Dis-Chem
PHARMACIES

BETTER HEALTH STARTS HERE

GROUP AND COMPANY AUDITED ANNUAL FINANCIAL STATEMENTS 2024

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

DIS-CHEM PHARMACIES LIMITED
REGISTRATION NUMBER 2005/009766/06

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the Group and company's audited annual financial statements of Dis-Chem Pharmacies Limited, comprising the statements of financial position at 29 February 2024, and the statements of comprehensive income, changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements which include a summary of material accounting policies and other explanatory notes, prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), its IFRIC® interpretations issued by the IFRS Interpretations Committee (Committee) and Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listings Requirements and the Companies Act of South Africa. The annual financial statements are therefore based upon appropriate accounting policies that present fairly the financial position, financial performance and cash flows of the Group and company, consistently applied and supported by reasonable and prudent judgements and estimates.

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the Group and company annual financial statements and related financial information included in this report. It is their responsibility to ensure that the Group and company annual financial statements fairly present the state of affairs of the Group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Group and company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and company and all employees are required to maintain the highest ethical standards in ensuring the Group and company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and company. While operating risk cannot be fully eliminated, the Group and company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the Group and company annual financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group and company's cash flow forecast for the year to 28 February 2025 and beyond, and other appropriate information. The directors have also considered forecasts and budgets for a 12-month period from the approval of these financial statements. In the light of this review and the current financial position, they are satisfied that the Group and company have access to adequate resources to continue in operational existence for the foreseeable future, and have thus considered it to be a going-concern. The external auditors are responsible for independently auditing and reporting on the Group and company annual financial statements. The Group and company annual financial statements have been audited by the company's external auditors and their report is presented on pages 8 to 11.

CEO and CFO certification

Each of the directors, whose names are stated below, hereby confirm that:

a) the annual financial statements set out on pages 2 to 88, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e) where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and have taken the necessary steps to remedy the deficiencies; and
f) we are not aware of any fraud involving directors.

The annual financial statements set out on pages 2 to 88, were approved by the Board of Directors on 30 May 2024 and were signed on its behalf by:

Rui Manuel Morais	**Julia Denise Pope**
Chief Executive Officer	*Chief Financial Officer*

The annual financial statements have been prepared under the supervision of Ms Julia Pope CA(SA), the Chief Financial Officer of the Group and company.

COMPANY SECRETARY CERTIFICATION

In terms of section 88(e) of the Companies Act of South Africa, No.71 of 2008 (the Act), as amended, I, Nikki Lumley, in my capacity as Company Secretary of Dis-Chem Pharmacies Limited, confirm that, to the best of my knowledge and belief, in respect of the year under review, Dis-Chem Pharmacies Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company.

N J Lumley

Nikki Lumley
Company Secretary

Date: 30 May 2024

REPORT OF THE DIRECTORS

for the year ended 29 February 2024

Review of activities

Main business and operations

The Group and company is engaged in the retailing and wholesale of affordable healthcare products and pharmaceuticals.

The operating results and state of affairs of the Group and company are fully set out in the attached annual financial statements.

The Group is pleased with the performance of its businesses considering the constrained consumer environment.
The continued focus on Return on Invested Capital (ROIC) has driven cash generated from operations and positions the Group well to take advantage of it's longer term strategic initiatives.

Additional information is also available on the Dis-Chem website and SENS announcements.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors have reviewed and considered all relevant information to support their view that the Group and company is a going concern, and will continue to operate as such in the foreseeable future.

Authorised and issued share capital

During the current and prior year there has been no change to the issued or authorised share capital.

Refer to note 19 for the share capital analysis.

Dividends

In the current year, an interim dividend of 23.24348 cents per shares or R199 million was declared on 1 November 2023 and paid on 27 November 2023. A final dividend of 22.49300 cents per share or R193 million was approved by the directors on 30 May 2024. The dividend will be subject to the South African dividend withholding tax ("DWT") rate of 20% which will result in a net dividend of 17.99440 cents per share to those shareholders who are not exempt from paying dividend tax.

In the prior year, an interim dividend of 28.11861 cents per shares or R242 million was declared on 1 November 2022 and paid on 28 November 2022. A final dividend of 18.45305 cents per share or R159 million was approved by the directors on 18 May 2023 and paid on 12 June 2023.

Refer to note 21 for the dividend per share analysis.

Events after reporting period

The directors are not aware of any additional material matter or circumstance arising since the end of the financial year up to the date of this report that would require amendment or additional disclosure in these annual financial statements, except that disclosed in note 31.

Special resolutions

Special resolutions passed during the current year:

Special resolution 1: Authorisation of non-executive directors' fees

Special resolution 2: Authorisation of direct or indirect financial assistance in regards to section 44 and 45 of the Companies Act.

Special resolutions passed during the prior year:

Special resolution 1: Authorisation of non-executive directors' fees

Special resolution 2: Authorisation of direct or indirect financial assistance in regards to section 44 and 45 of the Companies Act.

Borrowing limitations

In terms of the Memorandum of Incorporation of the companies within the Group, the directors may exercise all the powers of the Group to borrow money, as they consider appropriate.

Subsidiary companies/Group structure

Refer to note 4 in the annual financial statements.

Directors

Non-executive directors

LM Nestadt (Independent)	(South African)
A Coovadia (Independent)	(South African)
JS Mthimunye (Independent)	(South African)
A Sithebe (Independent)	(South African)
KDD Kobue	(South African)
H Masondo (Independent)	(South African)

Executive directors

IL Saltzman	(South African)
RM Morais	(South African)
JD Pope (Appointed 1 July 2023)	(British)
SE Saltzman	(South African)
SRN Goetsch	(South African)

External auditors

Mazars, with Danielle Keeve as the signing partner, was re-appointed as the external auditor at the Annual General Meeting on 29 July 2023.

Directors' and prescribed officers' interest in shares and contracts

There are no material contracts involving directors' interests except the items disclosed in note 28, Related party transactions. Direct and indirect shares held by the directors as at 29 February are as follows:

	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.

Secretary

N Lumley

Registered office

23 Stag Road
Midrand
1685

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is constituted as a committee of the Dis-Chem Board in accordance with the company's Memorandum of Incorporation, and section 84(4)(c) of the Companies Act, 2008. The committee has a documented terms of reference under which it operates and which has been approved by the Board. This report is presented to shareholders in compliance with the requirements of the Companies Act of South Africa, JSE Listing Requirements and the King Code of Governance Principles.

Composition

The committee comprises of five directors, with suitable qualifications, all of whom are non-executive directors of the company. The following non-executive directors served on the committee during the financial year under review:

- JS Mthimunye (Chairman)
- A Coovadia
- A Sithebe
- KDD Kobue (non-voting member)
- H Masondo

The executive directors, external audit, internal audit and senior management have a standing invitation to attend meetings of the committee. The committee also meets separately with the external auditors, internal auditors and senior management as required.

At each annual general meeting the Board presents the shareholders with at least three suitable candidates from amongst the independent non-executive directors, on recommendation by the Nomination Committee, for election as committee members. The Board has the power at all times to appoint, remove and replace any member from the committee.

Role and responsibilities of the committee

The committee has the following specific responsibilities:

Integrated reporting

The committee oversees integrated reporting, and in particular the committee must:

- have regard to all factors and risks that may impact on the integrity of the integrated report;
- review the annual financial statements, interim reports, condensed or summarised result announcements, summarised integrated information, any other intended release of price-sensitive information, circulars and prospectuses, trading statements and similar documents;
- comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls of the company;
- consider the frequency for issuing interim results and whether the external auditors should perform assurance procedures on the interim results;
- review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- recommend to the Board the engagement of an external assurance provider on material sustainability issues;
- recommend the integrated report for approval by the Board; and
- consider the latest JSE proactive monitoring report.

Combined assurance

The committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the committee should:

- ensure that the combined assurance received is appropriate to address all the significant risks facing the company via suitable mitigating controls;
- provide an effective counterbalance to executive management, thereby upholding the independence of internal and external assurance providers, to enhance effectiveness; and
- monitor the relationship between the external assurance providers and the company.

Finance function and financial director

The committee:

- reviews the expertise, resources and experience of the company's finance function, and disclose the results of the review in the integrated report; and
- considers and satisfies itself as to the suitability of the expertise and experience of the chief financial officer every year and confirm this in the integrated report.

External audit

The committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the committee:

- nominates the external auditor (a registered auditor), who in the opinion of the committee, is independent of the company, for appointment by the shareholders;
- approves the terms of engagement and remuneration for the external audit engagement;
- monitors and reports on the independence of the external auditor in the annual financial statements;
- ensures that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- defines a policy for non-audit services and pre-approve the contracts for non-audit services to be rendered by the external auditor;
- ensures that there is a process for the committee to be informed of any issues identified and reported by the external auditor; and
- reviews the quality and effectiveness of the external audit process.

AUDIT AND RISK COMMITTEE REPORT continued

Internal audit

The committee is responsible for overseeing the internal audit function, and in particular the committee:

- is responsible for the appointment, performance assessment and/or dismissal of the head of internal audit or the outsourced service provider;
- reviews and approves the internal audit plan;
- annually reviews and approves the internal audit charter;
- receive and deal appropriately with concerns or complaints, including those on its initiative relating to the accounting practices and internal audit of the company; the content or auditing of the company's financial statements; the internal financial controls of the company or any related matter;
- review and confirm the independence of the internal audit function on an annual basis; and
- ensure that the internal audit function is subject to an independent quality review, as and when the committee determines it appropriate.

Risk management

The committee is an integral component of the risk management process and specifically the committee must oversee financial reporting risks; internal financial controls; fraud risks as it relates to financial reporting; and IT risks as it relates to financial reporting. The committee performs all the functions necessary to fulfil its risk management role including the following:

- ensuring the establishment of an independent risk function at a Group level;
- overseeing the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
- making recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
- ensures that risk management assessments are performed on a continuous basis and at least once a year;
- ensures that management considers and implements appropriate risk responses;
- ensures that continuous risk monitoring by management takes place;
- expresses the committee's formal opinion to the Board on the effectiveness of the system and process of risk management;
- reviews reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant; and
- ensures that a risk register is maintained by management and provided to the Board regularly.

Financial reporting and financial control

The committee:

- evaluates the adequacy and effectiveness of the accounting policies adopted by the company in terms of IFRS Accounting Standards, JSE Listings Requirements and other legal requirements;
- considers the adequacy and clarity of disclosures in the financial statements;
- reviews the effectiveness of financial management and the quality of internal accounting control systems and reports produced by financial management;
- concludes and reports annually to stakeholders and the Board on the effectiveness of internal financial controls;
- reviews the impact of new financial systems, tax and litigation matters on financial reporting;
- reviews the company's interim and audited annual financial statements, interim announcements, dividend announcements, and all financial information, including non-financial information in the integrated report, for distribution to shareholders and the general public, prior to submission to the Board or publication and confirm that the annual financial statements present a balanced and understandable assessment of the company's position, performance and prospects; and
- reviews the basis on which the company has been determined a going concern and make a recommendation to the Board.

Evaluation of Chief Financial Officer and finance function

The committee is satisfied as to the expertise, resources and experience of the company's finance division and the appropriateness of the experience and expertise of the Chief Financial Officer. It is satisfied that the composition of the finance function meets the Group's requirements.

Independence and evaluation of external auditors

The committee appraised the independence, quality and effectiveness of the external audit function. Part of this process was to obtain confirmation from the external auditors that the firm, partner and staff responsible for the audit comply with all legal and professional requirements in regard to independence. The committee also approved the fees paid to the external auditors.

The committee confirmed its satisfaction with the independence and level of service rendered by the external auditor, Mazars, for the 2024 financial year. The external auditors and the audit partner, Danielle Keeve, have been the auditors of the Group for three years. The rotation of the partner will occur at least every five years.

The committee has requested and reviewed the following in order to ensure the suitability of the external audit firm and partner:

- latest inspection reports, decision letters and remedial actions to address IRBA findings and all other file reviews;
- summary internal monitoring review procedures performed, conclusions drawn as well as any significant deficiencies and steps taken to resolve them; and
- outcome of any legal or disciplinary proceedings concluded or settled with a fine within 7 years.

The appointment of the external auditors will be tabled as a resolution at the next annual general meeting.

Policy on non-audit services

The committee has formulated a policy to manage and approve non-audit services. Non-audit services provided by the external auditors (Mazars) in the current financial year amounted to R15,000 (2023: R0.4 million).

Internal financial controls

The committee is satisfied that internal financial controls have been put in place and no material matter has come to the attention of the committee that has caused the directors to believe that the internal financial controls cannot be relied upon to compile the financial statements of the Group and company.

Internal audit and combined assurance

PricewaterhouseCoopers was appointed as the Group's internal auditors in March 2017. They fulfil an assurance and consulting function, which is mandated to provide independent and objective assurance on Dis-Chem's internal controls system. They employ a systematic and disciplined approach when evaluating the effectiveness of risk management, control and governance processes. Internal Audit activities include highlighting process improvements and providing assurance to the Group's stakeholders that the organisation operates responsibly. They report to the Audit and Risk Committee and assist the committee in effectively discharging the responsibilities delegated to it by the Board. This is achieved through independent financial, IT, compliance, and operational process reviews.

The committee is satisfied that the Combined Assurance Model enabled a sufficiently coordinated approach to assurance and that the level of assurance from the internal and external assurance providers, was adequate and effective.

Execution of functions of the Audit and Risk Committee

The committee is satisfied that, in respect of the period under review, it has conducted its affairs and discharged its duties and responsibilities in accordance with its terms of reference, the Companies Act of South Africa, JSE Listing Requirements and King Code of Governance Principles.

J Mthimunye
Audit and Risk Committee Chairman

30 May 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dis-Chem Pharmacies Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Dis-Chem Pharmacies Limited (the group and company) set out on pages 12 to 86, which comprise the consolidated and separate statements of financial position as at 29 February 2024, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Dis-Chem Pharmacies Limited as at 29 February 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

<table>
<tr><th>Matter</th><th>Audit response</th></tr>
<tr><td>

Impairment assessment of goodwill (notes 3.2 and 13 in the consolidated financial statements)

As required by both the applicable accounting standards and the group's accounting policy (note 3.2), goodwill is tested for impairment by assessing the recoverable amount of the cash–generating units (CGUs) to which the goodwill relates.

The recoverable amount is determined as the higher of the fair value less cost of disposal and the value-in-use for each CGU. The value-in-use is determined by estimating the expected future cash flows in each unit and determining a suitable discount rate to calculate the present value of those cash flows.

There are several assumptions made in estimating the expected future cash flows, in calculating the discount rates and perpetuity growth rate used in the forecast models. Assumptions by their nature are a significant area of judgement.

We have determined the above to be a key audit matter, due to the extensive audit effort to evaluate the assumptions and judgments applied by management with regard to projected cash flow forecasts.

</td><td>

Our audit approach involved critical assessment, with the assistance of our corporate finance specialists, as to whether the model used by management to calculate the value-in-use of the specified individual cash-generating units (CGUs) and the assessment of the recoverable amount is consistent with the requirements of IAS 36 – Impairment of Assets, and the accounting policy.

We obtained the value-in-use calculations per CGU from Dis-Chem management and performed the following procedures:

- Evaluated the identification of the cash-generating units to which the goodwill was allocated.
- Critically assessed whether the methodology of the model used by management to calculate the value-in-use of the individual CGUs is consistent with the requirements of IAS 36 Impairment of Assets and industry best practice.
- Re-calculated the carrying value of each CGU to ensure mathematical accuracy.
- Reviewed the reasonability of the discount rates by assessing the assumptions made by management in relation to current market data, surveys, and prevailing borrowing rates.
- Reviewed the reasonability of the perpetuity growth rate by assessing the assumptions made by management in relation to current market data and forecasted GDP growth and inflation rates.
- Compared the future projected cash flows used in the models against past historical achieved results of the group after adjusting for current and forecasted macroeconomic trends that may impact historical trends.
- Compared the future projected cash flows used in the models against actual results of the group achieved after year-end.
- Assessed the appropriateness and reasonability of assumptions made in the projected cash flow forecasts.
- Subjected key assumptions relating to discount rates to sensitivity analysis.
- Discussed with management the reasons for material deviations in recalculated recoverable amounts identified and corroborated with supporting documentation where appropriate.

</td></tr>
</table>

INDEPENDENT AUDITORS REPORT continued

Matter	Audit response

Rebates (notes 3.6, 8 and 16)
 	
As described in significant accounting estimates, judgements, and assumptions in note 3.6, and as disclosed in notes 8 and 16, the group and company recognise a reduction in the cost of inventory or separately as other income amounts receivable from suppliers with regards to rebates and advertising agreements.
 	
The reduction in the cost of inventory primarily comprises of contributions received in relation to:
• Retail business promotions
• Annual volume-based rebates
• Wholesale logistic rebates
• Other general rebates
 	
Agreements for rebates and advertising differ in targets, percentages applied and relate to different periods for each supplier and are renegotiated on a regular basis.
 	
The calculations of the rebates and advertising agreement receivables are, with the exception of conditional contracts, not automated and are managed centrally. Due to the large volume and variety of trade term agreements we considered that the completeness, occurrence and accuracy of rebate and advertising agreement receivables required significant audit attention.
	Our audit procedures included the following:
	• Gained an understanding of the effect of rebates and income earned from suppliers on the reduction in the cost of inventories as well as of the system for recording rebate and advertising income.
	• Evaluated the accuracy, cut-off and occurrence of the rebates and advertising agreement receivables by performing the following procedures on manually calculated transactions:
	  • Traced a sample of transactions through to signed supplier trade term contracts, related invoices, and proof of settlement to establish the occurrence of the transaction.
	  • Re-performed the calculations obtained from management with reference to the underlying data, and the contractual performance obligations to assess the accuracy of the transactions.
	  • Confirmed with reference to the trade term contracts whether the rebates and advertising agreement receivables were accounted for in the correct financial period.
	• Obtained supporting documentation for any reconciliation differences on the recording of rebates and advertising agreement receivables in the general ledger.
	• Performed an application control test over the completeness and accuracy of data used for the calculation of transactions relating to conditional contracts.
	• A sample of conditional contracts were selected to confirm that the contract is valid and that the terms uploaded into the system are accurate.
	• Compared the current year rebates and advertising contracts to the supplier vendor listing to assess completeness and inspected evidence for missing and new suppliers.
	• Assessed the reasonability of the effect of rebates on valuation of unsold inventory at year end.
	• Assessed the classification of the rebates and advertising agreement receivables as other income or a deduction in cost of inventory in terms of the requirements of IAS2 Inventories.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Dis-Chem Pharmacies Limited Annual Financial Statements for the year ended 29 February 2024”, which includes the Report of the Directors, the Audit and Risk Committee Report and the Company Secretary Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Dis-Chem Pharmacies Limited for three years.

