore, the bonus shares are subject to a three-year vesting period contingent on continued employment.

Options granted to directors and prescribed officers on the share appreciation rights scheme at 28 February 2023:

	SRN Goetsch	BI Epstein	KS Sterling	CJ William	TJ Ponter	Total options
Offer date: 1 June 2018						
Opening balance	58 936	58 999	58 921	41 459	13 978	232 293
Exercised	(58 936)	–	–	–	(13 978)	(72 914)
Closing balance	–	58 999	58 921	41 459	–	159 379

Offer date: 1 February 2019

Opening and closing balance

SRN Goetsch exercised 58 936 options in the 2023 financial year and received 3 190 shares at R29.84 and TJ Ponter exercised 13 978 options for R21 750.

	IL Saltzman	LF Saltzma	SE Saltzma	SRN Goetsch	BI Epstein	KS Sterling	CJ William	JD Pope	Total options
Offer date: 1 February 2019									
Opening balance	–	–	–	–	–	–	–	–	–
Awarded	123 041	100 840	37 171	38 565	38 579	38 564	51 420	14 667	442 847
Closing balance	123 041	100 840	37 171	38 565	38 579	38 564	51 420	14 667	442 847

In the 2023 financial year, TJ Ponter also has 17 037 and 25 064 shares in regard to offer date 1 March 2021 and 1 September 2021 respectively on the forfeitable share plan scheme.

In the 2023 financial year, JD Pope also has 19 974 and 14 057 shares in regard to offer date 1 March 2021 and 1 September 2021 respectively on the forfeitable share plan scheme.



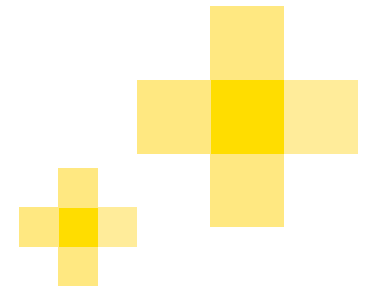
REMUNERATION REPORT continued

Single figure remuneration

For the year ended 29 February 2024

Executive and non-executive emoluments to directors

Group and company	Services as director	Salary and allowances	Bonuses ⁽¹⁾	Retirement and related benefits	Other benefits	Share vesting	Total
2024	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Non-executive directors							
LM Nestadt	3 339	-	-	-	-	-	3 339
A Coovadia	691	-	-	-	-	-	691
JS Mthimunye	967	-	-	-	-	-	967
A Sithebe	750	-	-	-	-	-	750
KDD Kobue	560	-	-	-	-	-	560
H Masondo	788	-	-	-	-	-	788
	7 095	-	-	-	-	-	7 095
Executive directors							
RM Morais	-	12 487	3 741	72	402	-	16 702
JD Pope	-	4 051	456	99	103	477	5 186
IL Saltzman	-	15 205	2 764	72	407	-	18 448
SRN Goetsch	-	6 409	866	72	141	96	7 584
SE Saltzman	-	6 289	835	72	364	-	7 560
	-	44 441	8 662	387	1 417	573	55 480
Prescribed officers							
LF Saltzman	-	12 479	2 265	72	150	-	14 966
BI Epstein	-	6 335	867	72	275	-	7 549
KS Sterling	-	6 409	866	72	122	-	7 469
CJ Williams	-	6 315	1 155	72	266	-	7 808
CR Fairweather	-	4 338	10 775	72	196	-	15 381
CA Swanepoel	-	3 819	581	114	99	-	4 613
TJ Ponter	-	3 564	612	323	176	437	5 112
R Govender	-	3 238	173	192	92	151	3 846
Z Dindar	-	3 432	612	323	121	515	5 003
Q Cronje	-	4 689	669	-	-	-	5 358
	-	54 618	18 575	1 312	1 497	1 103	77 105



REMUNERATION REPORT continued

Single figure remuneration

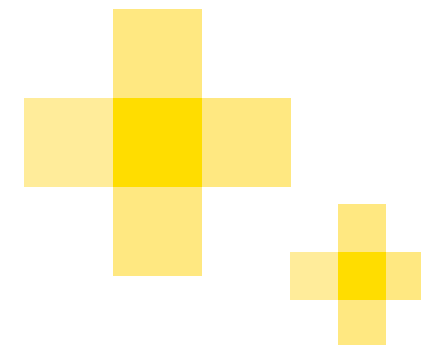
For the year ended 28 February 2023

Group and company 2023	Services as director R'000	Salary and allow- ances R'000	Bonuses ⁽¹⁾ R'000	Retirement and related benefits R'000	Other benefits R'000	Share vesting R'000	Total R'000
Non-executive directors							
LM Nestadt	3 165	–	–	–	–	–	3 165
MJ Bowman	257	–	–	–	–	–	257
A Coovadia	598	–	–	–	–	–	598
JS Mthimunye	802	–	–	–	–	–	802
A Sithebe	598	–	–	–	–	–	598
KDD Kobue	484	–	–	–	–	–	484
H Masondo	423	–	–	–	–	–	423
	6 327	–	–	–	–	–	6 327
Executive directors							
IL Saltzman	–	14 324	4 297	72	477	–	19 170
RM Morais	–	11 633	5 816	72	601	–	18 122
SRN Goetsch	–	5 986	1 347	72	227	–	7 632
SE Saltzman	–	5 770	1 298	72	521	–	7 661
	–	37 713	12 758	288	1 826	–	52 585
Prescribed officers							
LF Saltzman	–	11 739	3 522	72	248	–	15 581
BI Epstein	–	5 988	1 347	72	270	–	7 677
KS Sterling	–	5 986	1 347	72	210	–	7 615
CJ Williams	–	5 986	1 796	72	247	–	8 101
CR Fairweather	–	4 084	19 052	72	620	–	23 828
CA Swanepoel	–	3 602	653	108	112	–	4 475
JD Pope	–	2 403	516	120	79	316	3 434
TJ Ponter	–	3 225	690	306	326	162	4 709
	–	43 013	28 923	894	2 112	478	75 420

(1) Bonuses relate to amounts physically paid in the period.

The employment contracts of executive directors differ from those of other employees in that they do not accrue leave and have a longer notice period.

MJ Bowman resigned from the Board on 14 July 2022.



REMUNERATION REPORT continued

Shareholding by directors and prescribed officers as at 29 February 2024

	2024		2023	
	Direct interest	Indirect interest	Direct interest	Indirect interest
LM Nestadt	–	500 000	–	500 000
A Coovadia	–	162 162	–	162 162
JS Mthimunye	–	81 162	–	81 162
A Sithebe	–	–	–	–
KDD Kobue	–	–	–	–
H Masondo	–	–	113	–
IL Saltzman and LF Saltzman	–	252 066 319	–	302 066 319
RM Morais (1)	–	–	–	–
JD Pope	–	–	–	–
SE Saltzman	337	2 434 781	–	5 435 116
SRN Goetsch	3 190	39 904 885	–	39 908 075
BI Epstein	–	10 125 063	–	10 125 063
KS Sterling	–	9 624 023	–	9 624 023
CJ Williams	–	14 190 212	–	14 915 147
CR Fairweather	38 529	–	38 529	–
CA Swanepoel	10 000	–	10 000	–
TJ Ponter	–	–	–	–
R Govender	–	–	–	–
Z Dindar	3 161	–	3 161	–
Q Cronje	–	–	–	–

⁽¹⁾ Melnique Proprietary Limited holds 3 408 556 shares (2023:3 408 556) which are held by the Morais family. RM Morais is not currently a director or controls the company.

During the current year, H Masondo sold 113 shares on 11 August 2023 for R2 553. CJ Williams sold 31 908 shares for R799 027 on 24 August 2023, 642 118 shares for R15 735 102 on 30 August 2023 and 50 909 shares for R1 565 452 on 8 February 2024. JD Pope sold 19 974 shares for R476 532 and TJ Ponter sold 17 037 shares for R406 462 through the vesting of the forfeitable share plan. TJ Ponter sold 300 shares for R8 832 on 22 January 2024 in regard to the share appreciation rights scheme. IL Saltzman sold 50 000 000 shares on 26 January 2024 for R1 425 000 000. SE Saltzman sold 3 000 000 shares on 26 January 2024 for R87 900 000.

During the prior year, KS Sterling sold 152 007 shares on 12 August 2022 for R5 177 575, 145 363 shares on 11 August 2022 for R4 952 328, 250 000 shares on 16 August 2022 for R8 595 800, 350 000 shares on 17 August 2022 for R12 326 545 and 102 630 on 18 August 2022 for R3 706 934. SE Saltzman purchased 335 shares on 30 January 2023 for R9 976. SRN Goetsch exercised options on the SAR share scheme and received 3 190 shares on 3 February 2023 for R95 204.

There have been no other changes to the directors' interests between the end of the 2024 financial year and the date of approval of the annual financial statements.



