CHAIR'S REPORT

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

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

Strategic oversight

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

Stakeholder engagement

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

Risk management

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

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

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

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

ESG

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

CHAIR'S REPORT continued

Leadership

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

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

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

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

National Health Insurance

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

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

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

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

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

Conclusion

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

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

Warm regards,

Larry Nestadt

Independent Non-Executive Chair