Mazars

Mazars
Registered Auditors
Partner: Danielle Keeve
Registered Auditor

Date: 30 May 2024
Address: Johannesburg

GROUP AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 29 February 2024

	Notes	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company Restated* 2023 R'000
Revenue from contracts with customers	7	**36 283 476**	32 663 513	**23 935 471**	22 395 391
Cost of sales	16	**(28 066 929)**	(25 076 217)	**(18 707 550)**	(17 470 500)
Gross profit		**8 216 547**	7 587 296	**5 227 921**	4 924 891
Other income	8	**2 907 844**	2 586 591	**2 433 152**	2 179 764
Total income		**11 124 391**	10 173 887	**7 661 073**	7 104 655
Other expenses	8	**(9 345 144)**	(8 429 702)	**(6 427 481)**	(5 825 480)
Operating profit before interest and equity accounted earnings		**1 779 247**	1 744 185	**1 233 592**	1 279 175
Net financing costs	9	**(439 936)**	(350 236)	**(378 086)**	(350 593)
– Finance income		**26 297**	20 210	**24 184**	10 020
– Finance costs		**(466 233)**	(370 446)	**(402 270)**	(360 613)
Profit from associates and joint ventures	4	**45 270**	22 779	**–**	–
Profit before taxation		**1 384 581**	1 416 728	**855 506**	928 582
Taxation	10	**(364 093)**	(389 181)	**(184 006)**	(204 165)
Total profit for the year, net of taxation		**1 020 488**	1 027 547	**671 500**	724 417
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	**671 500**	724 417
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)	11				
– Basic		**114.7**	116.3		
– Diluted		**114.7**	116.3		

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

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

at 29 February 2024

		Group		Company		
					*Restated	*Restated
		2024	2023	2024	2023	1 March 2022
	Notes	R'000	R'000	R'000	R'000	R'000
ASSETS						
Non-current assets		**6 578 031**	6 067 828	**5 793 319**	5 272 926	5 019 123
Property, plant and equipment (including right-of-use assets)	12	**4 799 705**	4 429 226	**2 300 684**	2 445 844	2 199 487
Intangible assets	13	**1 335 134**	1 270 255	**250 070**	222 431	255 209
Investments	4/15	**208 221**	194 403	**2 595 721**	2 522 149	2 504 149
Loans receivable	18	**68 603**	–	**576 177**	–	–
Deferred taxation	14	**166 368**	173 944	**70 667**	82 502	60 278
Current assets		**10 922 955**	9 447 980	**4 635 985**	4 263 620	4 395 880
Inventories	16	**7 162 558**	6 356 781	**2 779 046**	2 371 067	2 182 051
Trade and other receivables	17	**2 731 553**	2 583 384	**1 389 851**	1 467 054	1 189 202
Loans receivable	18	**126 111**	214 062	**370 473**	315 005	467 936
Taxation receivable	27.3	**18 362**	6 368	**-**	–	–
Cash and cash equivalents	27.7	**884 371**	287 385	**96 615**	110 494	556 691
Total assets		**17 500 986**	15 515 808	**10 429 304**	9 536 546	9 415 003
EQUITY AND LIABILITIES						
Equity and reserves		**4 472 124**	3 900 395	**3 682 559**	3 402 346	3 101 466
Share capital	19	**6 155 554**	6 155 554	**6 155 554**	6 155 554	6 155 554
Retained earnings		**2 965 235**	2 354 837	**1 449 726**	1 138 746	836 026
Other reserves	20	**(4 648 665)**	(4 609 996)	**(3 922 721)**	(3 891 954)	(3 890 114)
Non-controlling interest		**2 817**	32 085	**-**	–	–
Total equity		**4 474 941**	3 932 480	**3 682 559**	3 402 346	3 101 466
Non-current liabilities		**3 842 967**	3 232 905	**2 264 093**	1 627 895	1 972 577
Lease liability	22	**2 486 298**	2 660 592	**1 457 182**	1 607 784	1 500 932
Loans payable	23	**1 282 337**	501 479	**806 911**	20 111	471 645
Deferred taxation	14	**74 332**	70 834	**-**	–	–
Current liabilities		**9 183 078**	8 350 423	**4 482 652**	4 506 305	4 340 960
Trade and other payables	24	**6 863 682**	6 103 666	**2 624 659**	2 130 514	2 707 430
Lease liability	22	**581 827**	567 043	**410 500**	402 426	331 841
Loans payable	23	**488 341**	797 475	**864 378**	1 199 806	689 487
Employee-related obligations	25	**265 241**	292 871	**208 711**	242 158	209 647
Deferred revenue (contract liability)	26	**83 897**	77 170	**72 317**	67 363	69 716
Contingent consideration		**-**	–	**-**	–	7 984
Taxation payable	27.3	**48 947**	64 644	**20 473**	16 390	27 925
Bank overdraft	27.7	**851 143**	447 554	**281 614**	447 648	296 930
Total equity and liabilities		**17 500 986**	15 515 808	**10 429 304**	9 536 546	9 415 003

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

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2024

	Notes	Share capital R'000	Retained earnings R'000	Other reserves: Treasury shares R'000	Other reserves: Other reserves R'000	Non-controlling interest R'000	Total 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	19	–	–	(28 527)	–	–	(28 527)
Share-based payment expense	20	–	–	–	21 450	–	21 450
Exercise of share-based payment		–	(5 868)	16 082	(10 845)	–	(631)
Dividends paid	21	–	(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	19	**–**	**–**	**(65 485)**	**–**	**–**	**(65 485)**
Share-based payment expense	20	**–**	**–**	**–**	**24 232**	**–**	**24 232**
Exercise of share-based payment		**–**	**(2 404)**	**20 016**	**(17 612)**	**–**	**–**
Dividends paid	21	**–**	**(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**
		(Note 19)		(Note 20)			

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2024

	Notes	Share capital R'000	Retained earnings R'000	Other reserves: Treasury shares R'000	Other reserves: Other reserves R'000	Total R'000
Balance as at 28 February 2022		6 155 554	862 962	(12 170)	(3 867 480)	3 138 866
Restated due to common control transaction	32	–	(26 936)	–	(10 464)	(37 400)
Balance at 1 March 2022 (restated)*		6 155 554	836 026	(12 170)	(3 877 944)	3 101 466
Total comprehensive income for the year (restated)*		–	724 417	–	–	724 417
Treasury shares acquired	19	–	–	(28 527)	–	(28 527)
Share-based payment expense	20	–	–	–	21 450	21 450
Exercise of share-based payment		–	(5 868)	16 082	(10 845)	(631)
Dividends paid	21	–	(415 829)	–	–	(415 829)
Balance at 28 February 2023 (restated)*		**6 155 554**	**1 138 746**	**(24 615)**	**(3 867 339)**	**3 402 346**
Total comprehensive income for the year		**-**	**671 500**	**-**	**-**	**671 500**
Common control adjustment		**-**	**-**	**-**	**8 082**	**8 082**
Treasury shares acquired	19	**-**	**-**	**(65 485)**	**-**	**(65 485)**
Share-based payment expense	20	**-**	**-**	**-**	**24 232**	**24 232**
Exercise of share-based payment		**-**	**(2 404)**	**20 016**	**(17 612)**	**-**
Dividends paid	21	**–**	**(358 116)**	**–**	**–**	**(358 116)**
Balance at 29 February 2024		**6 155 554**	**1 449 726**	**(70 084)**	**(3 852 637)**	**3 682 559**
		(Note 19)		(Note 20)		

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

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 29 February 2024

		Group		Company	
					*Restated
		2024	2023	2024	2023
	Notes	R'000	R'000	R'000	R'000
Cash flow from operating activities		**1 465 878**	853 943	**1 072 169**	304 676
Cash inflow from trading operations	27.1	**2 878 255**	2 782 522	**1 742 042**	1 864 247
Movement in working capital	27.2	**(175 352)**	(718 371)	**68 005**	(659 455)
Leave payment		**-**	(18 687)	**-**	(14 639)
Finance income received		**26 297**	19 155	**24 184**	8 965
Finance costs paid		**(457 381)**	(363 362)	**(394 790)**	(360 211)
Taxation paid	27.3	**(381 614)**	(381 308)	**(168 088)**	(237 924)
Dividends paid	21	**(424 327)**	(466 006)	**(358 116)**	(415 829)
Dividends received	8	**-**	–	**158 932**	119 522
Cash flow from investing activities		**(1 064 742)**	(1 090 644)	**(902 810)**	(318 002)
Additions to property, plant and equipment and intangible assets					
– To maintain operations	12/13	**(158 475)**	(723 329)	**(109 140)**	(118 340)
– To expand operations	12/13	**(868 619)**	(366 619)	**(179 635)**	(193 568)
Proceeds on disposal of property, plant and equipment and intangible assets		**17 100**	22 811	**5 823**	11 906
Increase in investments	15	**-**	–	**(73 572)**	(18 000)
Acquisition in business combination and subsidiaries, net of cash acquired	5	**(55 183)**	(43 525)	**-**	–
Proceeds from joint ventures and associates		**31 452**	19 104	**-**	–
Payment of loans receivable		**(31 017)**	–	**(546 286)**	–
Loss of control in subsidiary	27.5	**-**	(1 191)	**-**	–
Acquisition of additional interest in joint venture	27.6	**-**	2 105	**-**	–
Cash flow from financing activities		**(207 501)**	(203 154)	**(17 204)**	(583 589)
Bank loans repaid	27.8	**(742 740)**	(925 791)	**(39 759)**	(172 260)
Receipt of bank loans	27.8	**1 201 377**	1 316 519	**502 090**	–
Lease liability repayment	27.8	**(586 623)**	(565 355)	**(414 050)**	(382 802)
Purchase of treasury shares	19	**(65 485)**	(28 527)	**(65 485)**	(28 527)
Proceeds from non-controlling interest	27.4	**2 381**	–	**-**	–
Change in ownership interest in subsidiary	27.4	**(16 411)**	–	**-**	–
Net increase/(decrease) in cash and cash equivalents		**193 635**	(439 855)	**152 155**	(596 915)
Foreign currency implications on cash and cash equivalents		**(238)**	(1 167)	**-**	–
Cash and cash equivalents at beginning of year		**(160 169)**	280 853	**(337 154)**	259 761
Cash and cash equivalents at end of year	27.7	**33 228**	(160 169)	**(184 999)**	(337 154)

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

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

1. Corporate information

Dis-Chem Pharmacies Limited is incorporated in South Africa. The Group annual financial statements as at 29 February 2024 comprise the company and its subsidiaries (collectively referred to as "the Group").

2. Basis of preparation

The Group and company annual financial statements set out on pages 2 to 88 are prepared on the historical cost basis as modified by fair value adjustments, and incorporate the following principal accounting policies, which conform with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), its IFRIC® interpretations and Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listings Requirements and the Companies Act of South Africa.

The Group and company annual financial statements are presented in South African Rands and are rounded to the nearest thousand, except where otherwise indicated. The financial statements are prepared on the going concern basis.

3. Summary of material accounting policies

The material accounting policies applied in the preparation of the annual financial statements are set out in the relevant supporting notes, unless no supporting note is presented or it impacts multiple line items. In the latter case they are presented under 3.1 to 3.6 below. These policies have been consistently applied to all the years presented, unless otherwise stated in note 3.7.

3.1 Basis of consolidation

The Group annual consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 29 February 2024.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee; and
- the Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated annual financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.2 Business combinations and goodwill

Business combinations, other than those under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

When the Group/company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's/company's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3 Impairment of non-financial assets

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows per the management accounts for the next five years are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the asset's or CGU's recoverable amount is estimated.
Where an impairment loss subsequently reverses, the carrying amount of an asset (or CGU) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date. Whenever the carrying amount of an asset or its CGU exceeds its recoverable amount, an impairment loss is recognised in profit or loss. As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill, it is allocated to CGUs on a reasonable and consistent basis. The recoverable amount of the CGU (including an allocation of goodwill) is assessed with reference to the future cash flows of the CGU. Where an impairment is identified for a CGU, the impairment is applied first to the goodwill allocated to the CGU and then to other assets on a pro rata basis comprising the CGU, provided that each identifiable asset is not reduced to below its recoverable amount. Any impairment of goodwill will not be subsequently reversed.

3.4 Common control reserve

Common control transactions are accounted for using the pooling of interest method with the difference between the carrying amount of the transferring entity and consideration recognised in a separate reserve in equity. Comparative information is restated where relevant.

3.5 Other reserves

Other reserves relates to equity that is non-operating in nature, for example repurchase of shares, common control reserve, share-based payments and foreign currency translation reserve.

3.6 Significant accounting estimates, judgements and assumptions

The presentation of the results of operations, financial position and cash flows in these annual financial statements of the Group is dependent upon and sensitive to the accounting policies, assumptions and estimates that are used as a basis for the preparation of these financial statements. Management has made certain judgements in the process of applying the Group's accounting policies. These, together with the key assumptions concerning the future, and other key sources of the estimation uncertainty at the reporting date, are discussed.

Advertising agreements

The Group enters into cooperative advertising agreements with its suppliers. A cooperative advertising agreement provides that the manufacturer will participate in the advertising cost of the Group. Significant judgement is required to determine whether the reimbursement of advertising costs received by the Group from the manufacturer should be accounted for as other income or as a reduction against cost of sales. The Group accounts for the reimbursement as part of 'other income' when both of the following criteria are met:

- The manufacturer receives, or will receive, an identifiable advertising service in exchange for the reimbursement. In order to meet this condition, the advertising service must be sufficiently separable from the Group's purchase of the manufacturer's products such that the manufacturer could have entered into an exchange transaction with a party other than a purchaser of its products or services in order to receive that advertising service.
- The Group can reasonably estimate the fair value of the advertising services. If the amount of reimbursement paid by the manufacturer exceeds the estimated fair value of the advertisement services, that excess amount is characterised as a reduction of cost of sales when recognised in the Group's statement of comprehensive income.

Loyalty benefit point scheme

The two key inputs in determining the customer loyalty point liability are the allocation of the transaction price and the redemption rate. The transaction price is allocated to the loyalty points with reference to the Rand value of the points. In terms of the redemption rate, loyalty benefit points are redeemed through additional sales to customers. Historical redemption rates of the points are used to determine the extent to which the points which are accrued by customers are likely to be redeemed and therefore the extent they are provided for. The Group experiences low levels of unredeemed loyalty points due to the ease with which customers can redeem them at point of sale. The points are derecognised upon redemption by the customers. An expiry date of 18 months is applicable from 1 March 2023 for all future points and points existing at 1 March 2023.

Ownership of Dis-Chem Oncology

The group owns 50% of the share capital of Oncology Proprietary Limited but due to the ability to appoint the majority of directors and control the operations of Oncology, the company is consolidated by the Group.

Deferred tax assets – assessed losses

Deferred tax assets are raised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The assessment of future taxable profits is based on forecasted results and the application of existing tax laws. The inputs of forecasted results (such as growth rates, margins and expenditure) align with the Group's annual budgets approved by executive management. To the extent that future results differ significantly from estimates, the ability to realise the deferred tax assets could be impacted.

3.7 New and amended standards and interpretations effective for the period ended 29 February 2024

The following new or revised standards became effective in the current period but had no significant impact on the financial position or performance of the Group or company but additional disclosure has been given where necessary:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Accounting Standards Practice Statement 2 - Accounting policies were reassessed and removed where deemed to no longer be material.
- Definition of Accounting Estimates - Amendments to IAS 8 - These principles were already applied when assessing changes in accounting estimates and policies.
- IAS 12 Income Taxes Amendment - Deferred Tax related to assets and liabilities arising from a single transaction - These principles were already applied when accounting for deferred tax on leases.
- Practice statement 2 making materilaity judgements - These principles were already applied when making judgements.
- IAS 12 Amendment - International Tax Reform- Pillar two model rules - The group only has subsidaries in Botswana and Namibia and therefore this amendment did not impact the group.
- IFRS 17 Insurance Contracts - New standard on insurance contracts - This standard would have been taken into account by relevant associates in the group but did not have a material impact on the group.
- IFRS 4 Insurance Contracts - Extension of the temporary exemption from applying IFRS 9 - This standard would have been taken into account by relevant associates in the group but did not have a material impact on the group.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

3.8 New and amended standards and interpretations not yet effective

The Group and company has not applied various IFRS Accounting Standards and IFRIC interpretations that have been issued, but which are not yet effective, and does not plan on early adoption (unless otherwise stated). These are as follows:

Standard	Scope	Effective Date
Lease Liability in a Sale and Leaseback - Amendment to IFRS 16	The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains. This amendment is not expected to materially impact the Group or Company as there are no current sale and leaseback contracts.	1 January 2024
IFRS 7 Financial Instruments: Disclosures IAS 7 Statement of Cash Flows	Amendment: Supplier finance arrangements requiring disclosure: – to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and – as to whether supplier finance agreements have been accessed providing extended payment terms or early payment terms for suppliers. – to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. This amendment will result in additional disclosure.	1 January 2024
IAS 1 Presentation of Financial Statements	Amendment: Classification of Liabilities as Current or Non-current: – classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period. – classification is unaffected by expectation of settlement. – clarified that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The Group and company does not have convertible liabilities with embedded derivatives, and therefore this aspect of the amendment will not impact the Group or company. Amendment: Classification of Long-term Debt Affected by Covenants: – classify debt as non-current only if the company can avoid settling the debt within 12 months after the reporting date. – specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. – the amendments require a company to disclose the information about these covenants in the notes of the financial statements. The Group and company has loan liabilities that are subject to covenants, and these covenants are tested in February and August each year. For further detail around these loans refer to note 29. Because the current contractual terms require covenants testing at the end of February each year, the loans' classification as current /non-current is not impacted by this amendment. The Group and company will be required to make additional disclosures in the notes to the annual financial statements around the covenants that will be tested at a date after the reporting date, being 31 August in current loan agreements.	1 January 2024

Standard	Scope	Effective Date
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	New Standard: requiring entities to disclose information about sustainability-related risks and opportunities that are useful to users relating to providing resources to the entity. – entities are required to disclose information about sustainability-related risks and opportunities reasonably expected to affect their prospects. – prescribes how the entity prepares and reports its sustainability-related disclosures, setting out general requirements for content and presentation thereof. – to provide an understanding of the entity's governance processes and controls, strategy to manage, identification processes and controls and performance in relation to the sustainability-related risks and opportunities and targets set. This amendment will result in additional disclosure.	1 January 2024 (optional)
IFRS S2 Climate-related Disclosures	New Standard: requiring entities to disclose information about the climate-related risks (physical and transition) an entity is exposed to and the opportunities available to that may be useful to investors and capital providers. – entities are required to disclose information about climate-related risks and opportunities reasonably expected to affect their cash flows, access to finance or cost of capital over the short-, medium- or long-term. – to provide an understanding of the entity's governance processes and controls, strategy, identification processes and controls and performance in relation to the climate-related risks and opportunities and targets set. This amendment will result in additional disclosure.	1 January 2024 (optional)
IFRS 18 Presentation and Disclosure in Financial Statements	New standard: This standard deals with the presentation and disclosure of information in general purpose financial statements; new requirements: – specified totals or subtotals within the statement of comprehensive income; – disclosure of management-defined performance measures; – aggregation and disaggregation of financial information based on the indentified 'roles' of the primary financial statements and the notes; and – consdequential amendments to other accounting standards. This standard will change the disclosure and layout of some statements, management is still assessing the expected impact of adoption.	1 January 2027
IAS 21 The Effect of Changes in Foreign Exchange Rates	Amendment: Lack of Exchangeability – currency exchangeability explained. – requirement to estimate currency that is not exchangeable by using either an observable exchange rate without adjustment or using another estimation – additional disclosure are required when an exchange rate required estimation. This amendment is not expected to materially impact the Group or Company as observable exchange rates are used.	1 January 2025 (Modified retrospective appraoch)
IFRS 19 Subsidaries without Public Accountability: Disclosures	New Standard: This standard allows subsidiary entities within a group to apply IFRS Accounting Standards for recognition and measurement, but limit the disclosure to only those required in or cross referenced to IFRS 19. To qualify for IFRS 19's reduced disclosure framework in the entity's consolidated, separate or individual financial statements, an entity must, at the end of the reporting period: – be a subsidiary – without public accountability; and – having an ultimate or intermediate parent that produces consolidated IFRS Accounting Standards financial statements available for public use. Upon adoption, this amendment will provide disclosure relief for subsidaries, but will not impact the Group or company annual financial statements.	1 January 2027

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

4. Group information

Subsidiaries

The consolidated financial statements of the Group include:
(All companies are incorporated in South Africa except for Dis-Chem Swakopmund Proprietary Limited, Dis-Chem Walvis Bay Proprietary Limited and Dis-Chem Wernhill Proprietary Limited that are incorporated in Namibia and Dis-Chem Airport Junction Proprietary Limited, Dis-Chem Gallo Shopping Centre Francistown Proprietary Limited and Dis-Chem The Fields Proprietary Limited that are incorporated in Botswana).