REMUNERATION REPORT continued

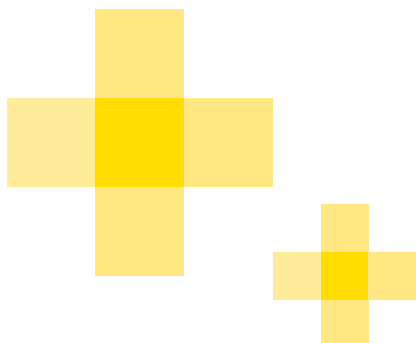
NEDs' fees

The table below shows the approved NED fees for FY2024, alongside the proposed fees for FY2025, as approved by the Remuneration Committee and the Board under the authority granted by shareholders. Note that these fees are deemed to be VAT exclusive:

Position	FY2025 fees excluding VAT	FY2024 fees excluding VAT
Chair: Board	3 489 333	3 339 075
Non-executive director	470 355	394 246
Chair: Audit and Risk Committee	399 620	369 157
Member: Audit and Risk Committee	238 667	228 157
Chair: Remuneration and Nominations Committee	246 609	203 641
Member: Remuneration and Nominations Committee	106 239	96 777
Chair: Social and Ethics Committee	178 918	127 174
Member: Social and Ethics Committee	96 139	68 857

Voting statement: non-binding advisory vote on the implementation report

This report is subject to a non-binding advisory vote by shareholders at the 2024 AGM. Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report as contained in part 3 of this report.



SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee is a statutory committee within the Group's governance structure, in line with the requirements of the Companies Act 71 of 2008. The committee focuses on monitoring and advising the Board of Directors on matters related to the Group's sustainability, social and ethical responsibilities in line with its terms of reference. The Social and Ethics Committee plays a crucial role in promoting responsible business practices, fostering a positive corporate culture, and ensuring that the Group operates in a manner that is consistent with ethical standards.

Composition, meeting attendance and functioning

The Board appoints members of the committee and its Chair based on recommendations from the Nominations Committee.

Committee members:

Alupheli Sithebe (non-executive director – Chair)
Anuschka Coovadia (non-executive director)
Happy Masondo (non-executive director)
Katlego Kobue (non-executive director)
Saul Saltzman (executive director)

Meetings:

The committee convenes regular meetings, ensuring it fulfils its duties at least twice annually. Attendance of committee members is mandatory at all scheduled meetings, including any *ad hoc* meetings called for special matters, unless prior apologies with reasons are provided.

Attendance at committee meetings by the Chief Executive Officer, Chief Financial Officer, senior management members, assurance providers, professional advisors, and Board members is by invitation only and does not grant voting rights. The committee submits reports on its activities to the Board during the meeting following each committee session.

Functions of the committee:

The specific duties and responsibilities of this committee include:

Monitor Dis-Chem's activities concerning:

- Social and economic development
- Good corporate citizenship
- Environmental matters
- Health and safety
- Consumer relationships
- Labour and employment matters

Assist the Board in its overall approach to corporate social investment

Assist the Board in managing the Group's ethics effectively

Recommend sustainability policies for Board approval, monitoring and their implementation

Ensure sound reporting practices and the reporting of all material and relevant issues

Work performed during the reporting period

During the reporting period, the committee undertook the following key activities:

Approved the Group's ESG strategy

Ongoing B-BBEE monitoring and implementation of the Group's Transformation Strategy

Ongoing monitoring of Employment Equity appointment opportunities arising from succession plans, employees nearing retirement age, as well as from organic and inorganic growth plans

Alignment of Corporate Social Responsibility and Investment initiatives undertaken by the Dis-Chem Foundation to the Dis-Chem's ESG strategic pillars

Whistleblowing cases investigation process review and monitoring of cases

Reviewed and updated the Group's Code of Conduct to encompass enhancements in Codes of Good Practice

Media reports monitoring

Introduction of an ESG risks register for ongoing monitoring

Anti-corruption, bribery, and other corruption-related policy reviews, including Procurement Policy review

Oversight of customer relationships and information protection practices

We are excited to announce the release of our inaugural standalone Sustainability Report, available on our Group website at www.dischemgroup.co.za. We recommend reading this report alongside the IAR for a comprehensive understanding.

Authority

The committee operates within the delegated authority of the Board, as stipulated in its terms of reference. With this authority, the committee can investigate any activity within its defined scope and carry out the necessary functions outlined in Regulation 43 of the Companies Act 2008.

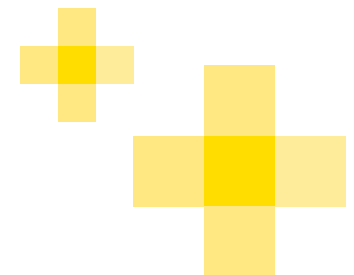
Compliance with terms of reference

The obligations and roles of committee members are detailed in its terms of reference, adhering to the stipulations of the Companies Act, the Company MOI, JSE Listings Requirements, King IV, and other pertinent legal or regulatory statutes.

The Social and Ethics Committee affirms that it fulfilled its duties during the reported period per these terms of reference, ensuring compliance with the outlined regulations and requirements.

The Board is satisfied that the committee has fulfilled its duties during the past year.

Alupheli Sithebe
Chairperson



SUSTAINABILITY

At Dis-Chem, our commitment to sustainability is deeply ingrained in our ethos and operations. We believe in conducting business responsibly, minimising our environmental footprint, and positively impacting the communities we serve.

Our comprehensive approach to sustainability encompasses various initiatives aimed at reducing waste, conserving resources, and supporting social causes.

For a detailed overview of our sustainability efforts, we invite you to explore our dedicated Sustainability Report on our website at www.dischemgroup.com. This report outlines our specific strategies, accomplishments, and ongoing endeavours in promoting sustainability across our business.

We are proud of our commitment to sustainable practices and remain dedicated to fostering a more sustainable future for generations to come.



FINANCIAL PERFORMANCE

- 70** CEO statement
- 72** CFO report
- 77** Summary consolidated financial information

CEO STATEMENT



I am pleased to present the 2024 financial year's CEO report, summarising our Group's progress, achievement and future outlook. This year has been a remarkable journey for Dis-Chem. Our momentum of A Better Tomorrow Starts Here was driven by our commitment to excellence, sustainability and the well-being of our communities.

Financial performance

We were delighted to release favourable results for the 2024 financial year, showcasing notable achievements reflecting our business's resilience and strategic focus. Highlights included an increase in Group revenue of 11.1% to R36.3bn, and excluding the once-off property gain of R72 million in the previous period, earnings per share increased by 4%.

Our cash flow remained solid, with an operating cash flow of R1.5 billion, underscoring our ability to generate cash from operations and support future growth initiatives. Key performance ratios continue to reflect our financial strength, including a total income margin of 30.7%.

We made significant investments in capital projects during the period, totalling R1 billion, as part of our long-term growth strategy. Despite the challenging market conditions, we maintained our commitment to shareholders by declaring a full-year dividend of 47.5 cents per share.

Operational highlights

Our commitment to providing accessible healthcare solutions remains unwavering. We are pleased to report significant growth in our affordable medical insurance offering, further solidifying our position as a leader in accessible healthcare services. To strengthen our integrated health positioning, we have entered into agreements to invest in an innovative life insurance business with the experience, capabilities, and proprietary technology to offer transformative insurance products that align with the Dis-Chem brand's commitment to better health.

Additionally, we have strategically acquired an additional distribution centre in Longmeadow to bolster our logistical capabilities and enhance operational efficiency. This expansion enables us to serve our customers better and meet the evolving demands of the market.

We have launched a vendor portal in our ongoing efforts to streamline processes and improve collaboration with our partners. This innovative platform facilitates seamless

communication and efficient management of new product additions, enhancing our agility in responding to market trends.

Furthermore, our forecast and replenishment project, aimed at optimising inventory management and enhancing supply chain efficiency, is nearing completion. This initiative underscores our commitment to leveraging cutting-edge technology to drive operational excellence and deliver superior customer service.

Market analysis

Despite the persistent challenge of loadshedding, which continues to affect our operational costs, we are pleased to report a stabilisation in diesel costs. While fluctuations in electricity supply have historically led to significant increases in expenses, recent measures have mitigated these effects to some extent. We remain vigilant in managing this ongoing challenge to minimise its impact on our bottom line.

The prevailing high interest rates continue to exert pressure on consumer spending habits. The increased cost of borrowing has prompted consumers to adopt more cautious purchasing behaviours, affecting discretionary spending in various sectors, including healthcare. As a result, we are closely monitoring consumer trends and adapting our strategies to cater to evolving needs and preferences in this economic landscape.

There is a noticeable shift in consumer behaviour towards heightened health awareness and self-medication practices. This trend reflects a growing emphasis on proactive healthcare management and the desire for accessible healthcare solutions. As a leading healthcare provider, we are well-positioned to capitalise on this trend by offering an extensive range of products and services that empower individuals to take charge of their well-being.

We have intensified our focus on sustainability initiatives in response to increasing consumer awareness of environmental issues. Consumers are increasingly conscious of the environmental impact of their purchasing decisions, driving demand for eco-friendly products and responsible corporate practices. By prioritising sustainability across our operations, from procurement to waste management, we meet consumer expectations and align with our values as a responsible corporate citizen.

CEO STATEMENT continued

Stakeholder engagement

In 2023, we launched our new corporate motto, “Better Health Starts Here,” symbolising our commitment to improving the health and well-being of our communities. Alongside this initiative, we introduced the “Better Health” podcast, focusing on primary healthcare and wellness. Recognising the absence of locally resonant content in the podcast landscape, our series aims to bridge this gap by delivering authentic South African narratives that reflect real-life experiences and connect with our stakeholders on a deeper level.

Our nation faces a myriad of challenges, including mental health issues, loadshedding, escalating costs, and unemployment. As responsible corporate citizens, we actively engage in initiatives addressing these pressing issues. Our commitment to providing accessible healthcare solutions extends beyond the confines of our business operations to actively contribute to the betterment of society. The transformative spirit ignited by the Springbok Rugby World Cup victory deeply resonated with us, catalysing meaningful action. In solidarity with our nation, we pledged R12 million, committing R1 million for every point scored in the final match, to address the challenges faced by South Africa. This initiative underscores our unwavering commitment to making a tangible difference in the lives of our fellow citizens, with the funds earmarked for 12 deserving causes that will have a lasting and measurable impact on our communities.

Dis-Chem joined forces with Ezintsha, a research centre and division of Wits Health Consortium committed to HIV prevention. The initiative aims to tackle the high prevalence of HIV in South Africa by boosting awareness, availability, and access to medication. Through this partnership, Ezintsha funds nurse and doctor consultations and necessary blood tests and medication for eligible patients. Leveraging Dis-Chem’s established clinic infrastructure, these services are seamlessly integrated into Dis-Chem clinics, ensuring patients receive comprehensive treatment and care.

Risk management

Recognising the critical shortage of skilled nurses in the healthcare industry, we have initiated comprehensive training programmes to address this challenge. By investing in developing nursing talent, we address immediate staffing needs and foster long-term sustainability within our workforce.

Education is a cornerstone of our corporate responsibility initiatives. We are proud to announce an increase in our bursary spending, providing more opportunities for aspiring healthcare professionals to pursue their academic goals and contribute to the industry’s growth.

Corporate governance

Upholding the highest standards of corporate governance has always been paramount to our operations. We remain steadfast in our commitment to transparency, accountability, and ethical conduct across all facets of our business.

In line with our dedication to corporate responsibility and sustainability, we are pleased to announce the launch of our first standalone Sustainability Report. This comprehensive document is a testament to our ongoing efforts to integrate environmental, social, and governance (ESG) considerations into our business practices. By transparently disclosing our sustainability performance and initiatives, we aim to foster greater trust and engagement with our stakeholders while positively impacting the communities we serve.

Future strategy

We are excited to unveil our new growth strategy, comprising eight key pillars designed to propel us forward in the medium term. This comprehensive strategy encompasses a holistic approach to sustainable growth and innovation, positioning us to capitalise on emerging opportunities and navigate evolving market dynamics effectively.

We have undertaken comprehensive studies to optimise our warehouse operations as part of our commitment to operational excellence. These initiatives have enabled us to

re-evaluate delivery routes, increasing efficiency and reducing logistical costs. Furthermore, we have implemented measures to enhance inventory management, ensuring that stock is stored more effectively to meet demand fluctuations and improve overall operational agility.

Team and leadership

I am immensely grateful to our team’s exceptional individuals for their unwavering dedication, hard work, and commitment to excellence throughout the year. Your passion, resilience, and collaborative spirit continue to drive our success and make a meaningful difference in the lives of our customers and communities.

I would also like to extend my heartfelt appreciation to my colleagues across all departments for their invaluable contributions and collaboration. Your collective efforts and teamwork have been instrumental in overcoming challenges, seizing opportunities, and achieving our shared goals.

Furthermore, I sincerely thank the Board members for their guidance, wisdom, and unwavering support. Your leadership and strategic vision have been indispensable in steering our organisation towards continued growth and success.

As a unified team underpinned by a culture of excellence, we have demonstrated resilience, adaptability, and determination in adversity. I am truly proud of what we have accomplished together and remain confident in our ability to navigate the opportunities and challenges that lie ahead.

Conclusion

In conclusion, I am optimistic about the future of Dis-Chem. With a steadfast commitment to excellence and innovation, I am confident that we will continue to thrive in the dynamic business landscape.

Thank you for your unwavering support and confidence in Dis-Chem.

Warm Regards

Rui Morais
Chief Executive Officer

CFO REPORT

I am pleased to present the financial performance overview for the 2024 financial year, outlining the key highlights and insights into our Group's financial position and strategies.

The Group was impacted by the base effects of the prior year's performance, which were distinctly different across the two halves of the year, as the first half of the prior year delivered a strong performance compared to the second half of the prior year. Contributing to the stronger first-half performance in the prior year was the acquisitions of the warehouse properties, resulting in a R72 million once-off gain from the release of the lease liability and right-of-use asset as well as the impact of COVID-19 vaccine administration and testing services, which has ended and did not contribute in the current financial period.

Earnings distribution across halves

The table below shows the historical distribution of earnings before taxation across halves. As anticipated, the Group had a stronger FY24 second half when compared to the comparable period in the prior period, delivering record operating profit. The performance improvement was supported by progress in cost control measures, focusing on managing staff costs.

	FY21	FY22	FY23*	FY24	FY23 to FY24 movement
H1	443m (47.1%)	595m (48.5%)	785m (58.4%)	702m (50.7%)	(10.6%)
H2	498m (52.9%)	632m (51.5%)	560m (41.6%)	683m (49.3%)	22.0%
Full-year	941m (100%)	1 227m (100%)	1 345m (100%)	1 385m (100%)	3.0%

*excluding property gain of R72 million

Key financial highlights for the year include:

Retail pharmacy store growth with fifteen retail pharmacy stores being opened or acquired, resulting in 273 retail pharmacy stores and 54 retail baby stores on 29 February 2024.

Wholesale external revenue to independent pharmacies and The Local Choice franchises growing by 23.2% and 19.6% over the corresponding period. This has contributed to an excellent performance of the wholesale segment in the current period, with total income growth of 10.9% compared to expenditure growth of 8.0%.

Focus on retail employee cost containment through implementation of the retail framework. The emphasis has been on achieving a consistent and optimal mix of staff to ensure that stores can run as efficiently as possible, without compromising on the differentiated service levels that our customers have come to know and expect. This focus on cost has resulted in employment costs increasing by 8.0% for the full year,

over the prior comparable period, with employment costs increasing by 9.7% and 6.4% in the first and second halves, respectively.

Continued investment in information technology to ensure the continued performance of the Group. F&R (forecast and replenishment) rolled out across the retail stores to ensure better management of inventory held in both stores and wholesale.

The purchase of the Longmeadow warehouse ensures that the Group holds the necessary strategic assets for the retail store rollout of 137 000m² in the next three years and external wholesale growth.

Implementation of the new leave policy in the prior year has seen a release into the statement of comprehensive income with the capping of maximum leave that can be held, ensuring curtailment of significant leave balances in future periods.

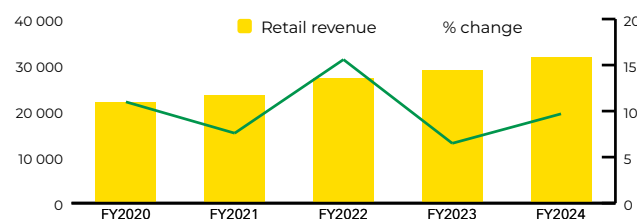
The Group maintained a dividend of 40% of headline earnings in the current period.

CFO REPORT continued

Revenue

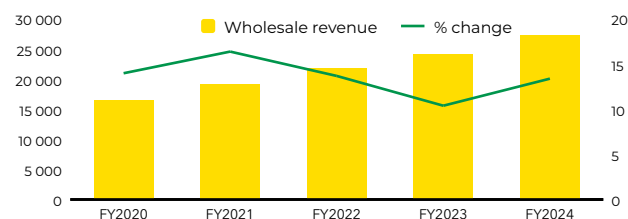
Our revenue for the year stood at R36.3 billion, representing an 11.1% increase compared to the previous year.

Retail revenue



Retail revenue grew by 9.7% to R31.7 billion, with comparable pharmacy store revenue growth at 6.9%. Retail revenue growth was impacted by COVID-19 vaccine administration and testing services in the prior period compared to the current period. If the contribution of COVID-19 vaccines and testing were excluded from both periods, retail revenue grew by 10.3%. During the 12 months to 29 February 2024, 15 retail pharmacy stores were opened or acquired, resulting in 273 retail pharmacy stores and 54 retail baby stores at 29 February 2024.

Wholesale revenue

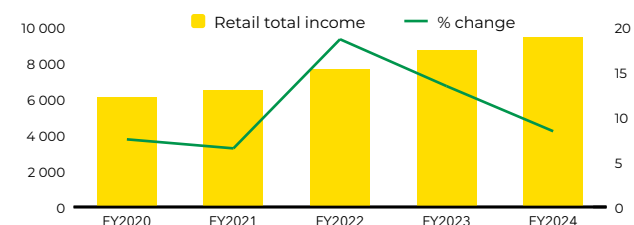


Wholesale revenue grew by 13.3% to R27.4 billion. Wholesale revenue to our own retail stores, still the most significant contributor, grew by 11.8%. In comparison, external revenue to independent pharmacies and The Local Choice (TLC) franchises grew by 21.4% over the comparable period. Independent pharmacy growth was 23.2%, attributable to new customers and increased support from the current base. TLC growth was 19.6% due to a combination of an increase in TLC franchise stores from 171 to 205.

Total income

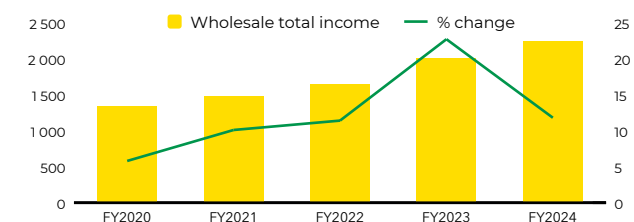
Total income grew 9.3% to R11.1 billion. The total income margin stood at 30.7%, still ahead of our internal target of 30%.