	% equity interest	
	2024	2023
Retailer of pharmaceutical and other products and services		
Dis-Chem Ballito Junction Proprietary Limited	**75.0**	75.0
Dis-Chem Krugersdorp Proprietary Limited	**51.0**	51.0
Dis-Chem Three Rivers Proprietary Limited	**75.0**	75.0
Dis-Chem The Galleria Amanzimtoti Proprietary Limited	**85.0**	85.0
Dis-Chem Glen Fair Proprietary Limited	**100.0**	100.0
Dis-Chem Flamwood Value Centre Proprietary Limited	**66.7**	66.7
Dis-Chem Festival Mall Proprietary Limited	**100.0**	100.0
Dis-Chem Worcester Proprietary Limited	**95.0**	95.0
The Local Choice Proprietary Limited	**100.0**	100.0
Pharma-Logistical Solutions Proprietary Limited	**100.0**	100.0
Dis-Chem Oncology Proprietary Limited	**50.0**	50.0
Dis-Chem Rynfield Terrace Pharmacy Proprietary Limited (2)	**100.0**	89.3
Dis-Chem Swakopmund Proprietary Limited	**100.0**	100.0
Dis-Chem Walvis Bay Proprietary Limited	**100.0**	100.0
Dis-Chem Maponya Mall Pharmacy Proprietary Limited	**90.0**	90.0
Dis-Chem Jubilee Mall Pharmacy Proprietary Limited	**90.0**	90.0
Dis-Chem Mega City Pharmacy Proprietary Limited (2)	**100.0**	70.0
Dis-Chem Goodwood Pharmacy Proprietary Limited	**85.0**	85.0
Dis-Chem Mams Mall Pharmacy Proprietary Limited	**100.0**	100.0
Dis-Chem TLC De Wiekus Proprietary Limited	**70.0**	70.0
Dis-Chem York Street Pharmacy Proprietary Limited	**100.0**	100.0
Dis-Chem Airport Junction Proprietary Limited (2)	**80.0**	85.0
Dis-Chem Gallo Shopping Centre Francistown Proprietary Limited (2)	**80.0**	85.0
Dis-Chem Wernhill Proprietary Limited	**85.0**	85.0
Dis-Chem Ferndale Mall Pharmacy Proprietary Limited	**100.0**	100.0
Mundel Gien Proprietary Limited (trading as Springbok Pharmacy) (2)	**99.0**	65.0
AT Gouws Proprietary Limited	**100.0**	100.0
The Local Choice Kungwini Proprietary Limited	**100.0**	100.0
The Local Choice Scott Street Proprietary Limited	**100.0**	100.0
Dis-Chem Castle Gate Pharmacy Proprietary Limited	**51.0**	51.0
Dis-Chem Thavhani Mall Proprietary Limited	**65.0**	65.0
Fairy Tales Boutiques Proprietary Limited	**100.0**	100.0

	% equity interest	
	2024	2023
Healthforce Proprietary Limited	**87.5**	87.5
Dis-Chem Howick Mall Pharmacy Proprietary Limited	**83.0**	83.0
Pure Pharmacy Holdings Proprietary Limited	**100.0**	100.0
Pure Pharmacy Retail Proprietary Limited	**100.0**	100.0
LJ Farrel and Sons Proprietary Limited	**100.0**	100.0
Dis-Chem KG Proprietary Limited	**100.0**	100.0
Botha-Schneider Proprietary Limited	**100.0**	100.0
Dis-Chem Northlands Pharmacy Proprietary Limited	**72.0**	72.0
Pure MD Services Proprietary Limited	**100.0**	100.0
Dis-Chem Foundation NPC (1)	**n/a**	n/a
Dis-Chem Westville Junction Pharmacy Proprietary Limited	**71.0**	71.0
Superstrike Investment 56 Proprietary Limited	**100.0**	100.0
Dis-Chem The Fields Proprietary Limited (2)	**80.0**	85.0
DC Media Proprietary Limited	**100.0**	100.0
Servco Distribution Proprietary Limited	**52.0**	52.0
Delta Blue Trading 371 Proprietary Limited	**100.0**	n/a
B Anderson Proprietary Limited	**100.0**	n/a
Wholesaler of pharmaceutical products and supporting services		
Dis-Chem Distribution Proprietary Limited	**100.0**	100.0
CJ Pharmaceutical Enterprises Limited	**100.0**	100.0
Evening Star Trading 204 Proprietary Limited (2) (t/a Nelspruit Pharmaceutical Wholesaler)	**100.0**	51.3
CJ Marketing Proprietary Limited	**100.0**	100.0
The Pharmacy Development Academy Proprietary Limited	**70.0**	70.0
Bemax International Proprietary Limited	**100.0**	100.0
Brandwacht Marketing Proprietary Limited	**100.0**	100.0
Finamics Accounting Services Proprietary Limited	**100.0**	100.0
Eleadora Proprietary Limited	**100.0**	100.0
CT Distribution Centre Proprietary Limited	**100.0**	100.0
KZN Warehouse Proprietary Limited	**100.0**	100.0

During the current and prior period, the company opened new stores/entities which exist within a statutory entity or a new statutory entity. These entities were not acquired from a third party and therefore were not treated as business combinations.

During the current period, the operations of the following entities The Local Choice Proprietary Limited, Dis-Chem York Street Pharmacy Proprietary Limited, Dis-Chem Rynfield Terrace Pharmacy Proprietary Limited, Dis-Chem Festival Mall Proprietary Limited and Dis-Chem Ferndale Mall Pharmacy Proprietary Limited were restructured into Dis-Chem Pharmacies Limited in accordance with our common control accounting policy. Refer to note 32. During the current year, the operations of Dis-Chem Glen Fair Proprietary Limited was also restructured into Dis-Chem KG Proprietary Limited.

(1) The Foundation is included due to the majority of the directors being Dis-Chem executives.

(2) During the period, the Group acquired or sold interest in certain companies. Refer to note 27.4.

There were no material non-controlling interests identified within the Group in the current and prior financial period. The Group assesses the share of non-controlling interest in profit after tax to be material if the interest is higher than 10% (2023: 10%) of consolidated profit after tax.

Associates and joint ventures

The Group's investment in its associates and joint ventures is accounted for using the equity method.
(all companies are incorporated in South Africa)

	% equity interest	
	2024	2023
Associates		
Bothomed Dis-Chem Pharmacies Joint Venture Proprietary Limited	**20.0**	20.0
Vexall Proprietary Limited	**36.6**	36.2
BEESECDCP Proprietary Limited	**48.0**	48.0
Kaelo Holdings Proprietary Limited	**25.0**	25.0
Kena Health Proprietary Limited	**30.0**	30.0
Differenza Proprietary Limited	**45.6**	45.6
Tony Ferguson Weightloss SA Proprietary Limited	**25.0**	25.0
Stability Analytical And Biological Laboratory Enterprises (Pty) Ltd (Sable)	**22.0**	n/a
Nexuz (Pty) Ltd	**40.0**	n/a
Joint ventures		
Geniob Group Proprietary Limited (which owns 100% of Origin Brands Proprietary Limited)	**50.0**	50.0
Health Window Proprietary Limited	**50.0**	50.0
Wi-Connect Proprietary Limited	**50.0**	50.0

	R'000	R'000
Kaelo Holdings Proprietary Limited	**195 035**	178 505
Other	**13 186**	15 898
	208 221	**194 403**

The Group assesses the share of associates and joint ventures to be material if the net carrying value of the company is higher than 10% (2023: 10%) of consolidated profit before tax.

Kaelo houses a complementary portfolio of health assets, including benefit-rich gap and primary health insurance products, occupational health clinics, and is the owner of the AskNelson psychological wellbeing platform. Kaelo's principal place of business is in South Africa.

	2024 R'000	2023 R'000
Summarised financial information of Kaelo Holdings:		
Non-current assets	**253 356**	169 960
Current assets	**106 953**	105 965
Non-current liabilities	**93 933**	68 433
Current liabilities	**92 863**	87 975
Revenue	**815 099**	655 934
Profit/Total comprehensive income	**53 996**	59 857
Group's share of profit for the year	**13 499**	14 964
Dividend received	**-**	10 000

The Group's share of loss/total comprehensive loss of associates (excluding Kaelo) is R8 million (2023: R9 million) and profit of joint ventures is R40 million (2023: R17 million).

5. Acquisitions

Acquisitions in 2024	Principal activity	acquisition
B Anderson and Delta Blue Proprietary Limited	Retail pharmacy	1 June 2023

During the year the Group acquired the following companies in order to further increase store footprint:

- The acquisition of 100% of the shares of Delta Blue Trading 371 Proprietary Limited and B Anderson Proprietary Limited (known as B Anderson), on 1 June 2023.

Acquisition related costs were expensed in the period.

Assets acquired and liabilities assumed:

The fair values of the identifiable assets and liabilities of the companies as at the date of acquisition were:

	R'000	Total R'000
ASSETS		
Property, plant and equipment (including right-of-use asset)	**14**	**14**
Cash and cash equivalents	**5 329**	**5 329**
Trade and other receivables [(1)]	**1 849**	**1 849**
Inventories	**3 106**	**3 106**
LIABILITIES		
Trade and other payables	**(4 868)**	**(4 868)**
Taxation	**(904)**	**(904)**
Total identifiable net assets at fair value	**4 526**	**4 526**
Non-controlling interest at proportionate interest	**-**	**-**
Goodwill arising on acquisition	**55 986**	**55 986**
Purchase consideration transferred	**60 512**	**60 512**

(1) The carrying amount reflects the gross contractual amounts receivable and we expected to receive the full amount at date of acquisition.

The goodwill comprises the value of expected synergies arising from the acquisition which is not separately recognised. These synergies include expansion of product and clinic offerings, trade term agreements and overall availability of resources.

	R'000	Total R'000
Net cash acquired with the subsidiary	5 329	5 329
Cash paid	(60 512)	(60 512)
Net cash flow on acquisition	(55 183)	(55 183)

From the date of acquisition, the following revenue and profit before tax was contributed to the Group:

	R'000	Total R'000
Revenue	66 519	66 519
Profit before tax	3 768	3 768

If the acquisitions had taken place at the beginning of the year, the following revenue and profit before tax would have been contributed to the Group:

	R'000	Total R'000
Revenue	87 946	87 946
Profit before tax	2 564	2 564

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

6. Segmental information

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's chief operating decision-maker, being the executive directors, in order to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group has identified two reportable segments. The following describes the operations in each of the reportable segments:

Retail

Retail consists of the Dis-Chem stores, retailers of pharmaceutical and a variety of health and beauty products, as well as pharma-logistic services and oncology and retailers of pharmaceutical products. All retail stores have been aggregated into one segment as they have similar economic characteristics (gross margins), products and services, type of customer and distribution methods.

Baby is included in the retail operating segment as its operating results are not separately reviewed to make resourcing decisions. Expenses are incurred across the retail segment.

Wholesale

Wholesale consists of the CJ Wholesale and Dis-Chem Distribution businesses, wholesalers of pharmaceutical and a variety of health and beauty products. The wholesale subsidiaries have been aggregated into one segment as they have similar economic characteristics (gross margins), products and services, type of customer and distribution methods.

There are no external customers that account for more than 10% of the Group's revenue in the current and prior financial year.

Geographic information

With the exception of three stores in Namibia and three stores in Botswana, the Group operates in one principal geographical area, that being South Africa. The revenue, assets and liabilities recognised in non-South African countries are not significant and therefore do not form a separate segment.

	Retail R'000	Wholesale R'000	Intergroup/ consolidation R'000	Total R'000
2024				
External customers	31 692 905	4 590 571	–	36 283 476
Inter-segment	–	22 799 701	(22 799 701)	–
Revenue from contracts with customers	31 692 905	27 390 272	(22 799 701)	36 283 476
Cost of sales	(24 953 612)	(25 427 373)	22 314 056	(28 066 929)
Gross profit	6 739 293	1 962 899	(485 645)	8 216 547
Other income	2 669 354	266 078	(27 588)	2 907 844
Total income	9 408 647	2 228 977	(513 233)	11 124 391
Other expenses (excluding depreciation and amortisation)	(7 097 029)	(1 709 557)	523 383	(8 283 203)
Depreciation and amortisation	(935 368)	(126 573)	–	(1 061 941)
Operating profit before interest and equity accounted earnings	1 376 250	392 847	10 150	1 779 247
Net finance costs	(383 805)	(56 131)	–	(439 936)
Share of profit from associate and joint ventures	45 270	–	–	45 270
Profit before taxation	1 037 715	336 716	10 150	1 384 581
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2 356 888	519 420	10 150	2 886 458
Capital expenditure	(456 348)	(570 746)	–	(1 027 094)
Total assets	11 401 762	9 774 935	(3 675 711)	17 500 986
Total liabilities	7 685 691	7 378 507	(2 038 153)	13 026 045
Total income margin	29.7%	8.1%		30.7%
EBITDA margin	7.4%	1.9%		8.0%
Operating margin	4.3%	1.4%		4.9%

	Retail R'000	Wholesale R'000
Material items included in other income and expenses (1):		
Other income		
Advertising and marketing income	1 117 169	
Data and administration fees	1 318 869	194 848
Other expenses		
Computer expenses	450 782	
Advertising expenses	586 815	
Commission	180 934	
Bank charges	116 718	
Security	145 660	
Courier	121 322	185 159
Occupancy costs	526 037	
Employee benefits	4 398 240	660 562
Service fee paid		510 777

(1) Items are only disclosed if material in that segment, based on 10% of consolidated profit before tax.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

	Retail R'000	Wholesale R'000	Intergroup/ consolidation R'000	Total R'000
2023				
External customers	28 883 241	3 780 272	–	32 663 513
Inter-segment	–	20 398 683	(20 398 683)	–
Revenue from contracts with customers	28 883 241	24 178 955	(20 398 683)	32 663 513
Cost of sales	(22 584 104)	(22 428 676)	19 936 563	(25 076 217)
Gross profit	6 299 137	1 750 279	(462 120)	7 587 296
Other income	2 366 781	188 332	(40 683)	2 514 430
Gain on property transaction	–	72 161	–	72 161
Total income	8 665 918	2 010 772	(502 803)	10 173 887
Other expenses (excluding depreciation and amortisation)	(6 349 221)	(1 583 249)	504 871	(7 427 599)
Depreciation and amortisation	(884 956)	(117 147)	–	(1 002 103)
Operating profit before interest and equity accounted earnings	1 431 741	310 376	2 068	1 744 185
Net finance costs	(366 751)	16 515	–	(350 236)
Share of profit from associate and joint ventures	22 779	–	–	22 779
Profit before taxation	1 087 769	326 891	2 068	1 416 728
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2 339 476	427 523	2 068	2 769 067
Capital expenditure	(578 236)	(511 712)	–	(1 089 948)
Total assets	10 786 075	8 367 247	(3 637 514)	15 515 808
Total liabilities	7 408 114	6 196 692	(2 021 478)	11 583 328
Total income margin	30.0%	8.3%		31.1%
EBITDA margin	8.1%	1.8%		8.5%
Operating margin	5.0%	1.3%		5.3%

	Retail R'000	Wholesale R'000
Material items included in other income and expenses (1):		
Other income		
Advertising and marketing income	951 480	
Data and administration fees	1 119 525	130 813
Other expenses		
Computer expenses	362 959	
Advertising expenses	485 947	
Commission	159 563	
Bank charges	112 724	
Security	127 888	
Courier	93 980	178 399
Occupancy costs	434 709	
Employee benefits	4 071 000	614 527
Service fee paid		467 921

(1) Items are only disclosed if material in that segment, based on 10% of consolidated profit before tax.

7. Revenue from contracts with customers

Revenue from contracts with customers is predominantly derived from the sale of products through our retail stores and warehouse channels.

Sale of goods – wholesale: The Group sells a range of pharmaceutical, health and front shop products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A right to return liability (included in trade and other payables) and related asset (included in trade and other receivables) are recognised for any expected returns that may take place within the Group's return policy in relation to sales made until the end of the reporting period. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice.

Sale of goods – retail: The Group operates a chain of retail stores selling pharmaceutical, health and front shop products. Revenue from the sale of goods is recognised when products are sold to the customer. Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in store. It is the Group's policy to sell certain of its products to the customer with a right of return of between 10 to 30 days depending on the specific product. Legally returns on dispensary items are prohibited. Therefore, a right to return liability (included in trade and other payables) and related asset (included in trade and other receivables) are recognised for the products expected to be returned, that may take place within the Group's return policy. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method).

Customer loyalty programme: The Group operates a loyalty scheme which allows retail customers to accumulate points that entitle them, subject to certain criteria, to use these points in the future in any store in exchange for goods or services. A contract liability for the award points is recognised at the time of the sale and revenue is recognised when the points are redeemed taking into account breakage, if any (refer to note 26).

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Revenue from contracts with customers	**36 283 476**	32 663 513	**23 935 471**	22 395 391

Retail revenue from contracts with customers can be further disaggregated between the following retail categories:

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Dispensary	**35**	36	**35**	36
Personal care and beauty	**28**	27	**28**	27
Healthcare and nutrition	**21**	22	**21**	22
Baby care	**9**	8	**9**	8
Other	**7**	7	**7**	7
	100	100	**100**	100

Wholesale revenue is not further disaggregated as revenue from contracts with customers is earned in a similar nature and timing.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

8. Profit before taxation

Advertising and marketing income as well as data and administration fees are recognised when the service is provided to the vendor, as the customer simultaneously receives and consumes the benefit provided.

The cost of employee benefits is recognised as an expense during the period in which the employee renders the service.

Profit before taxation has been determined after taking into account the following material items:

		Group		Company	
		2024	2023	2024	2023
	Notes	R'000	R'000	R'000	R'000
Other income					
Advertising and marketing income		**1 130 114**	966 166	**896 540**	852 977
Data and administration fees		**1 506 978**	1 229 705	**1 042 040**	957 582
Commission income		**84 850**	73 568	**78 479**	66 465
Franchise income		**47 158**	38 251	**54 001**	46 733
Dividend income		**–**	–	**158 932**	119 522
Profit on IFRS 16 release on purchase of leased properties		**–**	72 161	**–**	–
Other expenses					
Depreciation of tangible assets	12	**978 794**	919 624	**624 065**	594 123
Amortisation of intangible assets	13	**83 147**	82 481	**45 197**	49 932
Computer expenses		**478 712**	385 738	**334 587**	319 188
Advertising expenses		**637 813**	521 387	**521 181**	440 709
Commission		**180 980**	159 778	**144 491**	131 268
Bank charges		**119 843**	115 853	**90 961**	92 694
Security		**172 930**	152 745	**127 820**	107 273
Motor vehicle expenses		**127 770**	118 653	**30 603**	30 630
Courier		**306 481**	268 522	**78 392**	63 682
Audit fees		**9 602**	9 347	**6 858**	6 747
Occupancy costs		**574 213**	463 105	**345 230**	284 393
– Lease payments (1)		**77 055**	37 562	**46 887**	23 854
– Other (including electricity and rates)		**497 158**	425 543	**298 343**	260 539

(1) *Lease payments relate to variable lease payments of R4.8 million (2023: R2.1 million) in the Group and R1.1 milllion in the company not included in the measurement of lease liabilities (for example, turnover based rental) and R72.2 million (2023: R35.5 million) in Group and R45.8 million (2023: R23.8 million) in company relating to short-term leases. There was no expense in the current or prior period relating to low-value assets.*

Employee benefits	**5 058 802**	4 685 527	**3 589 877**	**3 385 829**
– Salaries and wages	**4 157 560**	3 859 757	**2 948 328**	2 763 168
– Pension costs (defined contribution plan)	**182 243**	167 247	**139 473**	128 303
– Medical aid	**125 385**	110 457	**97 061**	89 386
– Leave pay	**(41 683)**	28 078	**(35 199)**	25 250
– Share-based payment (note 20)	**24 232**	21 450	**24 232**	21 450
– Bonuses	**329 785**	303 290	**235 832**	245 054
– Other (including UIF and SDL)	**281 280**	195 248	**180 150**	113 218

For details on directors' emoluments and key management personnel refer to note 28.