Retail total income



Retail total income grew by 8.6%, with the retail margin decreasing from 30.0% to 29.7% over the comparable period. If the contribution of COVID-19 vaccines and testing are excluded from both periods, retail total income grew by 8.9%. The decrease in retail margin is due to the continued investment in promotional activity to ensure market share retention, impacting the transactional margin in personal care and beauty.

Wholesale total income



Wholesale total income grew by 10.9%, with the wholesale margin increasing from 8.0% (excluding the property gain) to 8.1%.

CFO REPORT continued

Expenses

Expenses grew by 10.9% over the comparable period.

Retail expenses Rm

	FY2024	FY2023	% change
Depreciation and amortisation	(935)	(885)	5.7
Employee costs	(4 398)	(435)	21.0
Occupancy costs	(526)	(4 071)	8.0
Other operating costs	(2 173)	(1 844)	17.9
Total retail cost	(8 032)	(7 234)	11.0

Depreciation and amortisation increased as a function of new stores (including IFRS 16) and completed roll out of new point-of-sale technology.

Occupancy cost increased predominantly due to increases in electricity, rates and taxes, as well as short-term leases.

Employment costs were well controlled in the second half of the year by implementing our retail framework. Like-for-like payroll staff cost growth improved from 4.1% in the first half of the year, compared to 0.3% in the second half. Growth in space continues to be a channel to distribute existing staff resources within the established framework.

The increase in advertising expenses, IT-related costs and courier costs drove other operating costs.

R39 million was spent on diesel to support trade during loadshedding.

Wholesale expenses Rm

	FY2024	FY2023	% change
Depreciation and amortisation	(127)	(117)	8.5
Employee costs	(661)	(45)	35.6
Occupancy costs	(61)	(615)	7.5
Other operating costs	(987)	(923)	7.0
Total wholesale cost	(1 836)	(1 700)	8.0

Depreciation and amortisation increased as a function of new warehouse equipment, mainly relating to forklifts and motor vehicles, computer equipment and software.

Occupancy costs increased through higher municipal charges and rent paid for the Longmeadow warehouse before it was transferred.

Employment cost growth is due to annual increases and additional employees for the Longmeadow facility.

Wholesale benefited from a forex gain in the current period compared to a forex loss in the prior period.

Net finance costs

Net financing costs increased by 25.6% from the prior comparable period. Excluding finance costs from IFRS 16 and interest on the new term loans, net financing costs increased by 94.1%. This increase is due to the additional interest paid on the existing loans, following the increase in the prime interest rate and the overdraft facility used for the additional inventory levels. Additionally, the new term loan facilities taken out amounted to R455 million to fund the acquisition of the warehouse properties in the prior financial period and R502 million to fund the Longmeadow warehouse in the current financial period.

Taxation

The Group reported an effective tax rate of 26.30% from 27.47% in the prior period. This decrease is predominantly from the change in the tax rate from 28% to 27%.

Earnings

The Group reported EPS and HEPS of 114.7c and 114.6c, respectively. Excluding the once-off property gain in the prior year, EPS and HEPS would have increased by 4.0% and 3.8%, respectively.

Cents per share	FY2024	FY2023	% change
EPS	114.7	116.3	(1.4)
EPS excluding R72m property gain from the previous period	114.7	110.3	4.0
HEPS	114.6	116.5	(1.6)
WANOS	858.0*	859.8	
Diluted WANOS	858.1	860.4	

* rounded

CFO REPORT continued

Statement of financial position

	FY2024 R'000	FY2023 R'000	% change	
ASSETS				
Property, plant and equipment (including right-of-use assets)	4 799 705	4 429 226	8.4	Property, plant and equipment includes capex spend of R1 billion (including property purchases of R545 million and IT capex of R129 million). ROU lease assets increased by R430 million with the increase in new stores and lease renewals as well as motor vehicles and equipment in the wholesale space. Depreciation amounted to R979 million.
Intangible assets	1 335 134	1 270 255	5.1	Intangible assets includes capex spend of R92 million on computer software and additional goodwill from acquisitions of R56 million. Amortisation amounted to R83 million.
Investment in associate and joint ventures	208 221	194 403	7.1	Investments in associates and joint ventures is mainly due to the increase in the investment of Kaelo Holdings.
Deferred taxation	166 368	173 944	(4.4)	
Inventories	7 162 558	6 356 781	12.7	Inventory increased by R806 million from February 2023, following strategic buy-ins and due to additional inventory held in new stores and the distribution channel. Inventory days are down from 88.2 days at 28 February 2023, to 88.1 days.
Trade and other receivables	2 731 553	2 583 384	5.7	Trade and other receivables increased due to the increase in trade receivables, including the expansion of third-party sales within the wholesale segment.
Loans receivable	126 111	214 062	(9.0)	
Taxation receivable	18 362	6 368	188.3	
Cash and cash equivalents	884 371	287 385	207.7	
Total assets	17 500 986	15 515 808	12.8	
EQUITY AND LIABILITIES				
Total equity	4 474 941	3 932 480	13.8	Equity and reserves increased as a result of profit after tax for the period of R1 billion, partially offset by the payment of dividends of R424 million and the impact of changes in ownership interest, purchase of treasury shares and share-based payment expense of R54 million.
Lease liability	3 068 125	3 227 635	(4.9)	
Loans payable	1 770 678	1 298 954	36.3	Loan payables increased with the new term loan facility taken out amounting to R502 million that was used to fund the acquisition of the Longmeadow warehouse.
Deferred taxation	74 332	70 834	4.9	
Trade and other payables	6 863 682	6 103 666	12.5	Trade and other payables increased due to the increase in trade payables increase of 16.6%.
Employee-related obligations	265 241	292 871	(9.4)	Employee-related obligations have seen a decrease through the implementation of the leave pay policy in regards to the cap of leave days that can be held.
Deferred revenue (contract liability)	83 897	77 170	8.7	
Taxation payable	48 947	64 644	(24.3)	
Bank overdraft	851 143	447 554	90.2	
Total equity and liabilities	17 500 986	15 515 808	12.8	

CFO REPORT continued

Net working capital

Days	FY2024	FY2023
Debtor days	27	27
Inventory days	88	88
Creditors days	93	95
Total working capital	22	20

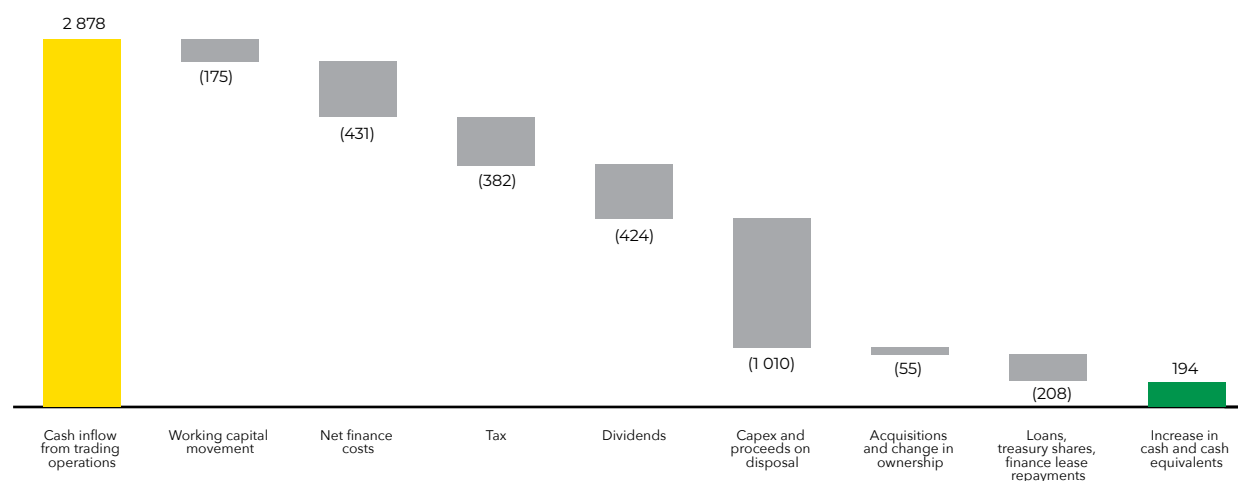
Inventory days were maintained at 88 days

10% improvement in inventory days over the medium term

Debtors days were well managed, with an increase from 26.5 days to 26.8 days due to external wholesale sales

Creditors days decreased from 94.6 days to 93.2 days despite trade creditors increasing by 16.6%

Cash management



Events after the reporting date

The Group intends to acquire 100% of the share capital of Columbia Falls Properties 7 Proprietary Limited, subject to the Competition Commission's approval. Columbia Falls is a rental property company that houses the Midrand distribution centre and the head office premises. This related party transaction was disclosed in the SENS issued on 25 January 2024. After year-end, the Company entered into a share subscription agreement to acquire a 50% interest in OneSpark Proprietary Limited for R156 million. Founded in 2020, OneSpark, with the expertise

and experience to advance the healthcare vision of the Group, is an innovative technology and AI-driven financial services business specialising in life insurance products. The acquisition is subject to certain conditions precedent, including the approval by the JSE.