9. Net financing costs

Finance income

Finance income is recognised utilising the effective interest method, being the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

Finance costs

All borrowing costs are recognised in profit or loss using the effective interest method as there are no qualifying assets.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
– Bank accounts	**18 624**	9 085	**6 833**	3 403
– Loans and debtors	**7 640**	10 872	**17 347**	6 611
– Other	**33**	253	**4**	6
Finance income	**26 297**	20 210	**24 184**	10 020
– Bank overdraft	**122 575**	55 533	**95 434**	46 691
– Bank loans	**95 790**	60 609	**47 192**	33 822
– Lease liability	**247 799**	254 143	**144 386**	154 630
– Related party loans	**–**	–	**115 255**	125 447
– Other	**69**	161	**3**	23
Finance costs	**466 233**	370 446	**402 270**	360 613
Net financing costs	**439 936**	350 236	**378 086**	350 593

10. Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred taxation is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences except:

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised:

- in respect of deductible temporary differences associated with investments in subsidiaries and interests in associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
South African normal tax				
Current income tax				
– Current year	**354 012**	411 373	**172 476**	231 406
– Prior year over provision	**(993)**	(5 017)	**(305)**	(5 017)
Deferred tax				
– Attributable to temporary differences	**11 074**	(17 175)	**11 835**	(22 224)
	364 093	389 181	**184 006**	204 165
Reconciliation of tax rate	**%**	%	**%**	%
Standard tax rate	**27.00**	28.00	**27.00**	28.00
Prior year net over provision	**-**	(0.35)	**(0.04)**	(0.54)
Adjusted for permanent differences:				
Non-taxable:				
ETI and leadership	**(0.47)**	(0.65)	**(0.66)**	(0.88)
Tenant allowance	**(0.05)**	(0.14)	**-**	–
Contingent consideration	**-**	(0.16)	**-**	–
Share-based payments	**0.14**	(0.03)	**0.22**	–
Dividends income	**-**	–	**(5.14)**	(3.60)
Non-deductible:				
Legal fees	**0.14**	0.19	**0.19**	0.20
Unrealised foreign exchange	**-**	0.45	**-**	–
Investment in associates and joint ventures	**(0.88)**	(0.45)	**-**	–
Tax rate change	**-**	(0.23)	**-**	(0.34)
Other*	**0.42**	0.84	**(0.06)**	(0.85)
Effective tax rate	**26.30**	27.47	**21.51**	21.99

* *Other mainly includes assessed losses not raised, tax rate differences, sale of fixed assets, dividends withholding tax and leave pay provision.*

With regards to IFRIC 23 Uncertain tax positions the Group determined whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies judgement in identifying uncertainties over income tax treatments. Since the Group does not operate in a complex multinational environment, it assessed and concluded that the interpretation did not have an impact on its financial statements for the years presented.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

11. Earnings per share

Earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to equity holders of the parent.

Headline earnings per share

Headline earnings per share (HEPS) is determined as per the JSE Listings Requirements as set out in the HEPS circular.

The calculation of headline earnings per share is based on the weighted average number of ordinary shares.

The calculation is reconciled as follows:

	Group	
	2024 R'000	2023 R'000
Profit attributable to equity holders of the parent	**984 481**	1 000 224
Net (profit)/loss on disposal of property, plant and equipment and intangible assets	**(644)**	1 194
Compensation from third parties for items of property, plant and equipment and intangible assets	**(747)**	(1 147)
Loss of control of subsidiary	**-**	797
Taxation on net profit on disposal of property, plant and equipment and intangible assets	**341**	321
Headline earnings	**983 431**	1 001 389
Earnings per share (cents)		
– Basic	**114.7**	116.3
– Diluted	**114.7**	116.3
Headline earnings per share (cents)		
– Basic	**114.6**	116.5
– Diluted	**114.6**	116.4

	Group	
	2024	2023
Reconciliation of shares in issue to weighted average number of shares in issue		
Total number of shares in issue at beginning of the period	**860 084 483**	860 084 483
Total number of treasury shares in issue at the beginning of the period	**(815 000)**	(339 001)
Total number of shares outstanding at the beginning of the period	**859 269 483**	859 745 482
Treasury shares exercised and issued under the share scheme	**290 800**	136 802
Treasury shares acquired	**(1 577 623)**	(105 306)
Total weighted number of shares in issue at the end of the period	**857 982 660**	859 776 978
Share options	**132 896**	585 453
Total diluted weighted number of shares in issue at the end of the period	**858 115 556**	860 362 431

12. Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. Property plant and equipment are depreciated on the straight-line basis at rates estimated to write each asset down to their residual value over the term of its useful life.

Initial and subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group/company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

All assets are depreciated from the date they are available-for-use, on a straight-line basis, to allocate their cost to their residual value over their estimated useful life. Depreciation ceases at the earlier of either the date the asset is classified as held for sale or the date the asset is derecognised.

The right-of-use (ROU) asset is measured based on the present value of the lease payments, initial direct costs incurred when entering in the lease less any lease incentives received. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset.

The estimated useful lives are as follows:

– Land	Not depreciated
– Buildings	20 to 30 years
– Computer hardware	1 to 9 years
– Office and other equipment	1 to 10 years
– Leasehold improvements	4 to 12 years
– Motor vehicles (owned)	1 to 10 years
– Furniture and fixtures	2 to 12 years
– Land and buildings (right-of-use)	Lease term
– Motor vehicles (right-of-use)	Lease term
– Equipment (right-of-use)	Lease term

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at each reporting date and adjusted if appropriate. At each reporting date it is assessed whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount is estimated.

Where carrying values exceed the estimated recoverable amounts, tangible assets are written down to their recoverable amounts and the impairment is recognised in profit or loss immediately.

Please refer to note 3.3 on impairment of non-financial assets, where the recoverable amount is discussed.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal are determined by comparing the proceeds with the carrying amount. These gains or losses are included in profit or loss in the period of derecognition.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

Group	OWNED						RIGHT-OF-USE			
	Land and buildings R'000	Computer hardware R'000	Office and other equip-ment* R'000	Leasehold improve-ments R'000	Furniture and fixtures# R'000	Motor vehicles R'000	Land and buildings R'000	Motor vehicles R'000	Equipment R'000	Total R'000
2024										
Cost	1 035 403	710 588	301 072	361 207	1 173 301	12 320	6 130 622	104 247	61 076	9 889 836
Opening balance	490 683	744 688	300 063	408 726	1 111 199	15 089	5 763 247	94 335	27 514	8 955 544
Additions	544 720	129 331	55 579	15 638	187 871	1 895	366 224	29 902	33 562	1 364 722
Disposals/ scrapping	-	(163 931)	(55 088)	(63 198)	(125 940)	(4 670)	-	(19 990)	-	(432 817)
Acquisitions (note 5)	-	-	-	-	14	-	-	-	-	14
Modification to lease terms	-	-	-	-	-	-	789	-	-	789
Foreign exchange	-	500	518	41	157	6	362	-	-	1 584
Accumulated depreciation	(28 641)	(325 099)	(167 530)	(203 298)	(528 261)	(2 622)	(3 762 791)	(59 732)	(12 157)	(5 090 131)
Opening balance	(12 497)	(365 110)	(169 644)	(231 496)	(503 541)	(1 379)	(3 183 820)	(54 386)	(4 445)	(4 526 318)
Current charge	(16 144)	(122 475)	(43 433)	(34 662)	(146 109)	(4 094)	(578 829)	(25 336)	(7 712)	(978 794)
Disposals/ scrapping	-	162 907	45 645	62 982	122 016	2 884	-	19 990	-	416 424
Foreign exchange	-	(421)	(98)	(122)	(627)	(33)	(142)	-	-	(1 443)
Net carrying amount	1 006 762	385 489	133 542	157 909	645 040	9 698	2 367 831	44 515	48 919	4 799 705

Included in additions in the current year is the Longmeadow warehouse that was acquired for R502 million.

	OWNED						RIGHT-OF-USE			
Group	Land and buildings R'000	Computer hardware R'000	Office and other equip-ment* R'000	Leasehold improve-ments R'000	Furniture and fixtures# R'000	Motor vehicles R'000	Land and buildings R'000	Motor vehicles R'000	Equipment R'000	Total R'000
2023										
Cost	490 683	744 688	300 063	408 726	1 111 199	15 089	5 763 247	94 335	27 514	8 955 544
Opening balance	–	554 194	258 226	394 894	871 828	23 848	5 161 198	70 971	3 921	7 339 080
Additions	490 683	207 679	44 054	20 319	254 014	10 863	738 385	28 101	23 593	1 817 691
Disposals/ scrapping	–	(17 839)	(4 438)	(6 680)	(16 208)	(19 712)	(5 944)	(4 737)	–	(75 558)
Acquisitions	–	–	2 091	–	–	–	7 133	–	–	9 224
Modification to lease terms	–	–	–	–	–	–	6 284	–	–	6 284
Release on purchase of leased properties	–	–	–	–	–	–	(148 193)	–	–	(148 193)
Foreign exchange	–	654	130	193	1 565	90	4 384	–	–	7 016
Accumulated depreciation	(12 497)	(365 110)	(169 644)	(231 496)	(503 541)	(1 379)	(3 183 820)	(54 386)	(4 445)	(4 526 318)
Opening balance	–	(279 291)	(135 792)	(200 405)	(380 312)	(15 984)	(2 604 593)	(33 826)	(196)	(3 650 399)
Current charge	(12 497)	(100 432)	(37 707)	(34 095)	(123 675)	(4 716)	(578 524)	(23 729)	(4 249)	(919 624)
Disposals/ scrapping	–	15 012	3 961	3 136	1 008	19 347	587	3 169	–	46 220
Foreign exchange	–	(399)	(106)	(132)	(562)	(26)	(1 290)	–	–	(2 515)
Net carrying amount	478 186	379 578	130 419	177 230	607 658	13 710	2 579 427	39 949	23 069	4 429 226

* *Includes air conditioners, security equipment, medical and clinic equipment, office equipment, PABX, media equipment and machinery and equipment.*

\# *Includes salon equipment, fixtures and fittings, shop equipment, signs and furniture.*

All motor vehicles and equipment held under lease liabilities are held as security for the lease liabilities (refer to note 22). The owned land and buildings are held as security for the bank loans taken out for their purchase (refer note 23).

	OWNED						RIGHT-OF-USE		
Company	Buildings R'000	Computer hardware R'000	Office and other equip-ment* R'000	Leasehold improve-ments R'000	Furniture and fixtures# R'000	Motor vehicles R'000	Buildings R'000	Motor vehicles R'000	Total R'000
2024									
Cost	33 500	479 499	125 484	287 729	768 717	8 943	4 222 729	31 076	5 957 677
Opening balance	-	555 246	146 629	334 999	753 087	8 388	3 953 965	30 915	5 783 229
Additions	33 500	61 040	9 220	9 052	102 370	757	269 524	161	485 624
Modifications	-	-	-	-	-	-	(760)	-	(760)
Disposals/ scrappings	-	(136 787)	(30 365)	(56 322)	(86 740)	(202)	-	-	(310 416)
Accumulated depreciation	(1 019)	(216 966)	(85 244)	(172 056)	(372 964)	(3 719)	(2 777 527)	(27 498)	(3 656 993)
Opening balance	-	(269 445)	(89 237)	(201 155)	(367 981)	(1 510)	(2 383 981)	(24 076)	(3 337 385)
Current charge	(1 019)	(84 288)	(21 746)	(27 030)	(90 644)	(2 370)	(393 546)	(3 422)	(624 065)
Disposals/ scrappings	-	136 767	25 739	56 129	85 661	161	-	-	304 457
Net carrying amount	32 481	262 533	40 240	115 673	395 753	5 224	1 445 202	3 578	2 300 684

Company	OWNED					RIGHT-OF-USE		
	Computer hardware R'000	Office and other equip-ment* R'000	Leasehold improve-ments R'000	Furniture and fixtures# R'000	Motor vehicles R'000	Buildings R'000	Motor vehicles R'000	Total R'000
2023								
Cost	555 246	146 629	334 999	753 087	8 388	3 953 965	30 915	5 783 229
Opening balance	426 143	127 928	328 529	648 050	8 051	3 397 901	29 105	4 965 707
Additions	140 883	21 125	7 880	112 717	6 832	557 726	1 810	848 973
Modifications	-	-	-	-	-	(1 662)	-	(1 662)
Disposals/ scrappings	(11 780)	(2 424)	(1 410)	(7 680)	(6 495)	-	-	(29 789)
Accumulated depreciation	(269 445)	(89 237)	(201 155)	(367 981)	(1 510)	(2 383 981)	(24 076)	(3 337 385)
Opening balance	(205 849)	(70 649)	(174 362)	(292 095)	(6 393)	(1 998 435)	(18 437)	(2 766 220)
Current charge	(74 489)	(18 874)	(26 943)	(81 061)	(1 571)	(385 546)	(5 639)	(594 123)
Disposals/ scrappings	10 893	286	150	5 175	6 454	-	-	22 958
Net carrying amount	285 801	57 392	133 844	385 106	6 878	1 569 984	6 839	2 445 844

* *Includes air conditioners, security equipment, medical and clinic equipment, office equipment, PABX, media equipment and machinery and equipment.*

\# *Includes salon equipment, fixtures and fittings, shop equipment, signs and furniture.*

All motor vehicles held under lease liability are held as security for the lease liability (refer to note 22). The buildings owned are held as security for the bank loans taken outfor their purchase (refer note 23).

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

13. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment annually, either individually or at the CGU level.

The estimated useful lives are as follows:

- Computer software: 2 to 10 years
- Brand value: 10 to 30 years
- Distribution right: 10 to 15 years
- Customer list: 7 years
- Licences: 10 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Group	Computer software R'000	Licences R'000	Goodwill R'000	Customer list R'000	Distri-bution right R'000	Brand value R'000	Total R'000
2024							
Cost	**423 701**	**5 231**	**929 705**	**46 340**	**120 759**	**136 235**	**1 661 971**
Opening balance	**363 181**	**5 231**	**873 719**	**46 340**	**120 759**	**136 235**	**1 545 465**
Additions	**92 060**	**-**	**-**	**-**	**-**	**-**	**92 060**
Acquisitions (note 5)	**-**	**-**	**55 986**	**-**	**-**	**-**	**55 986**
Disposals/scrapping	**(31 520)**	**-**	**-**	**-**	**-**	**-**	**(31 520)**
Foreign exchange	**(20)**	**-**	**-**	**-**	**-**	**-**	**(20)**
Accumulated amortisation	**(213 658)**	**(1 429)**	**-**	**(37 300)**	**(58 829)**	**(15 621)**	**(326 837)**
Opening balance	**(181 257)**	**(772)**	**-**	**(33 232)**	**(49 727)**	**(10 222)**	**(275 210)**
Current charge	**(63 921)**	**(657)**	**-**	**(4 068)**	**(9 102)**	**(5 399)**	**(83 147)**
Disposals/scrapping	**31 503**	**-**	**-**	**-**	**-**	**-**	**31 503**
Foreign exchange	**17**	**-**	**-**	**-**	**-**	**-**	**17**
Net carrying amount	**210 043**	**3 802**	**929 705**	**9 040**	**61 930**	**120 614**	**1 335 134**

Group	Computer software R'000	Licences R'000	Goodwill R'000	Customer list R'000	Distri-bution right R'000	Brand value R'000	Total R'000
2023							
Cost	363 181	5 231	873 719	46 340	120 759	136 235	1 545 465
Opening balance	327 596	4 332	790 629	46 340	120 759	136 235	1 425 891
Additions	58 986	899	240	–	–	–	60 125
Acquisitions	120	–	84 117	–	–	–	84 237
Disposals/scrapping	(23 535)	–	(1 267)	–	–	–	(24 802)
Foreign exchange	14	–	–	–	–	–	14
Accumulated amortisation	(181 257)	(772)	–	(33 232)	(49 727)	(10 222)	(275 210)
Opening balance	(143 814)	(299)	–	(26 552)	(40 756)	(4 824)	(216 245)
Current charge	(60 959)	(473)	–	(6 680)	(8 971)	(5 398)	(82 481)
Disposals/scrapping	23 525	–	–	–	–	–	23 525
Foreign exchange	(9)	–	–	–	–	–	(9)
Net carrying amount	181 924	4 459	873 719	13 108	71 032	126 013	1 270 255

Company	Computer software R'000	Licences R'000	Goodwill R'000	Customer List R'000	Total R'000
2024					
Cost	**283 850**	**5 231**	**121 057**	**28 136**	**438 274**
Opening balance	**242 490**	**5 081**	**121 057**	**28 136**	**396 764**
Additions	**72 686**	**150**	**–**	**–**	**72 836**
Disposals/scrapping	**(31 326)**	**–**	**–**	**–**	**(31 326)**
Accumulated amortisation	**(162 770)**	**(1 429)**	**–**	**(24 005)**	**(188 204)**
Opening balance	**(150 635)**	**(921)**	**–**	**(22 777)**	**(174 333)**
Current charge	**(43 461)**	**(508)**	**–**	**(1 228)**	**(45 197)**
Disposals/scrapping	**31 326**	**–**	**–**	**–**	**31 326**
Net carrying amount	**121 080**	**3 802**	**121 057**	**4 131**	**250 070**
2023					
Cost	242 490	5 081	121 057	28 136	396 764
Opening balance	239 382	4 631	121 057	33 220	398 290
Additions	21 788	450	–	–	22 238
Disposals/scrapping	(18 680)	–	–	(5 084)	(23 764)
Accumulated amortisation	(150 635)	(921)	–	(22 777)	(174 333)
Opening balance	(123 391)	(448)	–	(19 242)	(143 081)
Current charge	(45 924)	(473)	–	(3 535)	(49 932)
Disposals/scrapping	18 680	–	–	–	18 680
Net carrying amount	91 855	4 160	121 057	5 359	222 431

Goodwill	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
Wholesale				
CJ Pharmaceutical Enterprises	**19 327**	19 327	**-**	–
CJ Marketing	**1 087**	1 087	**-**	–
Evening Star Trading	**274**	274	**-**	–
The Pharmacy Development Academy	**565**	565	**-**	–
Bemax	**37 370**	37 370	**-**	–
Quenets	**15 206**	15 206	**-**	–
Retail				
Platinum Park	**7 670**	7 670	**7 670**	7 670
Market Street	**3 670**	3 670	**3 670**	3 670
Heidelberg	**2 750**	2 750	**-**	–
Logistical Services	**92 961**	92 961	**83 295**	83 295
Dis-Chem York Street	**21 500**	21 500	**-**	–
Dis-Chem TLC De Wiekus	**1 023**	1 023	**-**	–
Mundel Gien	**17 491**	17 491	**-**	–
Culemborg	**968**	968	**-**	–
TLC Medipark	**4 201**	4 201	**-**	–
Baby	**343 957**	343 957	**-**	–
TLC Kungwini	**3 719**	3 719	**-**	–
Scott Street	**6 067**	6 067	**6 067**	6 067
Ferngate	**20 355**	20 355	**20 355**	20 355
Dis-Chem Northlands Pharmacy	**856**	856	**-**	–
Healthforce	**10 960**	10 960	**-**	–
Dis-Chem Howick Mall Pharmacy	**5 009**	5 009	**-**	–
Pure Pharmacy Holdings	**255 890**	255 890	**-**	–
Servco	**240**	240	**-**	–
Westville Junction	**603**	603	**-**	–
B Anderson (note 5)	**55 986**	–		
	929 706	873 719	**121 057**	121 057

The CGUs are based on the relevant statutory entities or underlying cost centres. The recoverable amount of the above CGUs as at the reporting date, has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 15.25% (2023: 15.5%) for wholesale companies and a range of 13.23% to 15.63% (2023: 13.5% to 15.9%) for the retail companies. Cash flows beyond the five-year period are extrapolated using a 4% (2023: 4%) growth rate. As a result of the analysis, management did not identify an impairment in the current or prior financial period. Key assumptions are determined by management in regards to past experience.