Outlook

We are focusing on longer-term growth strategies to fortify our market position and expand our reach. These strategies encompass diversifying our product/service offerings, enhancing operational efficiencies, and fostering strategic partnerships. Additionally, we are committed to investing in innovation and technology to remain agile and competitive in an evolving business landscape. We aim to scale our operations sustainably while delivering value to our customers and stakeholders.

In conclusion, Dis-Chem remains committed to financial prudence and sustainable growth. Our strategic financial decisions aim to fortify our position in the market while maximising shareholder value.

Appreciation

As we conclude the preparation of our Annual Report, I want to extend my deepest gratitude to each dedicated team member involved in this process. Your unwavering commitment, attention to detail, and tireless effort have been instrumental in compiling a comprehensive and insightful report that accurately reflects our financial journey throughout the year. Your expertise and collaborative spirit have ensured the accuracy and completeness of our financial disclosures, enabling us to present a transparent and compelling Annual Report to our stakeholders. Your dedication to excellence has been truly commendable, and I am incredibly proud to have such an exceptional team driving our financial stewardship. Thank you for your hard work and dedication—it is sincerely appreciated.

Thank you for your continued support and confidence in our financial stewardship.

Warm regards,

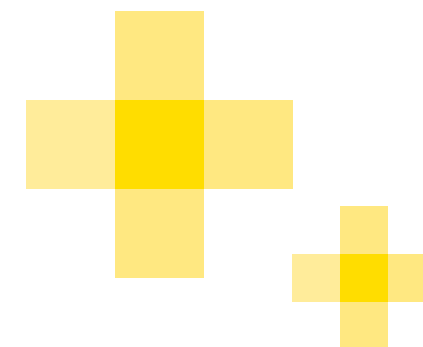
Julia Pope

Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 28/29 FEBRUARY

	Group	
	2024 R'000	2023 R'000
Revenue from contracts with customers	36 283 476	32 663 513
Cost of sales	(28 066 929)	(25 076 217)
Gross profit	8 216 547	7 587 296
Other income	2 907 844	2 586 591
Total income	11 124 391	10 173 887
Other expenses	(9 345 144)	(8 429 702)
Operating profit before interest and equity accounted earnings	1 779 247	1 744 185
Net financing costs	(439 936)	(350 236)
– Finance income	26 297	20 210
– Finance costs	(466 233)	(370 446)
Profit from associates and joint ventures	45 270	22 779
Profit before taxation	1 384 581	1 416 728
Taxation	(364 093)	(389 181)
Total profit for the year, net of taxation	1 020 488	1 027 547
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
– Exchange differences on translating foreign subsidiaries	180	(136)
Other comprehensive income for the year, net of taxation	180	(136)
Total comprehensive income for the year	1 020 668	1 027 411
Total profit attributable to:		
– Equity holders of the parent	984 481	1 000 224
– Non-controlling interests	36 007	27 323
Total comprehensive income attributable to:		
– Equity holders of the parent	984 661	1 000 088
– Non-controlling interests	36 007	27 323
Earnings per share (cents)		
– Basic	114.7	116.3
– Diluted	114.7	116.3

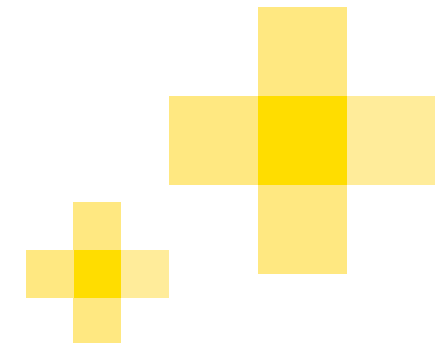


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED 28/29 FEBRUARY

	Group	
	2024 R'000	2023 R'000
ASSETS		
Non-current assets	6 578 031	6 067 828
Property, plant and equipment (including right-of-use assets)	4 799 705	4 429 226
Intangible assets	1 335 134	1 270 255
Investments	208 221	194 403
Loans receivable	68 603	–
Deferred taxation	166 368	173 944
Current assets	10 922 955	9 447 980
Inventories	7 162 558	6 356 781
Trade and other receivables	2 731 553	2 583 384
Loans receivable	126 111	214 062
Taxation receivable	18 362	6 368
Cash and cash equivalents	884 371	287 385
Total assets	17 500 986	15 515 808
EQUITY AND LIABILITIES		
Equity and reserves	4 472 124	3 900 395
Share capital	6 155 554	6 155 554
Retained earnings	2 965 235	2 354 837
Other reserves	(4 648 665)	(4 609 996)
Non-controlling interest	2 817	32 085

* Restated due to restructure under common control transactions - refer to note 32



CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

FOR THE YEARS ENDED 28/29 FEBRUARY

	Group	
	2024 R'000	2023 R'000
Non-current liabilities	3 842 967	3 232 905
Lease liability	2 486 298	2 660 592
Loans payable	1 282 337	501 479
Deferred taxation	74 332	70 834
Current liabilities	9 183 078	8 350 423
Trade and other payables	6 863 682	6 103 666
Lease liability	581 827	567 043
Loans payable	488 341	797 475
Employee-related obligations	265 241	292 871
Deferred revenue (contract liability)	83 897	77 170
Taxation payable	48 947	64 644
Bank overdraft	851 143	447 554
Total equity and liabilities	17 500 986	15 515 808



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 28/29 FEBRUARY

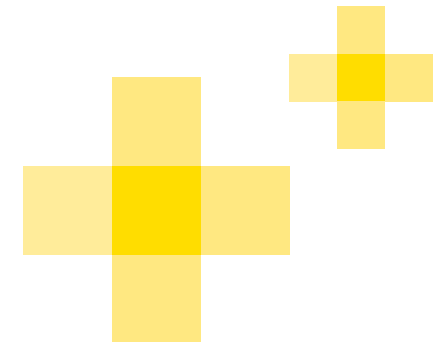
	Share capital R'000	Retained earnings R'000	Other reserves		Non-controlling interest R'000	Total R'000
			Treasury shares R'000	Other reserves R'000		
Balance at 28 February 2022	6 155 554	1 776 310	(12 170)	(4 595 850)	61 714	3 385 558
Total comprehensive income for the year	-	1 000 224	-	(136)	27 323	1 027 411
Profit for the year, net of taxation	-	1 000 224	-	-	27 323	1 027 547
Other comprehensive income for the year, net of taxation	-	-	-	(136)	-	(136)
Change in ownership interest in subsidiary and acquisitions	-	-	-	-	(6 775)	(6 775)
Treasury shares acquired	-	-	(28 527)	-	-	(28 527)
Share-based payment expense	-	-	-	21 450	-	21 450
Exercise of share-based payment	-	(5 868)	16 082	(10 845)	-	(631)
Dividends paid	-	(415 829)	-	-	(50 177)	(466 006)
Balance at 28 February 2023	6 155 554	2 354 837	(24 615)	(4 585 381)	32 085	3 932 480
Total comprehensive income for the year	-	984 481	-	180	36 007	1 020 668
Profit for the year, net of taxation	-	984 481	-	-	36 007	1 020 488
Other comprehensive income for the year, net of taxation	-	-	-	180	-	180
Change in ownership interest in subsidiary	-	(13 563)	-	-	936	(12 627)
Treasury shares acquired	-	-	(65 485)	-	-	(65 485)
Share-based payment expense	-	-	-	24 232	-	24 232
Exercise of share-based payment	-	(2 404)	20 016	(17 612)	-	-
Dividends paid	-	(358 116)	-	-	(66 211)	(424 327)
Balance at 29 February 2024	6 155 554	2 965 235	(70 084)	(4 578 581)	2 817	4 474 941



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 28/29 FEBRUARY

	Group	
	2024	2023
	R'000	R'000
Cash flow from operating activities	1 465 878	853 943
Cash inflow from trading operations	2 878 255	2 782 522
Movement in working capital	(175 352)	(718 371)
Leave payment	-	(18 687)
Finance income received	26 297	19 155
Finance costs paid	(457 381)	(363 362)
Taxation paid	(381 614)	(381 308)
Dividends paid	(424 327)	(466 006)
Cash flow from investing activities	(1 064 742)	(1 090 644)
Additions to property, plant and equipment and intangible assets		
– To maintain operations	(158 475)	(723 329)
– To expand operations	(868 619)	(366 619)
Proceeds on disposal of property, plant and equipment and intangible assets	17 100	22 811
Acquisition in business combination and subsidiaries, net of cash acquired	(55 183)	(43 525)
Proceeds from joint ventures and associates	31 452	19 104
Payment of loans receivable	(31 017)	-
Loss of control in subsidiary	-	(1 191)
Acquisition of additional interest in joint venture	-	2 105
Cash flow from financing activities	(207 501)	(203 154)
Bank loans repaid	(742 740)	(925 791)
Receipt of bank loans	1 201 377	1 316 519
Lease liability repayment	(586 623)	(565 355)
Purchase of treasury shares	(65 485)	(28 527)
Proceeds from non-controlling interest	2 381	-
Change in ownership interest in subsidiary	(16 411)	-
Net increase/(decrease) in cash and cash equivalents	193 635	(439 855)
Foreign currency implications on cash and cash equivalents	(238)	(1 167)
Cash and cash equivalents at beginning of year	(160 169)	280 853
Cash and cash equivalents at end of year	33 228	(160 169)