Management has assessed the calculation and have determined that no reasonable change to a key assumption would result in the carrying amount of a CGU exceeding its recoverable amount.

14. Deferred tax

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax and the asset or liability relates to the same taxation authority and the same taxable entity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Also refer to accounting policy under note 10.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Deferred taxation				
Balance at the beginning of the year	**103 110**	125 702	**82 502**	60 278
Movements during the year				
– Charge to profit or loss (note 10)	**(11 074)**	17 175	**(11 835)**	22 224
– Acquisition and take on	**–**	(39 767)	**–**	–
Balance at the end of the year	**92 036**	103 110	**70 667**	82 502
Representing:				
– Deferred tax asset	**166 368**	173 944	**70 667**	82 502
– Deferred tax liability	**(74 332)**	(70 834)	**–**	–
	92 036	103 110	**70 667**	82 502
The deferred tax balance is made up as follows:				
Employee-related obligations	**50 643**	61 670	**41 543**	51 006
Deferred revenue and S24C allowance	**17 927**	18 758	**12 232**	13 322
Lease liability	**157 807**	173 738	**116 455**	120 397
Prepayment	**(5 983)**	(1 738)	**(5 483)**	(1 426)
Tax losses	**91 478**	104 926	**–**	–
Property, plant and equipment	**(156 639)**	(177 194)	**(96 163)**	(103 623)
Intangible assets	**(66 434)**	(85 236)	**–**	–
Other*	**3 237**	8 186	**2 083**	2 826
	92 036	103 110	**70 667**	82 502

* *Other mainly relates to right of return asset and liability, expected credit loss and tax rate differences on foreign subsidaries.*

It was announced that the corporate income tax rate will be reduced from 28% to 27% with effect from years of assessment ending on or after 31 March 2023. This rate change only had an impact on the Group’s/ company's current income tax rate for the current year of assessment.

As at 29 February 2024, deferred tax assets raised for the Group's estimated tax losses were R91 million (2023: R105 million). The tax losses are available to be offset against future taxable income. For tax years ending on or after 31 March 2023, companies with assessed losses will be entitled to set off a maximum of 80% of their assessed losses (subject to a R1 million minimum) against taxable income in a specific year. The directors consider that sufficient future taxable income will be generated by the relevant companies to utilise the deferred tax asset recognised.

As at 29 February 2024, the rand value of assessed losses amounted to R421 million (2023: R441 million) of which R83 million (2023: R51 million) has not been recognised.

15. Investments

The company holds the investment in subsidiaries, associates and joint ventures at cost.

	Company 2024 R'000	2023 R'000
Investment in associates and joint ventures		
(Proprietary Limited unless stated otherwise)		
Health Window	**16 000**	16 000
Differenza	**1 530**	1 530
Kaelo Holdings	**170 411**	170 411
	187 941	187 941

All other associates and joint ventures measured at cost in the financial statements are below R1,000 and therefore not shown above. Refer to note 4 in regards to additional disclosure.

	Company 2024 R'000	2023 R'000
Investment in subsidiaries		
(Proprietary Limited unless stated otherwise)		
CJ Pharmaceutical Enterprises Limited	**411 612**	411 612
CJ Marketing	**5 104**	5 104
Dis-Chem Distribution	**1 152 972**	1 152 972
Evening Star Trading 204	**6 416**	4 216
Bemax International	**69 350**	69 350
Dis-Chem TLC De Wiekus	**1 500**	1 500
Dis-Chem Ballito Junction	**11 540**	11 540
Dis-Chem The Galleria Amanzimtoti	**2 542**	2 542
Mundel Gien (trading as Springbok)	**37 659**	32 500
Culemborg	**1 000**	1 000
AT Gouws	**9 500**	9 500
Fairy Tale Boutique	**422 425**	422 425
Dis-Chem Castle Gate Pharmacy	**11 683**	11 682
Dis-Chem Howick Mall Pharmacy	**2 400**	2 400
Pure Pharmacy Holdings	**177 865**	177 865
Superstrike Investments 56	**18 000**	18 000
B Anderson	**60 512**	–
Dis-Chem Mega City	**5 700**	–
	2 407 780	2 334 208

All other subsidiaries measured at cost in the financial statements are below R1,000 and therefore not shown above.

Total investment in subsidiaries, associates and joint ventures	**2 595 721**	2 522 149

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

16. Inventories

Inventories comprise merchandise for resale and are valued at the lower of cost determined on a weighted average moving cost basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The cost of merchandise sold includes normal shrinkage, wastage, inventory losses, trade discounts, rebates and other similar items. Obsolete and slow moving inventories are identified and written down to their net realisable value. The carrying amount of inventory is recognised as an expense in the period in which the related revenue is recognised.

The Group enters into various rebate agreements with its vendors in regards to the purchasing of inventory. These rebates are recorded as a reduction to the cost of the related inventory to the extent that the inventories have been sold, to the extent the inventory is unsold the rebates reduce the inventory balance. Certain of these agreements are based on the achievement of specific volumes of purchases over a specified period, including escalating rebates as certain pre-defined hurdles are met. The Group accrues these growth rebates at the point when it is probable that the hurdles will be met.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Finished goods	**7 162 558**	6 356 781	**2 779 046**	2 371 067
Cost of inventories recognised as cost of sales	**28 066 929**	25 076 217	**18 707 550**	17 470 500

Provision for obsolete inventory amounts to R3.4 million (2023:R2.4 million) in the Group and Rnil million (2023: Rnil) in the company.

Write off's during the year amounted to R28 million (2023: R27 million) in the Group and R10 million (2023: R13 million) in the company. There were no reversals of write off's in the current or prior year.

17. Trade and other receivables

Trade receivables are amounts due from medical aids and wholesale customers for merchandise sold or services rendered in the ordinary course of business and are accounted for as financial assets at amortised cost in accordance with the accounting policy disclosed in note 29. Prepayments are stated at their nominal values.

Expenses and assets are recognised net of VAT, except:

- when the VAT incurred on a purchase of assets or services is not recoverable from SARS, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables which are stated inclusive of VAT. The net amount of sales tax recoverable from, or payable to, SARS is included as part of receivables or payables in the statement of financial position.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Trade receivables	**1 387 683**	1 221 144	**278 892**	254 951
Allowance for expected credit loss	**(13 261)**	(11 634)	**–**	–
Net trade receivables	**1 374 422**	1 209 510	**278 892**	254 951
Other receivables	**1 010 879**	1 055 124	**498 571**	723 963
Accrued income	**115 424**	120 857	**110 023**	100 599
Prepayments	**201 563**	189 180	**169 352**	157 727
VAT	**20 134**	–	**–**	–
Related parties (note 28)	**–**	124	**325 890**	222 913
Right of return asset	**9 131**	8 589	**7 123**	6 901
	2 731 553	2 583 384	**1 389 851**	1 467 054
Allowance for expected credit loss				
Opening balance	**(11 634)**	(14 827)	**–**	–
Allowance utilised	**11 642**	8 580	**–**	–
Allowance raised	**(13 269)**	(5 387)	**–**	–
Closing balance	**(13 261)**	(11 634)	**–**	–

Trade receivables are non-interest-bearing and are generally on terms of 7 to 60 days.

Other receivables and accrued income are non-interest-bearing and generally on terms of 30 to 60 days. Other receivables and accrued income consist of rebates, advertising and logistic fee receivables as well as other sundry receivables. Prepayments consists mainly of bonus advances and prepayment of IT licences.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

As at 29 February, the age analysis of trade receivables is as follows:

					Days past due		
Group	Total R'000	Current R'000	<30 days R'000	30 to 60 days R'000	60 to 90 days R'000	90 to 120 days R'000	>120 days R'000
2024							
Expected credit loss rate	**1.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**16.5%**
Estimated gross carrying amount at default	**1 387 683**	**614 609**	**489 625**	**138 548**	**42 337**	**22 293**	**80 271**
Expected credit loss	**13 261**	**–**	**–**	**–**	**–**	**–**	**13 261**
2023							
Expected credit loss rate	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.5%
Estimated gross carrying amount at default	1 221 144	649 465	333 251	122 218	38 294	32 375	45 541
Expected credit loss	11 634	–	–	–	–	–	11 634

Trade receivables over 120 days in the current and prior year are mainly on payment plans and have been meeting the payment requirements and therefore not 100% provided for at year-end.

Trade and other receivables relating to CJ Pharmaceutical Enterprises Limited amounting to R400 million (2023: R400 million) were pledged as security for the revolving overdraft facilities with Standard Bank. Under the pledge the bank can claim debtors' receipts if CJ defaults on the bank overdraft. There are no other special terms relating to the pledge.

Refer to note 29 on credit risk management of trade and other receivables.

18. Loans receivable

Loans are accounted for as financial assets in accordance with the accounting policy disclosed in note 29.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
NCI shareholders loans	**8 197**	9 494	**-**	-
Related parties (note 28)	**89 976**	98 834	**899 567**	260 059
Other loans	**96 541**	105 734	**47 083**	54 946
	194 714	214 062	**946 650**	315 005
Non-current assets	**68 603**	-	**576 177**	-
Current assets	**126 111**	214 062	**370 473**	315 005
	194 714	214 062	**946 650**	315 005

NCI shareholders loans relate to loans with individuals that have non-controlling interest in subsidiary companies of the Group. They are non-interest bearing and must be repaid before any dividend is paid to the individual.

Related party loans in the Group relate to loans given to BEESECDCP, Tony Ferguson, Nexus and Sable. The Tony Ferguson loan earns interest at prime less 2%, Nexus at prime and Sable at prime plus 0.5%. BEESECDCP is interest free. These loans are unsecured and have no fixed terms of repayment.

Other loans in the Group mainly relate to loans given to ASU, USN, Stem Cell and Phyto Health which are companies within the pharmaceutical and health industry as well as Uphawu and The Tailor that are in the cut and trim industry. These loans are unsecured and have no fixed terms of repayment. Other loans in the company mainly relate to USN, Uphawu and The Tailor.

The USN loan earns interest at prime less 0.5%. The ASU, Stem Cell, Phyto Health, Uphawu and The Tailor loans are interest free.

Related party loans in the company includes a loan for R502 million that the company has given to Dis-Chem Distribution Proprietary Limited in regards to the purchase of the new Longmeadow warehouse. This loan earns interest at JIBAR plus 1.3% and is repayble at the end of 3 years.

In May 2024, the South African Reserve Bank (SARB) released a publication prepared by the Market Practitioners Group (MPG) providing an update on the JIBAR transition plan. The transition approach includes detail on key milestones and expected timelines. The fomal JIBAR cessation announcement is expected in 2025, allowing ZARONIA market to develop during 2023 and 2024. The JIBAR is expected to cease before the end of 2026. The ZARONIA is currently published on the SARB's website. Existing contracts have not been renegotiated and all loans have a maturity date longer than 12 months. No material impact is expected when the rates are changed, but this change cannot be estimated yet.

Non-current assets in the Group consist mainly of related party loans given to Tony Ferguson, Sable and Nexus. Non-current assets in the Company consist mainly of related party loans given to Tony Ferguson, Sable, Nexus and Dis-Chem Distribution.

Refer to note 29 on credit risk management of loans receivable.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

19. Share capital

Ordinary share capital represents the no par value of ordinary shares issued.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Authorised				
1 500 000 000 (2023: 1 500 000 000) ordinary no par value shares				
Issued and fully paid				
860 084 483 (2023: 860 084 483) ordinary no par value shares	**6 155 554**	6 155 554	**6 155 554**	6 155 554
Reconciliation of shares issued				
Opening and closing balance	**6 155 554**	6 155 554	**6 155 554**	6 155 554
Treasury shares				
Treasury shares are held for the forfeitable share plan and measured at the cost value of the shares.				
Opening balance	**24 615**	12 170	**24 615**	12 170
Treasury shares acquired	**65 485**	28 527	**65 485**	28 527
Treasury shares issued under share scheme	**(20 016)**	(16 082)	**(20 016)**	(16 082)
Closing balance	**70 084**	24 615	**70 084**	24 615

In 2024 the following treasury shares were bought:

- 1 433 126 treasury shares were bought in May 2023 for R33 million at an average price of R22.92 per share.
- 1 269 945 treasury shares were bought in August 2023 for R33 million at an average price of R25.69 per share.

In 2023 the following treasury shares were bought:

- 71 500 treasury shares were bought in March 2022 for R2.4 million at an average price of R34.26 per share.
- 43 682 treasury shares were bought in June 2022 for R1.5 million at an average price of R33.50 per share.
- 815 000 treasury shares were bought in December 2022 for R24.6 million at an average price of R30.20

At 29 February 2024, the Group held 2 734 980 treasury shares (2023: 815 000).

20. Other reserves

Other reserves is made up as follows:

	Group			Company
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Treasury shares (note 19)	**70 084**	24 615	**70 084**	24 615
Share-based payments	**(43 299)**	(36 679)	**(43 299)**	(36 679)
Common control	**990 991**	990 991	**264 884**	272 966
Shares repurchased (1)	**3 631 052**	3 631 052	**3 631 052**	3 631 052
Foreign currency translation reserved	**(163)**	17	**-**	-
	4 648 665	4 609 996	**3 922 721**	3 891 954

(1) Relates to shares repurchased on listing

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given below.

The cost is recognised in other expenses as part of employee benefits, together with a corresponding increase in equity (other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (refer to note 11).

Forfeitable Share Plan (FSP) – bonus shares

Under the FSP fully-paid shares (bonus shares) of Dis-Chem Pharmacies Limited are granted to regional and head office managers/executives. As the grants are in Dis-Chem's own shares they are treated as equity-settled share-based payments.

The shares are registered in employees' names on the grant date and held in a brokerage account on behalf of the employees until vesting (approximately 3 years), as long as they are still employed by the Company. These shares are held as treasury shares in the Company. Employees receive dividends and voting rights on these shares during the vesting period. Exercise of the shares takes place on the vesting date.

The fair value of the shares is the fair market value on the grant date due to the fact that the employees have full rights to all the dividends declared before the end of the vesting period.

Share Appreciation Rights (SAR)

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.

Vesting of the share options is dependent on the Group's achievement of forward-looking performance conditions, being growth in headline earnings per share and continued employment. The share options can be exercised up to three years after the vesting period.

The fair value of share options granted is estimated at the date of grant by using a Binomial Tree approach, taking into account the terms and conditions on which the share options were granted. The model takes into account dividend yield, share price volatility and risk-free rate.

The exercise price of the share options is equal to the market price of the underlying shares on the date of the grant.

Options/shares not yet exercised by 29 February 2024:

FSP

Offer date	Expiry date	Number of shares Feb 2023	Number of shares forfeited	Number of shares granted	Number of shares exercised	Number of shares Feb 2024
1 March 2021	30 June 2023	783 091	–	–	(783 091)	**–**
1 September 2021	30 June 2024	504 708	–	–	–	**504 708**
30 August 2022	30 June 2025	960 327	–	–	–	**960 327**
1 August 2023	30 June 2026	–	–	1 284 912	–	**1 284 912**

SAR

Offer date	Expiry date	Number of options Feb 2023	Number of options forfeited	Number of options granted	Number of options exercised	Number of options Feb 2024
1 June 2018	31 May 2023	172 718	172 718	–	–	**–**
1 February 2019	31 July 2024	299 497	–	–	26 032	**273 465**

Options/shares not yet exercised by 28 February 2023:

FSP

Offer date	Expiry date	Number of shares Feb 2021	Number of shares forfeited	Number of shares granted	Number of shares exercised	Number of shares Feb 2023
1 March 2021	30 June 2022	454 183	–	–	(454 183)	–
1 March 2021	30 June 2023	783 091	–	–	–	783 091
1 September 2021	30 June 2024	500 724	–	3 984	–	504 708
30 August 2022	30 June 2025	–	–	960 327	–	960 327

SAR

Offer date	Expiry date	Number of options Feb 2021	Number of options forfeited	Number of options granted	Number of options exercised	Number of options Feb 2023
1 June 2018	31 May 2023	266 578	–	–	93 860	172 718
1 February 2019	31 July 2024	472 689	–	–	173 192	299 497

The expense recognised for employee services during the year is shown in the following table:

Group and company	2024 R'000	2023 R'000
Expense arising from FSP	**24 232**	21 450
Expense arising from SAR	**–**	–
	24 232	21 450

There were no modifications to the grants in 2024 or 2023.

21. Dividends to shareholders

	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
June 2023	**158 712**	–	**158 712**	–
November 2023	**199 404**	–	**199 404**	–
June 2022	**–**	173 985	**–**	173 985
November 2022	**–**	241 844	**–**	241 844
	358 116	415 829	**358 116**	415 829
Minority interest dividend	**66 211**	50 177	**–**	–
	424 327	466 006	**358 116**	415 829

	Cents	Cents	Cents	Cents
Dividends per share				
Interim paid	**23.2**	28.1	**23.2**	28.1
Final declared/paid[1]	**22.5**	18.5	**22.5**	18.5

(1) *Declared subsequent to year-end on 30 May 2024 (2023: 18 May 2023).*

A final dividend of 22.5 cents per share was approved by the directors on 30 May 2024. The dividend will be subject to the South African dividend withholding tax ("DWT") rate of 20% which will result in a net dividend of 18.0 cents per share to those shareholders who are not exempt from paying dividend tax.

22. Lease liability

At inception, the Group assesses whether a contract is or contains a lease. The Group recognises a right-of-use (ROU) asset and lease liability at the commencement date of the lease.

The lease liability is measured at the present value of the lease payments net of cash lease incentives that are not paid at the reporting date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for buildings exclude service fees and other costs.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Minimum payments due				
– Within one year	**798 064**	787 093	**532 505**	531 620
– Within five years	**2 093 604**	2 174 465	**1 342 389**	1 430 543
– Over five years	**1 386 715**	1 555 195	**395 190**	480 001
	4 278 383	4 516 753	**2 270 084**	2 442 164
Less: future finance charges	**(1 210 258)**	(1 289 118)	**(402 402)**	(431 954)
Present value of minimum payments	**3 068 125**	3 227 635	**1 867 682**	2 010 210
Present value of minimum payment due:				
– Within one year	**581 827**	567 043	**410 500**	402 426
– Within five years	**1 583 042**	1 641 934	**1 100 386**	1 170 021
– Over five years	**903 256**	1 018 658	**356 796**	437 763
	3 068 125	3 227 635	**1 867 682**	2 010 210
Non-current liabilities	**2 486 298**	2 660 592	**1 457 182**	1 607 784
Current liabilities	**581 827**	567 043	**410 500**	402 426
	3 068 125	3 227 635	**1 867 682**	2 010 210

The lease liability relates to land and buildings, motor vehicles and equipment. The capitalised lease liability relating to motor vehicles and equipment are secured by the underlying asset (refer to note 12). There are no leases with residual value guarantees.

Many of the store leases across the Group contain extension options. In many cases these terms are not reflected in measuring the lease liabilities until management is reasonably certain they will be exercised. The Group considers all relevant facts and circumstances that create an economic incentive to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Future cash flow in the 2024 financial year relating to variable lease payments is expected to be approximately R4.1 million for the Group and Rnil for the company (2023: R3.9 million for the Group and Rnil for the company).

23. Loans payable

Loans payable are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 29.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Non-current loans				
Absa Bank	**801 737**	–	**801 737**	–
Standard Bank	**454 545**	454 545	**–**	–
Investec Bank	**26 055**	46 934	**5 174**	20 111
	1 282 337	501 479	**806 911**	20 111
Current loans				
Absa Bank	**80 000**	400 000	**80 000**	400 000
Investec Bank	**22 276**	27 545	**15 026**	19 495
Supply Chain Finance	**331 541**	328 493	**–**	–
NCI shareholders loans	**8 227**	22 029	**–**	–
Related parties (note 28)	**46 297**	19 408	**769 352**	780 311
	488 341	797 475	**864 378**	1 199 806

The Absa loan consists of two parts:

- Extension of the original R400 million loan repayable over a period of five years (31 July 2028) in quarterly instalments at a three-month JIBAR plus 1.4%.
- A new bullet loan taken out in the current year of R502 million repayable in three years with a 2 year optional extention at a three-month JIBAR plus 1.3%. The loan is secured by the underlying warehouse in Longmeadow with a cost of R502 million.

The Standard Bank loan is a bullet facility with a maturity date of five years (31 May 2027) and earns interest at the three-month JIBAR plus 1.44%. The loan is secured by the underlying properties with a cost of R421 million.

The Investec loan consists of three separate loans payable in quarterly instalments:

- Remaining R20 million repayable over one and a half years (2023: two and a half years) at a three-month JIBAR rate.
- R24 million facility with a maturity date of five years (31 August 2027) and earns interest at Investec prime rate less 0.25%. This loan is secured by the underlying property with a cost of R36.3 million.
- R12 million facility with a maturity date of five years (31 August 2027) and earns interest at Investec prime rate less 0.25%. This loan is secured by the underlying property with a cost of R12.5 million.

The import supply chain finance programme allows Dis-Chem to make payments to foreign suppliers through a funding institution using a cloud-based system. Dis-Chem then receives extended terms of up to 150 days in which to make payment to said financial institution. Dis-Chem is charged an interest rate in line with SONIA or a similar reference rate.

In May 2024, the South African Reserve Bank (SARB) released a publication prepared by the Market Practitioners Group (MPG) providing an update on the JIBAR transition plan. The transition approach includes detail on key milestones and expected timelines. The fomal JIBAR cessation announcement is expected in 2025, allowing ZARONIA market to develop during 2023 and 2024. The JIBAR is expected to cease before the end of 2026. The ZARONIA is currently published on the SARB's website. Existing contracts have not been renegotiated and all loans have a maturity date longer than 12 months. No material impact is expected when the rates are changed, but this change cannot be estimated yet.

Related party and NCI shareholders loans in the Group are considered to be short-term in nature as they are payable on demand and do not earn interest. These loans are unsecured.

24. Trade and other payables

Trade payables, sundry creditors and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 29.

Expenses and assets are recognised net of VAT, except:

- when the VAT incurred on a purchase of assets or services is not recoverable from SARS, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables which are stated inclusive of VAT. The net amount of sales tax recoverable from, or payable to, SARS is included as part of receivables or payables in the statement of financial position.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Trade payables	**6 321 095**	5 419 084	**848 165**	721 752
Other payables	**313 771**	471 110	**214 666**	230 997
VAT	**171 178**	155 372	**36 824**	73 381
Related parties (note 28)	**45 839**	46 976	**1 515 738**	1 095 400
Right of return liability	**11 799**	11 124	**9 266**	8 984
	6 863 682	6 103 666	**2 624 659**	2 130 514

Trade and other payables are non-interest-bearing and are generally on terms of 7 to 90 days.

Other payables consist of payables relating to payroll as well as general accruals.

Trade payables includes R762 million (2023: R950 million) (Company R131 million and R126 million in 2023) due to suppliers that have signed up to a supply chain financing programme, under which the suppliers can elect on an invoice-by-invoice basis to receive a discounted early payment from the partner bank rather than being paid in line with the agreed payment terms. If the option is taken the Group's liability is assigned to be due to the partner bank rather than the supplier. The value and terms of the liability payable by the Group remains unchanged. The Group assesses the arrangement against indicators to assess if debts which vendors have sold to the funder under the supplier financing scheme continues to meet the definition of trade payables or should be classified as borrowings. At 29 February, the payables met the criteria of trade payables as the value and terms of the liability payable has not changed and the Group has not given any security or incurred any additional costs.

Refer to note 29 on liquidity risk management.

25. Employee-related obligations

Short-term employee obligations are measured at the undiscounted amount required to settle the present obligation at the reporting date. Included in short-term employee obligations are bonus and leave pay.

The expected cost of short-term employee benefits are recognised in the form of paid absences as follows:

- in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- in the case of non-accumulating paid absences, when the absences occur.

The expected cost of bonus payments are recognised when, and only when:

- there is a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, there is no realistic alternative but to make the payments.

When an employee has rendered service to the Group during a period, the Group shall recognise the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. The expense is recognised in profit or loss.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Leave pay	**177 928**	219 772	**137 777**	172 970
Bonus	**87 313**	73 099	**70 934**	69 188
	265 241	292 871	**208 711**	242 158

The bonus is dependent on the Group performance as well as individual ratings.

26. Deferred revenue

Deferred revenue liability is recognised for expected loyalty benefit points and gift vouchers redeemed by customers for purchases made by participating customers for the loyalty points and gift vouchers purchased for cash during the last three years, based on past experience of the level of redemptions. It is expected that a majority of these will be redeemed in the next financial year and all will have been redeemed within two years of the reporting date. Assumptions used to calculate the liability are based on current redemption rates at existing stores which are between 90% and 100% (2023: 90% and 100%).

Loyalty benefit point scheme

The Group operates a loyalty scheme which allows retail customers to accumulate points that entitle them, subject to certain criteria, to use these points in the future in any store in exchange for goods or services. The transaction price is allocated to the loyalty points with reference to the Rand value of the points and is deferred as a liability and recognised as revenue on redemption of the points by customers. The Group experiences low levels of unredeemed loyalty points due to the ease with which customers can redeem them at point of sale.

Gift vouchers

The fair value of gift vouchers which includes the expected redemption rate attributed to the vouchers, is deferred as a liability and recognised as revenue on redemption of the gift vouchers by customers.

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
Loyalty benefit points scheme	**42 128**	41 259	**45 303**	47 567
Gift vouchers	**31 934**	23 401	**27 014**	19 796
Other contracts	**9 835**	12 510	**–**	–
	83 897	77 170	**72 317**	67 363
Loyalty points				
Opening balance	**41 259**	55 691	**47 567**	55 716
Points issued	**266 083**	229 564	**223 119**	201 776
Revenue recognised*	**(265 214)**	(243 996)	**(225 383)**	(209 925)
Closing balance	**42 128**	41 259	**45 303**	47 567
Gift vouchers				
Opening balance	**23 401**	18 754	**19 796**	14 001
Vouchers issued	**159 190**	134 083	**135 925**	97 807
Revenue recognised*	**(150 657)**	(129 436)	**(128 707)**	(92 012)
Closing balance	**31 934**	23 401	**27 014**	19 796
Other contracts				
Opening balance	**12 510**	–	**–**	–
Contract issued	**29 826**	30 462	**–**	–
Revenue recognised	**(32 501)**	(17 952)	**–**	–
Closing balance	**9 835**	12 510	**–**	–

* *Approximately 100% (2023: 100%) of the opening balance has been recognised as revenue in the current year.*

27. Notes to the statement of cash flows

Cash and cash equivalents are accounted for as financial assets at amortised cost and bank overdrafts are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 29.

Cash and cash equivalents comprise cash on hand and deposits held on call, all of which are available-for-use by the Group/company.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
27.1 Cash generated by operations				
Profit before tax	**1 384 581**	1 416 728	**855 506**	928 582
Adjustments for:				
– Depreciation and amortisation	**1 061 941**	1 002 105	**669 262**	644 055
– Finance costs	**466 233**	370 446	**402 270**	360 613
– Finance income	**(26 297)**	(20 210)	**(24 184)**	(10 020)
– Increase in employee obligations	**(27 631)**	54 335	**(33 446)**	47 150
– Increase/ (Decrease) in deferred revenue	**6 727**	2 321	**4 954**	(2 353)
– (Decrease)/ Increase in net returns provision	**(134)**	(95)	**(60)**	20
– Dividend income	**-**	–	**(158 932)**	(119 522)
– (Profit)/ Loss on sale and scrapping of tangible and intangible assets	**(690)**	880	**136**	9
– Increase in allowance for expected credit loss	**1 627**	4 790	**-**	–
– Contingent consideration fair value adjustment	**-**	(7 984)	**-**	(7 984)
– Share scheme expense	**24 232**	20 820	**24 232**	20 820
– Unrealised foreign exchange loss	**35 452**	22 544	**-**	–
– (Gain)/ Loss on lease liability	**(2 516)**	9 745	**2 304**	2 877
– Profit on IFRS 16 release on purchase of leased properties	**-**	(72 161)	**-**	–
– Loss on change in ownership	**-**	1 037	**-**	–
– Profit from associates and joint ventures	**(45 270)**	(22 779)	**-**	–
	2 878 255	2 782 522	**1 742 042**	1 864 247
27.2 Movement in working capital				
Movement in loans receivable	**50 395**	(407)	**(85 359)**	125 288
Movement in loans payable	**13 085**	10 987	**(10 859)**	259 743
Movement in inventories	**(802 702)**	(578 183)	**(407 979)**	(189 016)
Movement in trade and other receivables	**(148 487)**	(374 607)	**76 982**	(277 668)
Movement in trade and other payables	**712 357**	223 839	**495 220**	(577 802)
	(175 352)	(718 371)	**68 005**	(659 455)
27.3 Taxation paid				
Net amount payable at beginning of the year	**(58 276)**	(32 939)	**(16 390)**	(27 925)
Amount charged excluding deferred tax (note 10)	**(353 019)**	(406 356)	**(172 171)**	(226 389)
Amount on acquisition of entities (note 5)	**(904)**	(289)	**-**	–
Net amount payable at end of the year	**30 585**	58 276	**20 473**	16 390
	(381 614)	(381 308)	**(168 088)**	(237 924)

	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
27.4 Change in ownership interest in subsidiary				
Change in ownership interest in subsidiary				
– Amount paid for Rynfield	**(3 351)**	–	**–**	–
– Amount received from Airport Junction, Gallo and The Fields	**2 381**	–	**–**	–
– Amount paid for Springbok	**(5 160)**	–	**–**	–
– Amount paid for Evening Star	**(2 200)**	–	**–**	–
– Amount paid for Mega City	**(5 700)**	–	**–**	–
	(14 030)	–	**–**	–
27.5 Disposal of part of subsidiary, losing control				
On 1 September 2022 a portion of the interest in Differenza was disposed of, resulting in it becoming a 45.6% held associate.				
The consolidated carrying amount of assets and liabilities disposed of were as follows:				
Loan receivable	**–**	1 304	**–**	–
Deferred tax	**–**	45	**–**	–
Tax	**–**	81	**–**	–
Bank	**–**	1 191	**–**	–
Other receivables	**–**	87	**–**	–
Trade and other payables	**–**	(337)	**–**	–
Employee benefits	**–**	(293)	–	–
Net assets disposed of	**–**	2 078	**–**	–
Non-controlling interest	**–**	(1 018)	**–**	–
Goodwill disposed of	**–**	1 267	**–**	–
Fair value of retained investment	**–**	(1 530)	**–**	–
Total loss on disposal	**–**	(797)	–	–
Total consideration received	**–**	–	**–**	–
Less cash and cash equivalents of subsidiary	**–**	(1 191)	**–**	–
Net cash outflow	**–**	(1 191)	**–**	–

	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
27.6 Acquisition of additional interest in joint venture				
On 1 March 2022 an additional portion of the interest in Servco was obtained, resulting in it becoming a 52% held subsidiary.				
The fair value of assets acquired and liabilities assumed were as follows:				
Bank	**-**	2 105	**-**	–
Deferred tax	**-**	4 664	**-**	–
Other receivables	**-**	591	**-**	–
Loans payable	**-**	(19 206)	**-**	–
Trade and other payables	**-**	(148)	**-**	–
Net assets acquired	**-**	(11 994)	**-**	–
Non-controlling interest	**-**	5 757	**-**	–
Fair value of investments previously accounted for as joint venture	**-**	5 997	**-**	–
Goodwill	**-**	240	**-**	–
Total consideration settled in cash	**-**	–	**-**	–
Plus cash and cash equivalents of subsidiary	**-**	2 105	**-**	–
Net cash inflow	**-**	2 105	**-**	–

	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
Cash and cash equivalents comprise the following:				
27.7 Cash and cash equivalents				
Cash on hand and balances with banks	**884 371**	287 385	**96 615**	110 494
Bank overdrafts	**(851 143)**	(447 554)	**(281 614)**	(447 648)
	33 228	(160 169)	**(184 999)**	(337 154)

Cash at bank earns interest at floating rates based on daily bank deposit rates.

27.8 Changes in financing activities

Group	2023	Cash flows	Non-cash changes: New leases/ transaction	Non-cash changes: Acquisitions	Non-cash changes: Release/ fair value changes	Non-cash changes: Modification	2024
Long-term loans	**1 257 517**	458 637	–	–	–	–	**1 716 154**
Lease liability[1]	**3 227 635**	(586 623)	429 688	–	–	(2 575)	**3 068 125**

Group	2022	Cash flows	Non-cash changes: New leases/ transaction	Non-cash changes: Acquisitions	Non-cash changes: Release/ fair value changes	Non-cash changes: Modification	2023
Long-term loans	866 789	390 728	–	–	–	–	1 257 517
Contingent consideration	7 984	–	–	–	(7 984)	–	–
Lease liability[1]	3 204 502	(565 355)	782 933	7 133	(220 353)	18 775	3 227 635

[1] *The interest repaid on the lease liability is R248 million (2023: R254 million) and is reflected in finance costs under operating activities.*

Company	2023	Cash flows	Non-cash changes: New leases/ transaction	Non-cash changes: Release/ fair value changes	Non-cash changes: Modification	2024
Bank loans	439 606	462 331	–	–		**901 937**
Lease liability[1]	2 010 210	(414 050)	269 685	–	1 837	**1 867 682**

Company	2022	Cash flows	Non-cash changes: New leases/ transaction	Non-cash changes: Release/ fair value changes	Non-cash changes: Modification	2023
Bank loans	611 866	(172 260)	–	–		439 606
Contingent consideration	7 984	–	–	(7 984)	–	–
Lease liability[1]	1 832 773	(382 802)	559 536	–	703	2 010 210

[1] *The interest repaid on the lease liability is R144 million (2023: R155 million) and is reflected in finance costs under operating activities.*

28. Related party transactions

Related party transactions and balances constitute the transfer of resources, services or obligations between the Group/ company and a party related to the Group/ company. For the purposes of defining related party transactions with key management, key management has been defined as directors and includes close members of their families and entities controlled or jointly controlled by these individuals.

Directors' direct and indirect holdings of shares in the company is disclosed in the Directors Report.

2024

Group Related party	Loan receivable R'000	Loan payable R'000	Lease liability R'000	Accounts receivable R'000	Accounts payable R'000	Interest income/ (expense) R'000	Sales R'000	Purchases R'000	Services received R'000
Columbia Falls Property 7 [(1)]	-	-	**562 616**	-	-	**(53 613)**	-	-	-
Mathimba [(1)]	-	-	**4 585**	-	-	**(407)**	-	-	-
Origin Brands [(2)]	-	-	-	-	**3 307**	-	-	**17 513**	-
Geniob [(2)]	-	-	-	-	**21 392**	-	-	**326 171**	-
Vexell [(2)]	-	-	-	-	**8 094**	-	-	-	**102 010**
Health Window [(2)]	-	-	-	-	**7 901**	-	-	-	**74 480**
Bene [(3)]	-	-	-	-	**4 005**	-	-	**39 211**	-
BEESECDCP [(2)]	**33 764**	-	-	-	-	-	-	-	-
Tony Ferguson [(2)]	**25 195**	-	-	-	**1 140**	**2 775**	-	-	**7 108**
Nexus [(2)]	**2 305**	-	-	-	-	**25**	-	-	-
Sable [(2)]	**28 712**	-	-	-	-	**1 693**	-	-	-
Kaelo Diversified [(2)]	-	**46 297**	-	-	-	-	-	-	**20 897**
Various property companies[(1)]	-	-	**173 350**	-	-	**(14 683)**	-	-	-
	89 976	**46 297**	**740 551**	-	**45 839**	**(64 210)**	-	**382 895**	**204 495**

(1) *Relates to retail and warehouse space that is owned/partially owned by certain directors.*

(2) *Relates to associates and joint ventures of the Group as disclosed in note 4.*

(3) *Relates to a company that is owned by certain directors.*

2023

Group Related party	Loan receivable R'000	Loan payable R'000	Lease liability R'000	Accounts receivable R'000	Accounts payable R'000	Interest income/ (expense) R'000	Sales R'000	Purchases R'000	Services received R'000
Columbia Falls Property 7 (1)	–	–	561 461	–	–	(53 287)	–	–	–
CT Distribution Centre (1)	–	–	–	–	–	(927)	–	–	–
Eleador (1)	–	–	–	–	–	(125)	–	–	–
KZN Distribution Centre (1)	–	–	–	–	–	(479)	–	–	–
Mathimba (1)	23 425	–	5 678	–	–	879/ (495)	–	–	–
Dis-Chem Bothomed (2)	–	–	–	124	–	–	–	–	–
Origin Brands (2)	–	–	–	–	–	295	–	26 050	–
Geniob (2)	5 856	–	–	–	28 538	936	–	310 368	–
Vexall (2)	–	–	–	–	9 145	–	–	3 589	83 215
Health Window (2)	–	–	–	–	4 310	–	–	–	43 857
Bene (3)	–	–	–	–	4 326	–	–	29 988	–
BEESECDCP (2)	47 100	–	–	–	39	–	–	–	–
Tony Ferguson (2)	22 453	–	–	–	618	2 233	–	–	1 964
Kaelo Diversified (2)	–	19 408	–	–	–	–	–	–	–
Various property companies(1)	–	–	220 435	–	–	(16 577)	–	–	–
	98 834	19 408	787 574	124	46 976	(67 547)	–	369 995	129 036

(1) *Relates to retail and warehouse space that is owned/partially owned by certain directors.*

(2) *Relates to associates and joint ventures of the Group as disclosed in note 4.*

(3) *Relates to a company that is owned by certain directors.*

For further information in regards to loans receivable, guarantees and loans payable refer to note 29. Related party receivable and payables are generally settled within 60 days.