SHAREHOLDER INFORMATION

- 84** Analysis of ordinary shareholders
- 86** Notice of Annual General Meeting
- 91** Form of proxy
- 93** Notes to the form of proxy
- 94** Shareholders' diary
- 95** Abbreviations
- 96** Definitions
- 97** Corporate information

ANALYSIS OF ORDINARY SHAREHOLDERS

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	35 730	91.44	2 277 435	0.26
1 001 – 10 000	2 490	6.37	8 085 315	0.94
10 001 – 100 000	561	1.44	16 791 393	1.95
100 001 – 1 000 000	219	0.56	74 361 440	8.65
Over 1 000 000	74	0.19	758 568 900	88.20
Total	39 074	100.00	860 084 483	100.00

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance Companies	36	0.09	18 134 572	2.11
Close Corporations	37	0.09	140 331	0.02
Collective Investment Schemes	251	0.64	185 007 289	21.51
Custodians	13	0.03	4 749 645	0.55
Foundations & Charitable Funds	45	0.12	5 329 556	0.62
Hedge Funds	3	0.01	896 610	0.10
Insurance Companies	7	0.02	2 573 005	0.30
Investment Partnerships	21	0.05	45 898	0.01
Managed Funds	33	0.08	4 653 708	0.54
Medical Aid Funds	12	0.03	995 608	0.12
Organs of State	12	0.03	94 721 670	11.01
Private Companies	249	0.64	421 611 873	49.02
Public Companies	9	0.02	3 818 921	0.44
Public Entities	5	0.01	245 337	0.03
Retail Shareholders	36 907	94.45	16 640 721	1.93
Retirement Benefit Funds	1 031	2.64	89 298 263	10.38
Scrip Lending	8	0.02	3 239 884	0.38
Sovereign Funds	4	0.01	2 685 541	0.31
Stockbrokers & Nominees	11	0.03	971 403	0.11
Trusts	380	0.97	4 324 648	0.50
Total	39 074	100.00	860 084 483	100.00

*Pursuant to the provisions of Section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis.

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-Public Shareholders	17	0.04	331 878 804	38.59
Directors and Associates	16	0.04	329 143 824	38.27
Dis-Chem Pharmacies Limited	1	0.00	2 734 980	0.32
Public Shareholders	39 057	99.96	528 205 679	61.41
Total	39 074	100.00	860 084 483	100.00

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Coronation Fund Managers	242 985 700	28.25
Public Investment Corporation	64 393 963	7.49
Total	307 379 663	35.74

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Ivlyn (Pty) Ltd	252 066 319	29.31
Coronation Fund Managers	129 102 577	15.01
Government Employees Pension Fund	90 763 380	10.55
Royal Bafokeng Holdings (Pty) Ltd	56 937 593	6.62
Stansh (Pty) Ltd	39 904 885	4.64
Wakanda Security Holdings RF (Pty) Ltd	29 531 148	3.43
Total	598 305 902	69.56

Total number of shareholdings	39 074
Total number of shares in issue	860 084 483

Share price performance	
Opening price 1 March 2023	R27.20
Closing price 29 February 2024	R30.54
Closing high for period	R30.85
Closing low for period	R21.96
Number of shares in issue	860 084 483
Volume traded during period	318 319 610
Ratio of volume traded to shares issued	37.01%
Rand value traded during the period	R8 237 315 806
Price/earnings ratio as at 29 February 2024	29.25
Earnings yield as at 29 February 2024	3.42
Dividend yield as at 29 February 2024	0.48
Market capitalisation at 29 February 2024	R26 266 980 111

NOTICE OF ANNUAL GENERAL MEETING

Dis-Chem Pharmacies Limited

(Incorporated in the Republic of South Africa)

(Registration number 2005/009766/06)

JSE share code: DCP

ISIN: ZAE000227831

(Dis-Chem or the Group or the Company)

Notice is hereby given that the fifteenth Annual General Meeting (AGM) of shareholders of Dis-Chem will be held virtually on Wednesday, 31 July 2024, at 10:00 am. The AGM will be conducted entirely by electronic communication as contemplated in Section 63(2)(a) of the Companies Act, 2008. Shareholders or their proxies may only participate in the AGM electronically and must access an online platform. Details on how to participate on the voting platform have been included in the email accompanying the notice of the AGM.

Only shareholders registered in the register of Dis-Chem on Friday, 26 July 2024, will be eligible to participate in the electronic AGM.

The purpose of the AGM is to propose the passing of the following ordinary and special resolutions:

1. Ordinary resolution number 1

Approval of Annual Financial Statements

Resolved that the *Annual Financial Statements* of the Company and its subsidiary companies for the year ended 29 February 2024, together with the reports of the directors, auditors and Audit and Risk Management Committee, be and are hereby considered and adopted.

2. Ordinary resolution number 2

Appointment of auditors and designated auditors

Resolved that Mazars be and are hereby re-appointed as auditors of the Company and that Ms Danielle Keeve is hereby appointed as the designated auditor to hold office for the ensuing year.

The Company's Audit and Risk Committee has recommended the reappointment of Mazars as the Company's auditor. Ms Danielle Keeve will be appointed as the designated auditor for the current financial year.

3. Ordinary resolution number 3

Re-election of director

Resolved that Mr Larry Nestadt, who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The *curriculum vitae* for Mr Nestadt appears on page 39 of this annual report.

4. Ordinary resolution number 4

Re-election of director

Resolved that Mr Joe Mthimunya, who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The *curriculum vitae* for Mr Mthimunya appears on page 39 of this IAR.

5. Ordinary resolution number 5

Re-election of director

Resolved that Mr Katlego Kobue, who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The *curriculum vitae* for Mr Kobue appears on page 39 of this IAR.

6. Ordinary resolution number 6

Appointment of Audit and Risk Committee member

Resolved that Ms Anuschka Coovadia, who is a non-executive director of the Company, be appointed a member of the Company's Audit and Risk Committee and that this appointment shall be valid up to the date of the next AGM of the Company.

7. Ordinary resolution number 7

Appointment of Audit and Risk Committee member

Resolved that Ms Alupheli Sithebe, a non-executive director of the Company, be appointed a member of the Audit and Risk Committee and that this appointment shall be valid up to the date of the next AGM of the Company.

8. Ordinary resolution number 8

Appointment of Audit and Risk Committee member

Resolved that Mr Joe Mthimunya, who is a non-executive director of the Company, be appointed a member of the Audit and Risk Committee and that this appointment shall be valid up to the date of the next AGM of the Company subject to the passing of ordinary resolution number 4 above.

9. Ordinary resolution number 9

Appointment of Audit and Risk Committee member

Resolved that Ms Happy Masondo, a non-executive director of the Company, be appointed a member of the Audit and Risk Committee and that this appointment shall be valid up to the date of the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING continued

10. Ordinary resolution number 10

Remuneration philosophy and policy, and implementation report

Section 3.84 (j) of the JSE Listings Requirements requires the Company to submit its remuneration philosophy and policy, and implementation report every year to shareholders for consideration and to provide shareholders with an opportunity to indicate whether they do or do not support the material provisions of the remuneration philosophy and policy of the Company and the implementation thereof. Shareholders are referred to the remuneration philosophy and policy and implementation report on page 48 of the IAR.

As the above are not matters that must be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights required for each resolution to be adopted as non-binding advisory votes is 50% (fifty per cent) of the voting rights plus 1 (one) vote to be cast on the resolution. If the remuneration philosophy and policy or the implementation report or both is/are voted against by shareholders exercising 25% or more of the voting rights cast at the AGM, the Company will invite dissenting shareholders to engage with it on their concerns in line with the provisions of the JSE Listings Requirements.

Ordinary resolution 10.1

Resolved that, as a non-binding advisory vote, the remuneration philosophy and policy, as tabled, be and is hereby approved.

Ordinary resolution 10.2

Resolved that, as a non-binding advisory vote, the implementation report, as tabled, be and is hereby approved.

11. Special resolution number 1

NEDs' fees for the financial year ending 28 February 2025 and the quarter ending 31 May 2024

Resolved that the fees to be paid to the NEDs for their services as directors of the Company for the year ending 29 February 2024 and the quarter ending 31 May 2024 (being a quarter of the fees payable for the year ending 28 February 2025) be approved as follows:

	28 February 2025	31 May 2024
Chair	3 489 333	872 333
Non-executive director	470 355	117 589
Chair of the Audit Committee	399 620	99 905
Member of the Audit Committee	238 667	59 667
Chair of the Remuneration and Nomination Committees	246 609	61 652
Member of the Remuneration and Nomination Committees	106 239	26 560
Chair of the Social and Ethics Committee	178 918	44 729

This special resolution number 1 is to obtain shareholder approval for the remuneration of each of the Company's NEDs for the financial year ending 28 February 2025 and for the quarter ending 31 May 2024 per Section 66(9) of the Companies Act, 2008. The passing of this special resolution will approve the remuneration of each of the Company's NEDs for the financial year ending 28 February 2025 and the quarter ending 31 May 2024. The fees payable for the quarter ending 31 May 2024 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarter ending 31 May 2024 at the 2024 AGM.

12. Special resolution number 2

Loans or other financial assistance

Resolved that the Company be authorised, in terms of Section 45 of the Companies Act, 2008, to provide any direct or indirect financial assistance to any related or inter-related companies as defined in Section 2 of the Companies Act, 2008.

The reason for special resolution number 2 is to approve generally the provision of financial assistance to any related or inter-related companies. Any financial assistance given will be subject to the Company complying with the Solvency and Liquidity Test as more fully set out in Section 4 of the Companies Act, 2008. The Board will ensure that the terms of the financial assistance granted are fair and reasonable to the Company.

13. Ordinary resolution number 11

General authority over unissued shares

Resolved that shares be and are hereby placed under the control of the directors until the date of the next AGM, subject to the provisions of the JSE Listings Requirements and the condition that no issue of these shares will be made if it could have the effect of changing control of the Company.

No issue of these shares is contemplated at present, and no issue will be made that could effectively change the control of the Company without shareholders' prior approval in a general meeting.

NOTICE OF ANNUAL GENERAL MEETING continued

14. Ordinary resolution number 12

General authority to issue shares for cash

Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to issue shares for cash for up to 5% (five per cent), i.e. 43 004 224 (forty-three million, four thousands and twenty-four) of the issued shares in the capital of the Company as and when they in their discretion deem fit, subject to the Companies Act, No. 71 of 2008, as amended, the Memorandum of Incorporation of the Company and the JSE Listings Requirements as presently constituted and which may be amended from time to time.

The above ordinary resolution number 12 gives the directors authority to issue up to 5% (five per cent) of the unissued shares for cash to enable the Company to pursue suitable business opportunities as and when they arise.

ADDITIONAL REQUIREMENTS IMPOSED BY THE JSE LISTINGS REQUIREMENTS

It is recorded that the Company may only issue shares (as defined in the JSE Listings Requirements) for cash under the above general authority if the following JSE Listings Requirements are met:

- (a) The shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- (b) The general authority shall only be valid until the Company's next AGM or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
- (c) A SENS announcement will be published giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days before the date that the price of the issue was agreed in writing between the Company and party/ies subscribing for

such shares at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) of the number of shares in issue before that issue;

- (d) That issues in the aggregate in any 1 (one) financial year may not exceed 5% (five percent) of the number of the shares of the Company in issue of that class of shares before such issue, taking into account the dilution effect of convertible equity securities and options per the JSE Listings Requirements;
- (e) In determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days before the date that the price of the issue is agreed to between the Company and the party/ies subscribing for the shares;
- (f) Any issue will only be made to "public shareholders" and to "related parties" as defined by the JSE Listings Requirements, through a bookbuild process provided that all the requirements as set out in paragraph 5.52(f) are met; and
- (g) In the event of a sub-division or consolidation of issued equity securities during the period contemplated in paragraph (b) above, the existing authority must be adjusted accordingly to represent the same allocation ratio.

15. Ordinary resolution number 13

Directors' or Company Secretary's authority to implement special and ordinary resolutions

Resolved that any director of the Company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to implementing the resolutions passed at this meeting.

16. Social and Ethics Committee

Regulation 43 of the Companies Act, 2008 includes a Social and Ethics Committee report in the 2024 IAR (page 67). The report sets out the matters as required in terms of the Social and Ethics Committee's terms of reference. Shareholders will not be asked to vote on any matters in the Social and Ethics Committee's terms of reference but may raise any questions regarding the terms of reference.

Voting and proxies

All ordinary resolutions, except for ordinary resolution number 12, will, in terms of the Companies Act, 2008, require the support of more than 50% (fifty per cent) of the voting rights of the shareholders exercised thereon to be approved.

A general issue of shares for cash must be approved by ordinary resolution with a 75% (seventy-five per cent) majority of shareholders voting in favour thereof. Accordingly, ordinary resolution number 12 will require the support of more than 75% (seventy-five per cent) of the voting rights of shareholders exercised thereon to be approved.

In terms of the Companies Act 2008, all the special resolutions will require the support of at least 75% (seventy-five per cent) of the total voting rights exercised thereon to be approved.

Entitlement to participate and vote at the AGM in person or by proxy

All shareholders are encouraged to participate, speak and vote at the AGM.

If you hold certificated shares, i.e. you have not dematerialised your shares in the Company, or are registered as an own-name dematerialised shareholder, i.e. you have specifically instructed your Central Securities Depository Participant (CSDP) to hold your shares in your name in the Company sub-register, as at Friday, 26 July 2024:

NOTICE OF ANNUAL GENERAL MEETING continued

You may participate and vote at the AGM; or

You may appoint an individual as a proxy, who need not also be a shareholder of the Company, to participate and vote on your place at the AGM by completing the attached form of proxy and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on page 93 of the IAR.

Please note that your proxy may delegate their authority to act on your behalf to another person, subject to the restrictions in the attached proxy form. Also, note that the attached proxy form must be delivered to the Company's registered office or to the transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy may exercise any of your rights as a shareholder at the AGM.

Any shareholder of the Company that is a company may authorise any person to participate as its representative at the AGM. Section 63(1) of the 2008 Companies Act requires that persons wishing to participate at the AGM (including the abovementioned representative) provide satisfactory identification before they may participate.

Please note that your proxy may delegate their authority to act on your behalf to another person, subject to the restrictions in the attached proxy form. Also, note that the attached proxy form must be delivered to the Company's registered office or to the transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy may exercise any of your rights as a shareholder at the AGM.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

If you wish to participate at the AGM, you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
Suppose you cannot participate in the AGM, but wish to be represented at the meeting. In that case, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions concerning the AGM and/or request your CSDP to appoint a proxy.

You must not complete the attached proxy form.

The instructions must be provided per the mandate between yourself and your CSDP or broker within the time required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached form of proxy per the instructions thereon and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on page 93 of the IAR.

By order of the Board

NJ Lumley
Company Secretary

Johannesburg
Friday, 28 June 2024



This image shows a single sheet of white paper with horizontal green ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

FORM OF PROXY

Form of proxy for use at the Annual General Meeting of Dis-Chem Pharmacies Limited (the Company) to be held at 10:00 am on Wednesday, 31 July 2024. Shareholders listed in the shareholder register as of Friday, 26 July 2024, will be eligible to vote at the Annual General Meeting (AGM).

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares (dematerialised shares) through a Central Securities Depository Participant (CSDP) or broker, as the case may be unless you are recorded on the sub-register as an own-name dematerialised shareholder. Generally, you will not be an own-name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the Company's sub-register.

This proxy form is only for use by certificated, own-name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the Company's sub-register as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy (who need not also be a shareholder of the Company) to attend, participate in and speak and vote in place of that shareholder at the AGM, and any adjournment after that.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly in the exercise of your rights as a shareholder at the AGM;
- The appointment of the proxy is revocable; and
- You may revoke the proxy appointment by:
- (i) Cancelling it in writing, or making a later inconsistent appointment of a proxy; and

(ii) Delivering a copy of the revocation instrument to the proxy and the Company.

Please note that any shareholder of the Company that is a company may authorise any person to act as its representative at the AGM. Please also note that Section 63(1) of the Companies Act, 2008 requires that persons wishing to participate in the AGM (including the abovementioned representative) provide satisfactory identification before participating.

Note that voting will be performed through a poll, so each shareholder present or represented by proxy will be entitled to vote.

I/We	Address:
Contact telephone number:	
Being the holder/s of	ordinary shares in the Company, hereby appoint:
1.	or failing him/her,
2.	or failing him/her,
3.	the Chair of the AGM,

as my/our proxy to participate in and vote at the meeting in my/our place and on my/our behalf at the AGM, which will be held to consider and, if deemed fit, pass the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s, per the instructions set out below.

My/our proxy may delegate to another person their authority to act on my behalf at the AGM, provided that my/our proxy:

- May only delegate their authority to act on my behalf at the AGM to a director of the Company; and
- Must provide written notification to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of their authority to participate on my behalf at the AGM; and
- Must provide their delegee with a copy of their authority to delegate their authority to participate on my behalf at the AGM.

FORM OF PROXY continued

Number of votes (one vote per ordinary share)	For	Against	Abstain
ORDINARY RESOLUTION NUMBER 1: Adoption of Annual Financial Statements as at 29 February 2024			
ORDINARY RESOLUTION NUMBER 2: Appointment of the auditors and designated auditor			
ORDINARY RESOLUTION NUMBER 3: Re-election of Mr Nestadt as a director			
ORDINARY RESOLUTION NUMBER 4: Re-election of Mr Mthimunya as a director			
ORDINARY RESOLUTION NUMBER 5: Re-election of Mr Kobue as a director			
ORDINARY RESOLUTION NUMBER 6: Appointment of Audit and Risk Committee member Ms Coovadia			
ORDINARY RESOLUTION NUMBER 7: Appointment of Audit and Risk Committee member Ms Sithebe			
ORDINARY RESOLUTION NUMBER 8: Appointment of Audit and Risk Committee member Mr Mthimunya			
ORDINARY RESOLUTION NUMBER 9: Appointment of Audit and Risk Committee member Ms Masondo			
ORDINARY RESOLUTION NUMBER 10.1: Approval of remuneration policy			
ORDINARY RESOLUTION NUMBER 10.2: Approval of implementation report			
SPECIAL RESOLUTION NUMBER 1: Approval of directors' remuneration			
SPECIAL RESOLUTION NUMBER 2: Approval loans or other financial assistance			
ORDINARY RESOLUTION NUMBER 11: General authority over unissued shares			
ORDINARY RESOLUTION NUMBER 12: General authority to issue shares for cash			
ORDINARY RESOLUTION NUMBER 13: Authority any director or Company Secretary to sign documents			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you want to cast your votes to fewer shares than you own in the Company, insert the number of shares held concerning which you desire to vote.