2024

Company Related party	Loan receivable R'000	Loan payable R'000	Lease liability R'000	Accounts receivable R'000	Accounts payable R'000	Interest income/ (expense) R'000	Sales R'000	Purchases R'000	Services received R'000
Dis-Chem Distribution	**516 047**	**2 051**	**–**	**–**	**1 358 375**	**13 235**	**7 970**	**15 074 308**	**297 591**
Dis-Chem Ballito Junction	**–**	**35 948**	**–**	**6 518**	**–**	**(15 715)**	**1 564**	**1 386**	**4 724**
Dis-Chem Flamwood Value Centre	**–**	**36 411**	**–**	**7 608**	**–**	**(5 209)**	**783**	**429**	**2 484**
Dis-Chem Krugersdorp	**–**	**25 985**	**–**	**2 759**	**–**	**(2 532)**	**1 494**	**1 073**	**1 972**
Dis-Chem Glen Fair	**–**	**18 929**	**–**	**–**	**–**	**–**	**242**	**330**	**–**
Dis-Chem Three Rivers	**–**	**24 040**	**–**	**6 772**	**–**	**(3 652)**	**1 019**	**287**	**2 131**
Dis-Chem The Galleria Amanzimtoti	**–**	**51 636**	**–**	**4 328**	**–**	**(13 351)**	**1 107**	**1 296**	**3 332**
Dis-Chem Oncology	**8 479**	**–**	**–**	**5 391**	**–**	**–**	**2 287**	**1 518**	**–**
Dis-Chem Worcester	**–**	**12 688**	**–**	**2 551**	**–**	**(2 822)**	**291**	**597**	**1 916**
Dis-Chem Maponya Mall	**–**	**5 547**	**–**	**2 189**	**–**	**(2 999)**	**509**	**679**	**–**
Dis-Chem Jubilee Mall	**3 527**	**–**	**–**	**1 952**	**–**	**(93)**	**381**	**466**	**–**
Pharma-Logistical Solutions	**–**	**109 221**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dis-Chem Mega City	**–**	**5 834**	**–**	**2 026**	**–**	**(1 683)**	**215**	**166**	**744**
Dis-Chem Goodwood	**–**	**7 663**	**–**	**2 393**	**–**	**(2 776)**	**1 239**	**1 024**	**1 835**
Dis-Chem Mams Mall	**–**	**2 519**	**–**	**693**	**–**	**–**	**593**	**724**	**–**
The Local Choice	**–**	**7 251**	**–**	**2 882**	**–**	**–**	**75**	**116**	**(208)**
TLC De Wiekus	**–**	**5 118**	**–**	**6 739**	**–**	**(1 894)**	**636**	**655**	**1 890**
Dis-Chem Northlands	**–**	**4 667**	**–**	**1 162**	**–**	**(1 447)**	**436**	**876**	**1 352**
Dis-Chem Airport Junction	**–**	**–**	**–**	**2 352**	**–**	**–**	**–**	**–**	**2 753**
Dis-Chem Gallo	**10 499**	**–**	**–**	**1 127**	**–**	**–**	**–**	**–**	**1 336**
Dis-Chem The Fields	**–**	**–**	**–**	**1 747**	**–**	**–**	**–**	**–**	**1 973**
CJ Marketing	**–**	**–**	**–**	**–**	**1 775**	**–**	**–**	**–**	**6 739**
CJ Pharmaceutical Enterprises	**–**	**–**	**–**	**116 126**	**154 143**	**–**	**–**	**2 062 127**	**51 974**
Bemax International	**93 147**	**–**	**–**	**1 624**	**–**	**–**	**–**	**–**	**–**
Springbok Pharmacy	**–**	**1 995**	**–**	**2 727**	**–**	**–**	**900**	**751**	**–**
Dis-Chem Castle Gate	**–**	**70 530**	**–**	**13 721**	**–**	**(7 772)**	**1 989**	**1 329**	**3 928**
Dis-Chem Thavhani Mall	**–**	**9 209**	**–**	**3 260**	**–**	**(2 154)**	**155**	**211**	**–**
Dis-Chem Howick Mall	**–**	**2 483**	**–**	**1 035**	**–**	**(798)**	**184**	**177**	**1 041**
Baby City - Fairy Tales	**–**	**25 066**	**–**	**25 695**	**–**	**–**	**7 059**	**14 136**	**–**

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

2024 (continued)

Company Related party	Loan receivable R'000	Loan payable R'000	Lease liability R'000	Accounts receivable R'000	Accounts payable R'000	Interest income/ (expense) R'000	Sales R'000	Purchases R'000	Services received R'000
Geniob	–	–	–	1 994	–	–	–	–	–
AT Gouws	–	167	–	–	–	–	164	184	–
TLC Kungwini	–	–	–	–	–	–	–	–	–
Dis-Chem Westville	–	3 379	–	817	–	(538)	471	424	1 034
KZN Warehouse	–	48 764	–	–	–	(3 309)	–	–	–
Eleadora	–	9 196	–	–	–	(538)	–	–	–
CT Distribution Centre	–	60 747	–	–	–	(3 973)	–	–	–
Pure Pharmacy Holdings	–	25 980	–	32	–	–	–	–	–
Pure Pharmacy Retail	–	89 966	–	56 209	–	(37 257)	10 151	14 709	–
Dis-Chem KG	–	48 676	–	14 847	–	(4 121)	2 022	1 848	–
Delta Blue Trading 371	–	1 900	–	3	–	–	–	–	–
B Anderson	–	8 229	–	1 141	–	(622)	760	234	–
Dis-Chem Swakopmund	4 083	–	–	256	–	–	–	–	–
Dis-Chem Wernhill	86	–	–	1 178	–	–	–	–	584
Vexall	–	–	–	8 094	–	–	–	–	102 010
Health Window	–	–	–	7 901	–	–	–	–	74 480
Healthforce	154 711	–	–	–	597	–	–	–	22 008
Servco	34 738	–	–	4 195	–	–	–	–	(14 144)
D-Media	–	7 557	–	3 770	–	–	–	–	–
Tony Ferguson	25 469	–	–	–	848	2 775	–	–	–
BEESECDCP	17 764	–	–	76	–	–	–	–	–
Nexus	2 305	–	–	–	–	25	–	–	–
Sable	28 712	–	–	–	–	1 693	–	–	–
Various property companies[1]	–	–	173 350	–	–	(14 683)	–	–	–
	899 567	769 352	173 350	325 890	1 515 738	(112 210)	44 696	17 182 060	575 479

(1) *Relates to retail space that is owned/partially owned by certain directors.*

2023

Company Related party	Loan receivable R'000	Loan payable R'000	Lease liability R'000	Accounts receivable R'000	Accounts payable R'000	Interest expense R'000	Sales R'000	Purchases R'000	Services received R'000
Dis-Chem Distribution	778	46 957	–	23 802	896 605	–	3 576	13 721 854	309 805
Dis-Chem Ballito Junction	–	99 870	–	6 173	–	23 961	2 057	1 131	4 446
Dis-Chem Flamwood Value Centre	–	37 001	–	7 909	–	12 597	1 017	686	2 431
Dis-Chem Krugersdorp	–	29 477	–	3 006	–	2 336	1 258	4 377	2 013
Dis-Chem Glen Fair	–	3 916	–	8 378	–	–	1 131	952	–
Dis-Chem Three Rivers	–	23 630	–	6 432	–	9 145	1 592	449	2 074
Dis-Chem The Galleria Amanzimtoti	–	74 017	–	5 063	–	16 675	1 818	3 148	3 397
Dis-Chem Oncology	18 400	–	–	3 852	–	–	1 240	582	–
Dis-Chem Worcester	–	15 181	–	2 648	–	12 466	351	592	1 683
Dis-Chem Maponya Mall	–	6 082	–	1 996	–	8 760	244	363	–
Dis-Chem Jubilee Mall	1 897	–	–	1 841	–	6 522	468	399	–
Pharma-Logistical Solutions	–	112 771	–	9 539	–	–	–	–	–
Dis-Chem Mega City	–	9 120	–	2 833	–	6 018	126	257	1 061
Dis-Chem Goodwood	–	477	–	2 084	–	8 319	1 282	702	–
Dis-Chem Mams Mall	–	3 651	–	–	1 140	–	1 445	747	1 482
The Local Choice	–	49 590	–	5 062	–	–	456	499	–
TLC De Wiekus	–	6 209	–	7 246	–	3 166	442	292	1 836
Dis-Chem Northlands	–	3 988	–	1 190	–	1 259	374	443	2 598
Dis-Chem Airport Junction	–	–	–	1 497	–	–	–	–	1 155
Dis-Chem Gallo	10 516	–	–	567	–	–	–	–	875
The Fields	8 000	–	–	1 203	–	–	–	–	–
CJ Pharmaceutical Enterprises	984	–	–	–	158 143	–	–	2 275 262	–
Bemax International	11 521	–	–	–	38 085	–	–	18	–
Springbok	–	83	–	4 596	–	994	1 159	3 130	–
Dis-Chem Castle Gate	–	65 179	–	17 055	–	9 130	1 229	1 073	3 507
Dis-Chem Thavhani Mall	–	3 097	–	2 561	–	1 935	236	286	–
Dis-Chem Howick	–	2 270	–	961	–	299	299	229	833
Baby City	–	31 900	–	31 724	–	–	5 013	11 381	–
Geniob	5 856	–	–	4 988	–	–	–	–	–
AT Gouws	–	4 544	–	3 506	–	–	120	142	–
TLC Kungwini	19	–	–	–	–	–	–	–	–
Dis-Chem Westville	–	2 758	–	8 868	–	–	1 128	75	219

2023 (continued)

Company Related party	Loan receivable R'000	Loan payable R'000	Lease liability R'000	Accounts receivable R'000	Accounts payable R'000	Interest expense R'000	Sales R'000	Purchases R'000	Services received R'000
Dis-Chem Swakopmund	4 350	–	–	–	–	–	–	–	601
Dis-Chem Wernhill	5 187	–	–	–	–	–	–	–	–
KZN Warehouse	–	28 855	–	–	–	855	–	–	–
Eleadora	–	5 458	–	–	–	158	–	–	–
CT Distribution Centre	–	31 852	–	–	–	852	–	–	–
Pure Pharmacy Holdings	–	26 185	–	396	–	–	–	–	–
Pure Pharmacy Retail	–	30 559	–	45 937	–	–	12 489	15 004	–
Dis-Chem K&G	–	18 500	–	–	–	–	–	–	–
Vexall	–	–	–	–	–	–	–	–	(83 215)
Health Window	–	–	–	–	–	–	–	–	(43 857)
Healthforce	127 191	–	–	–	–	–	–	–	–
Servco	19 408	–	–	–	–	–	–	–	–
DC Media	–	7 134	–	–	809	–	–	–	–
Tony Ferguson	22 452	–	–	–	579	–	–	–	–
BEESECDCP	23 500	–	–	–	39	–	–	–	–
Various property companies(1)	–	–	203 069	–	–	14 578	–	–	–
	260 059	780 311	203 069	222 913	1 095 400	140 025	40 550	16 044 073	212 944

(1) *Relates to retail space that is owned/partially owned by certain directors.*

For further information in regards to loans receivable, guarantees and loans payable refer to note 29. Related party receivable and payables are generally settled within 60 days. Dividend received earned from subsidiaries, associates and joint ventures is disclosed in note 8.

Group and company	2024 R'000	2023 R'000
Compensation of key management		
Short-term employee benefits	**130 886**	126 823
Post-employment benefits	**1 699**	1 182
Non-executive directors' fees	**7 095**	6 327
	139 680	134 332

Executive and non-executive emoluments to directors

Group and company 2024	Services as director R'000	Salary and allowances R'000	Bonuses[1] R'000	Retirement and related benefits R'000	Other benefits R'000	scheme vesting R'000	Total 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**

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	scheme 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 that of other employees in that they do not accrue leace and have a longer notice period.

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

	SRN Goetsch	BI Epstein	KS Sterling	CJ Williams	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 Saltzman	SE Saltzman	SRN Goetsch	BI Epstein	KS Sterling	CJ Williams	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 reagrd to offer date 1 September 2021 on the forfeitable share plan scheme.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

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

	SRN Goetsch	BI Epstein	KS Sterling	CJ Williams	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	65 741	65 893	65 596	49 048	16 439	262 717

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 Saltzman	SE Saltzman	SRN Goetsch	BI Epstein	KS Sterling	CJ Williams	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 regards to offer date 1 March 2021 and 1 September 2021 respectively on the forefeitable share plan scheme.

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

29. Financial risk management objectives and policies

Financial assets

Financial assets recognised on the statement of financial position include cash and cash equivalents, trade and other receivables and loans receivable. These financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

Initial recognition

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price under IFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

Financial assets are subsequently classified as financial assets at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

For trade receivables the Group applies a simplified approach using a provision matrix in calculating ECLs. An allowance for expected credit losses is made over the lifetime of a financial asset when the Group considers it to be in default (such as default or delinquency in payments, the probability of insolvency or significant financial difficulties of the debtor or group of debtors) that all of the amounts due under the original terms of the invoice/agreement will not be collected. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For other receivables and loan receivables the Group applies the general approach in calculating ECLs. At each reporting date, the Group recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition.

Financial liabilities

Financial liabilities recognised on the statement of financial position include bank overdraft, trade and other payables, loans payable and contingent consideration. These financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, as appropriate.

Initial recognition

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost:

After initial recognition, interest-bearing financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value measurement

In addition to the financial instruments carried at fair value (FVTPL), the fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments does not reasonably approximate their fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The valuation techniques that are used to measure fair value are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value, or for which the fair value is disclosed, on a recurring basis, it is determined whether transfers have occurred between the levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks, which are summarised below:

Group

2024	Financial instrument R'000	Fair value through profit or loss R'000	Financial liability at amortised cost R'000	Financial asset at amortised cost R'000	Non-financial instruments, leases and investments in group companies R'000
Assets					
Property, plant and equipment	**–**	**–**	**–**	**–**	**4 799 705**
Intangible assets	**–**	**–**	**–**	**–**	**1 335 134**
Investments	**–**	**–**	**–**	**–**	**208 221**
Deferred taxation	**–**	**–**	**–**	**–**	**166 368**
Inventories	**–**	**–**	**–**	**–**	**7 162 558**
Trade and other receivables	**2 500 725**	**–**	**–**	**2 500 725**	**230 828**
Loans receivable	**194 714**	**–**	**–**	**194 714**	**–**
Taxation receivable	**–**	**–**	**–**	**–**	**18 362**
Cash and cash equivalents	**884 371**	**–**	**–**	**884 371**	**–**
Liabilities					
Lease liability	**–**	**–**	**–**	**–**	**3 068 125**
Loans payable	**1 770 678**	**–**	**1 770 678**	**–**	**–**
Deferred taxation	**–**	**–**	**–**	**–**	**74 332**
Trade and other payables	**6 680 705**	**–**	**6 680 705**	**–**	**182 977**
Employee-related obligations	**–**	**–**	**–**	**–**	**265 241**
Deferred revenue	**–**	**–**	**–**	**–**	**83 897**
Taxation payable	**–**	**–**	**–**	**–**	**48 947**
Bank overdraft	**851 143**	**–**	**851 143**	**–**	**–**

2023	Financial instrument R'000	Fair value through profit or loss R'000	Financial liability at amortised cost R'000	Financial asset at amortised cost R'000	Non-financial instruments, leases and investments in group companies R'000
Assets					
Property, plant and equipment	–	–	–	–	4 429 226
Intangible assets	–	–	–	–	1 270 255
Investments	–	–	–	–	194 403
Deferred taxation	–	–	–	–	173 944
Inventories	–	–	–	–	6 356 781
Trade and other receivables	2 385 615	–	–	2 385 615	197 769
Loans receivable	214 062	–	–	214 062	–
Taxation receivable	–	–	–	–	6 368
Cash and cash equivalents	287 385	–	–	287 385	–
Liabilities					
Lease liability	–	–	–	–	3 227 635
Loans payable	1 298 954	–	1 298 954	–	–
Deferred taxation	–	–	–	–	70 834
Trade and other payables	5 937 170	–	5 937 170	–	166 496
Employee-related obligations	–	–	–	–	292 871
Deferred revenue	–	–	–	–	77 170
Taxation payable	–	–	–	–	64 644
Bank overdraft	447 554	–	447 554	–	–

Credit risk

The carrying amount of financial assets represents the maximum credit exposure which relates to trade and other receivables, loans receivables and positive cash and cash equivalents.

Trade and other receivables

The Group is exposed to credit risk in relation to trade and other receivables from its retail and wholesale business.

	2024 R'000	2023 R'000
The maximum exposure to credit risk for trade receivables is as follows:		
Retail	**421 799**	415 196
Wholesale	**952 623**	794 314
The maximum exposure to credit risk for other receivables and accrued income is as follows:		
Retail	**764 548**	921 011
Wholesale	**361 755**	254 970

In relation to the retail business, trade receivables primarily relate to amounts recoverable from medical aids. These receivables are deemed to be low credit risk as medical schemes pay mainly within 14 days and amounts are neither past due nor impaired.

The majority of other receivables and accrued income in retail and wholesale relate to rebates, promotions and advertising receivables from suppliers and are deemed to be low credit risk as the net position with the supplier is a creditor. Other receivables are currently measured in Stage 1 based on 12-month ECL's.

In wholesale, customers are primarily independent pharmacies and other pharmaceutical companies. The risk is managed through formal procedures for granting of credit to trade debtors. Credit quality of underlying wholesale customers is assessed before credit is granted and re-assessed on a regular basis. The Group determines the allowance for expected credit loss by means of applying a percentage that reflects the best estimate of expected credit losses at the reporting date determined with reference to past history to the relevant age buckets of the trade debtors adjusted for forward-looking information (i.e. current and future pharmaceutical market and legislation as it relates to Single Exit Price (SEP) pricing). The process for managing wholesale credit risk is to allow 10 days after payment is due, for customers to pay. If payment is not subsequently made after following up with the customer, the customer's account will be suspended until payment is received or a payment plan is implemented.

Cash and cash equivalents

With respect to the credit risk arising from cash resources, the Group's exposure to credit risk arises from the default of the counterparty with the maximum exposure equal to the carrying amount of these resources.

The Group manages and monitors daily funding requirements and has limited foreign currency exposure. Surplus funds are invested with banking institutions of a high credit standing.

Loans

The Group is exposed to credit risk in relation to loans with related and other parties. The risk is managed through formal procedures for granting of the loans and the recoverability thereof is assessed annually.

NCI shareholders loans

NCI shareholder loans are full recourse loans that are receivable from individuals that have non-controlling interests in subsidiary companies of the Group. The dividends they receive from the subsidiary companies must, in accordance with the loan agreement, be used to repay the loans and therefore based on the expected profitability and dividend policy there is no expectation that the loans will not be recovered. These loans are unsecured and non-interest bearing.

Related party loans

Related party loans consist of loans to associates/ joint ventures of the Group (BEESECDP, Tony Ferguson, Nexus and Sable). No security is held for these loans and they are repayable on demand. In the prior year, related party loans also consisted of loans to Mathimba Proprietary Limited, Geniob and Origin Brands which were fully repaid in the current year.

These entities are in a forecasted profitable position and therefore deemed to be a low credit risk. The Tony Ferguson loan earns interest at prime less 2%, Nexus at prime, Sable at prime plus 0.5% and the BEESECDCP loan does not earn interest.

Other loans

Other loans have no fixed terms of repayment and mainly relate to loans given to companies within the pharmaceutical, health and cut and trim industries and are repayable on demand. The companies are in a profitable position and have sufficient liquid assets in order to repay the loans and therefore deemed to be a low credit risk.

For loans receivables the Group applies the general approach in calculating expected credit losses. The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system:

	12-month Stage 1	Lifetime Stage 2	Credit impaired Stage 3
2024			
Opening gross carrying amount of loans	**208 079**	**5 983**	**–**
New loans receivable	**85 665**	**–**	**–**
Loans repaid	**(112 026)**	**–**	**–**
Interest	**7 013**	**–**	**–**
	188 731	**5 983**	**–**
2023			
Opening gross carrying amount of loans	221 887	–	–
New loans receivable	57 140	–	–
Loans repaid	(72 447)	–	–
Interest	7 482	–	–
Adjusted to stage 2	(5 983)	5 983	–
	208 079	5 983	–

Currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the supply chain finance programme and import vendors. As part of the process of managing the Group's currency risk, foreign exchange contracts may be taken out if deemed necessary.

As at 29 February 2024 the Group had foreign balances of USD14 million (R267 million), EUR3 million (R67 million) and GBP0.3 million (R6.3 million). As at 28 February 2023 the Group had foreign balances of USD15.3 million (R280 million), EUR2.3 million (R44.6 million) and GBP0.2 million (R5.4 million).

If the exchange rate, with all other variables held constant, increased or decreased by 200 average basis points (2023: 200) at year-end, the impact of the Group’s profit before tax would be approximately R44 million (2023: R36 million).

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Absa and Standard Bank loans with floating interest rates linked to JIBAR as well as interest incurred on overdraft facilities (note 9).