Signed at _____ on _____

Signature: _____ Telephone number: _____

NOTES TO THE FORM OF PROXY

Summary of shareholders' rights in respect of proxy appointments as contained in Section 58 of the Companies Act, 2008

Please note that in terms of Section 58 of the Companies Act, 2008:

This proxy form must be dated and signed by the shareholder appointing the proxy;

You may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in and speak and vote at the Annual General Meeting on your behalf;

Your proxy may delegate their authority to act on your behalf to another person, subject to any restriction set out in this proxy form;

This proxy form must be delivered to the Company or the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the AGM;

The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the AGM;

The appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;

As the appointment of your proxy is revocable, you may revoke the proxy appointment by:

- (i) Cancelling it in writing or making a later inconsistent appointment of a proxy; and
- (ii) Delivering a copy of the revocation instrument to the proxy and the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of (i) the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;

If this proxy form has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act, 2008 or the Company's Memorandum of Incorporation to be delivered by the Company to you will be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so;

Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the AGM, but only as directed by you on this proxy form and

The appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof or for 6 (six) months, whichever is shortest, unless you revoke it before then on the basis set out above.

1. Only shareholders listed in the shareholder register as of Friday, 26 July 2024, will be eligible to vote at the AGM to which this proxy forms part.
2. The person whose name stands first on the proxy form and who participates at the AGM will be entitled to act as a proxy to exclude those whose names follow after that.
3. If no proxy is inserted in the spaces provided, then the Chair shall be deemed to be appointed as the proxy to vote or abstain as the Chair deems fit.
4. Inserting the relevant number of votes exercisable by that shareholder in the appropriate box provided must indicate a shareholder's instructions to the proxy. Suppose there is no clear indication of the voting instructions for the proxy. In that case, the proxy form will be deemed to authorise the proxy to vote or abstain from voting at the AGM as they consider fit concerning all the shareholders' votes exercisable thereat.
5. A shareholder or their proxy is not obliged to use all the votes exercisable by the shareholder or their proxy. Still, the total number of votes cast and the amount of abstentions recorded may not exceed the total number of votes exercised by the shareholder or their proxy.
6. Proxy forms must be lodged at the Head Office of the Company, 23 Stag Road, Midrand or posted to the Company

Secretary at PO Box 260362, Excom, 2024, or lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132).

7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company Secretary or waived by the Chair of the AGM if he is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered in the Company's sub-register voting on instructions from beneficial owners of shares registered in the Company's sub-register are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies. Still, any such alteration or correction will only be valid if the Chair accepts it.
9. Their parent or guardian must assist a minor unless the relevant documents establishing their legal capacity are produced or registered by the Company Secretary.

SHAREHOLDERS' DIARY

Annual General Meeting

Wednesday, 31 July 2024

Reports

Full-year results to 29 February 2024
Publication of IAR
Interim results to 31 August 2024
Full-year results to 28 February 2025

Friday, 31 May 2024
Friday, 28 June 2024
Friday, 1 November 2024
May 2025

Trading updates

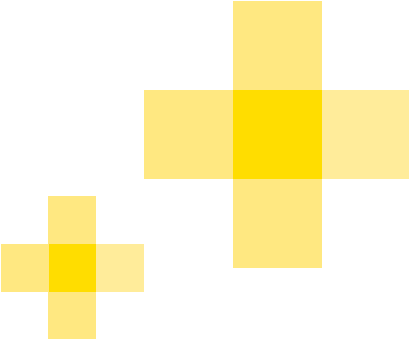
Festive season trading update

February 2025

Dividends

Declaration and finalisation date
Last day to trade cum dividend on the JSE: FY2024 final dividend
First trading day ex-dividend on the JSE
Record date
Payment date: FY2024 final dividend
Last day to trade cum dividend on the JSE: FY2025 interim dividend
Payment date: FY2025 interim dividend

Friday, 31 May 2024
Tuesday, 18 June 2024
Wednesday, 19 June 2024
Friday, 21 June 2024
Monday, 24 June 2024
November 2024
November/December 2024



ABBREVIATIONS

AFS	Annual Financial Statements
AGM	Annual General Meeting
CAMs	Complementary and Alternative Medicines
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIIO	Chief Information and Innovation Officer
COBIT	Control Objectives for Information Technologies
CSR	Corporate Social Responsibility
DC	Distribution Centre
DOH	Department of Health
DSP	Designated Service Provider
EDLP	Everyday Low Price
ETI	Employment Tax Incentive
EXCO	Executive Committee
EY	Ernst & Young
FSP	Forfeitable Share Plan
GDP	Gross Domestic Product
HPCSA	Health Professions Council of South Africa
IAR	Integrated Annual Report
IR	Integrated Reporting

IRBA	The Independent Regulatory Board for Auditors
ISACA	Information Systems Audit and Control Association
IT	Information Technology
JSE	Johannesburg Stock Exchange
LTI	Long-Term Incentive
MOI	Memorandum of Incorporation
NHI	National Health Insurance
POPIA	Protection of Personal Information
PwC	PricewaterhouseCoopers
SAHPRA	South African Health Products Regulatory Authority
SAR	Share Appreciation Rights
SDGs	Sustainable Development Goals
SENS	Stock Exchange News
SEP	Single Exit Price
STI	Short-Term Incentive
TGP	Total Guaranteed Package
TLC	The Local Choice

DEFINITIONS AND FORMULAS

Gross profit margin

A financial metric is used to assess the Group's financial health and business model by determining the amount of money left over from revenue after deducting the cost of goods sold (COGS).

Calculation

$$\frac{(\text{Revenue}-\text{COGS})}{\text{Revenue}}$$

Headline earnings

A measurement of the Group's earnings is based solely on operational and capital investment activities, i.e., it excludes exceptional and once-off profits and losses.

Headline earnings per share (HEPS)

The per-share value of the headline earnings attributable to holders of the Group.

Calculation

$$\frac{\text{Headline earnings}}{\text{WANOS}}$$

Integrated Annual Report

A concise communication about how the Group's strategy, governance, performance and prospects lead to value creation over the short-, medium-, and long-term.

Integrated Reporting

A process that results in communication about the Group's value creation over time.

IFRS® Accounting Standards

Standards specifying how companies must maintain and report their accounts, defining types of transactions and other events with financial impact.

Inventory days

An efficiency ratio that measures the average number of days the company holds its inventory before selling it i.e., the number of days that funds are tied up in inventory.

Calculation

$$\frac{\text{Average inventory}}{\text{Cost of goods sold} \times 365}$$

King Code of Corporate Governance

A code that sets out what ethical and effective leadership is.

Like-for-like revenue growth

A measure of growth in sales, adjusted for new or divested businesses. Dis-Chem considers stores open for at least two full financial years.

Materiality

An accounting standard can be ignored if the net impact of doing so has such a small impact on the financial statements that a user will not be misled.

Net asset value per share-actual shares at year-end

Calculation

$$\frac{\text{Total assets}-\text{total liabilities}}{\text{Actual number of shares outstanding}}$$

Net asset value per share–WANOS

$$\frac{\text{Total assets}-\text{total liabilities}}{\text{WANOS}}$$

Net working capital days

The average number of days the Group takes to convert working capital into revenue.

Calculation

$$\text{Debtor days}+\text{inventory days}-\text{creditor days}$$

Operating margin

A measure of profitability that indicates how much of each Rand of revenue is left over after both the cost of goods sold and operating expenses are considered.

Calculation

$$\frac{\text{Operating profit}}{\text{Revenue}}$$

Return on capital employed (ROCE)

Determines a company's profitability after considering the amount of capital used.

Calculation

$$\frac{\text{EBIT}}{\text{Capital Employed}}$$

Return on equity (ROE)

A measure of profitability that calculates how many Rands of profit a company generates with each Rand of shareholders' equity.

Calculation

$$\frac{\text{Net income attributable to equity holders}}{\text{Average shareholders' equity}}$$

Return on invested capital (ROIC)

The percentage return made over invested capital

Calculation

Net income-dividend
Debt+Equity

Sustainable Development Goals

A collection of 17 global goals designed to be a blueprint for achieving a better and more sustainable future for all.

Weighted average number of shares (WANOS)

The number of shares at year-end, considering any changes in the number of outstanding shares over the specific reporting period.

CORPORATE INFORMATION

Dis-Chem Pharmacies Limited

Registration number 2005/0097/66/06
JSE code: DCP
ISIN: ZAE000227831

Registered office

23 Stag Road
Glen Austin
1685
South Africa

Company Secretary

NJ Lumley
nikki@dischem.co.za

Registered auditors

Mazars
Mazars House
54 Glenhove Road
Melrose Estate
Johannesburg
2196
South Africa

Sponsor

The Standard Bank of South Africa Limited
3rd Floor, East Wing
30 Baker Street
Rosebank
2196
Johannesburg
South Africa

Contact details

Tel: 010 589 2200
www.dischemgroup.com
www.dischem.co.za

Investor relations

Leandri van Jaarsveld
investorrelations@dischem.co.za

Transfer secretaries

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
South Africa

This image shows a single sheet of white paper with horizontal green ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

This image shows a single sheet of white paper with horizontal green ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

This image shows a single sheet of white paper with horizontal green ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