As part of the process of managing the Group’s interest rate risk, interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to anticipated movements in interest rates. Funds on call earn interest at prevailing market call rates. Interest payable on bank borrowings fluctuates in accordance with prime bank lending rates while the Absa, Standard Bank and Investec loans fluctuate with the JIBAR and prime rate and the Supply Chain Financing with the SONIA or similar reference rate. The South African Reserve Bank confirmed that JIBAR would cease at some future point and that South Africa would transition to alternative reference rates. The new system will be a variety of alternative risk-free and near-risk-free rates, mostly administered by central banks.

If the interest rate, with all other variables held constant, increased or decreased by 200 average basis points (2022: 200) at year-end, the impact of the Group’s profit before tax would be approximately R42 million (2023: R30.1 million). The sensitivity analysis for both periods presented was based on the average balance of the funds during the period on the bank borrowings, Absa loan, Standard Bank loan, Supply Chain Finance, Investec loan and other loans.

Liquidity risk

Dis-Chem has working capital facilities with ABSA, Standard Bank and Nedbank of R3 billion (2023:R2.39 billion); SCF facility of R1.1 billion (2023: R1 billion), EUR5.2 million (2023: EUR5.4 million), USD18.2 million (2023: USD17.7 million) and GBP0.6 million (2023: R0.7 million); and credit card and fleet card facilities of R11.7 million (2023: R3.9 million). Dis-Chem has derivative trading facilities of R173.5 million (2023: R100 million), a forward exchange settlement limit of R100 million (2023: R100 million) and a commercial asset finance credit line of R225 million (2023: R50.4 million) with ABSA. Dis-Chem also has bank loans of R1.7 billion (2023: 1.3 billion), NCI shareholders and related party loans of R55 million (2023: R41 million).

Dis-Chem Pharmacies has entered into a guarantee and indemnity agreement in favour of The Standard Bank of South Africa Limited in terms of any obligation or indebtedness arising of Vexall Proprietary Limited to them but limited to R20 million (2023: R20 million).

The debt covenants for the ABSA and Standard Bank loans are based on interest cover ratio (EBITDA/finance charges) and net leverage (ratio of total net debt to EBITDA). Dis-Chem has sufficient head room in both these ratios and does not expect these ratios to be defaulted on in the next 12 months. There are no covenants in place for Investec or Supply Chain Finance. The board believes that the debt levels of the Group are acceptable with a gearing ratio (excluding finance leases) of 2.5 (2023: 3.0).

The table below summarises the maturity profile of the Group's financial liabilities at year-end, based on contractual and undiscounted payments.

	On demand R'000	Less than 12 months R'000	Greater than 12 months R'000	Total R'000
2024				
Trade and other payables	**–**	**6 680 705**	**–**	**6 680 705**
Loans payable excluding bank loans	**54 524**	**–**	**–**	**54 524**
Bank overdraft	**–**	**851 143**	**–**	**851 143**
Financial guarantee contract	**20 000**	**–**	**–**	**20 000**
Bank loans	**–**	**583 735**	**1 616 272**	**2 200 007**
Lease liability (note 22)	**–**	**798 064**	**3 480 319**	**4 278 383**
Undiscounted payments	**74 524**	**8 913 647**	**5 096 591**	**14 084 762**
Less: Future finance charges	**–**	**(373 405)**	**(1 320 706)**	**(1 694 111)**
	74 524	**8 540 242**	**3 775 885**	**12 390 651**
2023				
Trade and other payables	–	5 937 170	–	5 937 170
Loans payable excluding bank loans	41 437	–	–	41 437
Bank overdraft	–	447 554	–	447 554
Financial guarantee contract	20 000	–	–	20 000
Bank loans	–	815 404	609 373	1 424 777
Lease liability (note 22)	–	787 093	3 729 660	4 516 753
Undiscounted payments	61 437	7 987 221	4 339 033	12 387 691
Less: Future finance charges	–	(290 724)	(1 164 816)	(1 455 540)
	61 437	7 696 497	3 174 217	10 932 151

The debt due on demand and within 12 months will be financed out of operational cash flow and available working capital facilities.

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks, which are summarised below:

Company

2024	Financial instrument R'000	Fair value through profit or loss R'000	Financial liability at amortised cost R'000	Financial asset at amortised cost R'000	Non-financial instruments, leases and investments R'000
Assets					
Property, plant and equipment	**–**	**–**	**–**	**–**	**2 300 684**
Intangible assets	**–**	**–**	**–**	**–**	**250 070**
Deferred taxation	**–**	**–**	**–**	**–**	**70 667**
Investments	**–**	**–**	**–**	**–**	**2 595 721**
Inventories	**–**	**–**	**–**	**–**	**2 779 046**
Trade and other receivables	**1 213 376**	**–**	**–**	**1 213 376**	**176 475**
Loans receivable	**946 650**	**–**	**–**	**946 650**	**–**
Cash and cash equivalents	**96 615**	**–**	**–**	**96 615**	**–**
Liabilities					
Lease liability	**–**	**–**	**–**	**–**	**1 867 682**
Loans payable	**1 671 289**	**–**	**1 671 289**	**–**	**–**
Trade and other payables	**2 578 569**	**–**	**2 578 569**	**–**	**46 090**
Employee-related obligations	**–**	**–**	**–**	**–**	**208 711**
Deferred revenue	**–**	**–**	**–**	**–**	**72 317**
Taxation payable	**–**	**–**	**–**	**–**	**20 473**
Bank overdraft	**281 614**	**–**	**281 614**	**–**	**–**

2023	Financial instrument R'000	Fair value through profit or loss R'000	Financial liability at amortised cost R'000	Financial asset at amortised cost R'000	Non-financial instruments, leases and investments R'000
Assets					
Property, plant and equipment	–	–	–	–	2 445 844
Intangible assets	–	–	–	–	222 431
Deferred taxation	–	–	–	–	82 502
Investments	–	–	–	–	2 522 149
Inventories	–	–	–	–	2 371 067
Trade and other receivables	1 302 426	–	–	1 302 426	164 628
Loans receivable	315 005	–	–	315 005	–
Cash and cash equivalents	110 494	–	–	110 494	–
Liabilities					
Lease liability	–	–	–	–	2 010 210
Loans payable	1 219 917	–	1 219 917	–	–
Trade and other payables	2 048 149	–	2 048 149	–	82 365
Employee-related obligations	–	–	–	–	242 158
Deferred revenue	–	–	–	–	67 363
Taxation payable	–	–	–	–	16 390
Bank overdraft	447 648	–	447 648	–	–

Credit risk

The carrying amount of financial assets represents the maximum credit exposure which relates to trade and other receivables, loans receivables and positive cash and cash equivalents.

Trade and other receivables

The company is exposed to credit risk in relation to trade and other receivables from its retail operations.

	2024 R'000	2023 R'000
The maximum exposure to credit risk for trade receivables (excluding intercompany) is as follows:	**278 892**	254 951
The maximum exposure to credit risk for other receivables and accrued income is as follows:	**608 594**	824 562

Trade receivables primarily relate to amounts recoverable from medical aids. These receivables are deemed to be low credit risk as medical schemes pay mainly within 14 days and amounts are neither past due nor impaired. The majority of other receivables and accrued income relates to rebates, promtions and advertising receivable from suppliers and are deemed to be low credit risk as the net position with the supplier is a creditor. Other receivables are currently measured in Stage 1 based on 12-month ECL's.

Cash and cash equivalents

With respect to the credit risk arising from cash resources, the company's exposure to credit risk arises from the default of the counterparty with the maximum exposure equal to the carrying amount of these resources.

The company manages and monitors daily funding requirements and has limited foreign currency exposure. Surplus funds are invested with banking institutions of a high credit standing.

Loans

The company is exposed to credit risk in relation to loans with related and other parties. The risk is managed through formal procedures for granting of these loans and the recoverability of these loans are assessed annually.

The majority of the loans receivable are companies within the Dis-Chem Group and based on budgets prepared and current profitability will be able to repay the loans and therefore deemed to be a low credit risk.

The Tony Ferguson loan earns interest at prime less 2%, Nexus at prime, Sable at prime plus 0.5% and the BEESECDCP loan does not earn interest. The Dis-Chem Distribution loan earns interest at JIBAR plus 1.3%.

Other loans mainly relate to the loans given to USN, a company in the health industry, as well as Uphawu and The Tailor, companies in the cut and trim industry, which is expected to be repaid within the next 12 months.

For loan receivables the Company applies the general approach in calculating expected credit losses. The table below shows the credit quality and the maximum exposure to credit risk based on the company's internal credit rating system:

	12 month Stage 1	Lifetime Stage 2	Credit impaired Stage 3
2024			
Opening gross carrying amount of loans	**315 005**	**–**	**–**
New loans receivable	**1 106 735**	**–**	**–**
Loans repaid	**(459 127)**	**–**	**–**
Interest	**7 013**	**–**	**–**
	946 650	**–**	**–**
2023			
Opening gross carrying amount of loans	467 936	–	–
New loans receivable	123 861	–	–
Loans repaid	(283 402)	–	–
Interest	6 610	–	–
	315 005	–	–

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to the Absa loan with a floating interest rate linked to JIBAR as well as interest incurred on overdraft facilities (note 9).

As part of the process of managing the company's interest rate risk, interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to anticipated movements in interest rates. Funds on call earn interest at prevailing market call rates. Interest payable on bank borrowings and the Investec loan fluctuate in accordance with prime bank lending rates while the Absa loans fluctuate with the JIBAR rate.

If the interest rate, with all other variables held constant, increased or decreased by 200 average basis points at year-end (2023: 200), the impact of the company's profit before tax would be approximately R38 million (2023: R31 million). The sensitivity analysis presented was based on the average balance of the funds during the period on the bank borrowings, Absa loan and Investec loan.

Liquidity risk

Dis-Chem has working capital facilities with ABSA, Standard Bank and Nedbank of R2.8 billion (2023:R2.4 billion); SCF facility of R1 billion (2023: R1 billion), EUR5.2 million (2023: EUR5.4 million), USD18.2 million (2023: USD17.7 million) and GBP0.6 million (2023: R0.7 million); and credit card and fleet card facilities of R8.5 million. Dis-Chem has derivative trading facilities of R100 million, a forward exchange settlement limit of R100 million and a commercial asset finance credit line of R100 million with ABSA. Dis-Chem Pharmacies also has bank loans of R0.9 billion (2023: 0.4 billion) and related party loans of R769 million (2023: R780 million).

Dis-Chem Pharmacies have given security/guarantees to ABSA, Standard Bank and Nedbank in regard to certain companies within the Dis-Chem Group and landlords. Securities/guarantees to ABSA for R2.2 billion in regard to Dis-Chem Distribution; to Standard Bank for R935 million in regard to Superstrike (R20 million), Bemax International (R75 million), Dis-Chem Distribution (R440 million) and CJ Pharmaceutical (R400 million); and to Nedbank for R2 million in regard to landlords. These facilities have not been used at year end.

Dis-Chem Pharmacies has entered into a guarantee and indemnity agreement in favour of The Standard Bank of South Africa Limited in terms of any obligation or indebtedness arising of Vexall Proprietary Limited to them but limited to R20 million (2023: R20 million). The debt covenants for the ABSA loan is based on interest cover ratio (EBITDA/finance charges) and net leverage (ratio of total net debt to EBITDA). Dis-Chem has sufficient head room in both these ratios and does not expect these ratios to be met in the next 12 months. There are no covenants in place for Investec. The board believes that the debt levels of the company are acceptable with a gearing ratio (excluding finance leases) of 2.2 (2023: 2.8).

The table below summarises the maturity profile of the company's financial liabilities at year-end, based on contractual and undiscounted payments:

	On demand R'000	Less than 12 months R'000	Greater than 12 months R'000	Total R'000
2024				
Trade and other payables	**–**	**2 578 569**	**–**	**2 578 569**
Loans payable excluding bank loans	**769 352**	**–**	**–**	**769 352**
Bank overdraft	**–**	**281 614**	**–**	**281 614**
Financial guarantee contract	**20 000**	**–**	**–**	**20 000**
Bank loans	**–**	**180 363**	**1 013 611**	**1 193 974**
Lease liability (note 22)	**–**	**532 505**	**1 737 579**	**2 270 084**
Undiscounted payments	**789 352**	**3 573 051**	**2 751 190**	**7 113 593**
Less: Future finance charges	**–**	**(207 124)**	**(487 315)**	**(694 439)**
	789 352	**3 365 927**	**2 263 875**	**6 419 154**
2023				
Trade and other payables	–	2 048 149	–	2 048 149
Loans payable excluding bank loans	780 311	–	–	780 311
Bank overdraft	–	447 648	–	447 648
Financial guarantee contract	20 000	–	–	20 000
Bank loans	–	428 839	26 929	455 768
Lease liability (note 22)	–	531 620	1 910 544	2 442 164
Undiscounted payments	800 311	3 456 256	1 937 473	6 194 040
Less: Future finance charges	–	(142 510)	(305 606)	(448 116)
	800 311	3 313 746	1 631 867	5 745 924

The debt due on demand and within 12 months will be financed out of operational cash flow and available working capital facilities.

30. Capital management

The primary objective of the Group’s and company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. This was met in the current and prior year.

The Group and company considers share capital and retained income as capital. The board of directors considers capital requirements from time to time and makes adjustments accordingly.

No changes were made in the objectives, policies and processes for managing capital during the years ended 29 February 2024 and 28 February 2023.

31. Events after the reporting period

The Group intends to acquire 100% of the share capital of Columbia Falls Properties 7 Proprietary Limited, which is subject to the approval of the Competition Commission. Columbia Falls is a rental property company and houses the Midrand distribution centre as well as the head office premises. This is a related party transaction as 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.

The company intends to acquire the assets and liabilities of certain subsidaries in transactions under common control in the coming financial year in order to continue to reduce the number of statutory entities across the Group.

The National Health Insurance Bill was approved by South Africa's National Assembly on 13 June 2023 and approved into law by the President on 19 May 2024. Based on the information available at the date of the approval of the financial statements it is not expected to have a significant impact on the Group's current operations.

The Group and company have no other significant events after the reporting period.

32. Company restatement due to common control accounting policy

During the current year, the Company acquired certain assets and liabilities of The Local Choice Proprietary Limited, Dis-Chem York Street Pharmacy Proprietary Limited, Dis-Chem Rynfield Terrace Pharmacy Proprietary Limited, Dis-Chem Festival Mall Proprietary Limited and Dis-Chem Ferndale Mall Pharmacy Proprietary Limited. Due to our common control accounting policy, this necessitates the restatement of prior year amounts to reflect the combination as if it had occurred from the beginning of the earliest period presented, regardless of the actual date of the combination. The Company believes this provides reliable and more relevant information to users as it enhances the comparability of results from period to period. Any adjustments required due to transactions between the entities in the past has been taken to equity in the common control reserve.

	2023 (previously stated) R'000	Acquisition of assets and liabilities R'000	Inter-company elimination and common control R'000	Total R'000
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Property, plant and equipment (including right-of-use asset)	2 400 524	45 320	–	2 445 844
Intangible assets	198 357	24 074	–	222 431
Deferred taxation	78 356	4 146	–	82 502
Investments	2 559 779	–	(37 630)	2 522 149
Inventories	2 314 248	56 819	–	2 371 067
Trade and other receivables	1 456 283	29 895	(19 124)	1 467 054
Loans receivable	314 130	63 616	(62 741)	315 005
Cash and cash equivalents	109 503	991	–	110 494
EQUITY AND RESERVES				
Share capital	6 155 554	28 000	(28 000)	6 155 554
Other reserves	(3 881 490)	(834)	(9 630)	(3 891 954)
Retained earnings	1 153 100	(14 354)	–	1 138 746
LIABILITIES				
Lease liability	1 971 097	39 113	–	2 010 210
Loans payable	1 181 975	100 683	(62 741)	1 219 917
Trade and other payables	2 080 897	68 741	(19 124)	2 130 514
Employee-related obligations	238 705	3 453	–	242 158
Deferred revenue (contract liability)	69 136	(1 773)	–	67 363
Taxation payable	14 558	1 832	–	16 390
Bank overdraft	447 648	–	–	447 648
STATEMENT OF COMPREHENSIVE INCOME				
Revenue from contracts with customers	21 867 087	536 728	(8 424)	22 395 391
Cost of sales	(17 056 486)	(422 438)	8 424	(17 470 500)
Other income	2 168 614	12 973	(1 823)	2 179 764
Other expenses	(5 720 545)	(104 935)	–	(5 825 480)
Finance income	10 013	9 168	(9 161)	10 020
Finance costs	(358 875)	(10 899)	9 161	(360 613)
Taxation	(197 973)	(6 192)	–	(204 165)

	2023 (previously stated) R'000	Acquisition of assets and liabilities R'000	Inter-company elimination and common control R'000	Total R'000
STATEMENT OF CASHFLOWS				
Cash flow from operating activities				
Cash inflow from trading operations	1 830 083	34 164	-	1 864 247
Movement in working capital	(643 101)	(16 354)	-	(659 455)
Leave payment	(14 639)	-	-	(14 639)
Finance income received	8 958	7	-	8 965
Finance costs paid	(358 473)	(1 738)	-	(360 211)
Taxation paid	(233 129)	(4 795)	-	(237 924)
Dividends paid	(415 829)	1 823	(1 823)	(415 829)
Dividends received	121 345	-	(1 823)	119 522
Cash flow from investing activities				
Additions to property, plant and equipment and intangible assets	(303 895)	(8 013)	-	(311 908)
Proceeds on disposal of property, plant and equipment and intangible assets	6 822	5 084	-	11 906
Increase in investments	(18 000)	-	-	(18 000)
Cash flow from financing activities				-
Bank loans repaid	(172 260)	-	-	(172 260)
Purchase of treasury shares	(28 527)	-	-	(28 527)
Lease liability repayment	(375 445)	(7 357)	-	(382 802)
Net increase in cash and cash equivalents	(596 090)	2 821	-	(596 915)
Cash and cash equivalents at beginning of year	257 945	1 816	-	259 761
Cash and cash equivalents at end of year	(338 145)	4 637	-	(337 154)

NOTES TO THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 2024

	2022 (previously stated) R'000	Acquisition of assets and liabilities R'000	Inter-company elimination and common control R'000	Total R'000
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Property, plant and equipment (including right-of-use asset)	2 152 534	46 953	–	2 199 487
Intangible assets	226 442	28 767	–	255 209
Deferred taxation	56 430	3 848	–	60 278
Investments	2 541 779	–	(37 630)	2 504 149
Inventories	2 128 105	53 946	–	2 182 051
Trade and other receivables	1 197 197	11 896	(19 891)	1 189 202
Loans receivable	516 966	(13 239)	(35 791)	467 936
Cash and cash equivalents	554 875	1 816	–	556 691
EQUITY AND RESERVES				
Share capital	6 155 554	28 000	(28 000)	6 155 554
Other reserves	(3 879 650)	(834)	(9 630)	(3 890 114)
Retained earnings	862 962	(26 936)	–	836 026
LIABILITIES				
Lease liability	1 789 173	43 600	–	1 832 773
Loans payable	1 190 897	6 026	(35 791)	1 161 132
Trade and other payables	2 645 577	81 744	(19 891)	2 707 430
Employee-related obligations	206 687	2 960	–	209 647
Deferred revenue (contract liability)	70 426	(710)	–	69 716
Contingent consideration	7 984	–	–	7 984
Taxation payable	27 788	137	–	27 925
Bank overdraft	296 930	–	–	296 930

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 29 February 2024

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
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%

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Distribution of shareholders				
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 and 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 and 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%
Shareholder type				
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%

ANALYSIS OF ORDINARY SHAREHOLDERS

CONTINUED

as at 29 February 2024

	Number of Shares	% of issued capital
Fund managers with a holding greater than 3% of the issued shares		
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		
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%**