NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

19. COST OF PHARMACEUTICAL PRODUCTS AND FINISHED GOODS

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Opening inventories	**444 562**	431 764	**–**	–
Purchases	**2 034 793**	2 117 585	**–**	–
Inventories adjustment	**–**	20 287	**–**	–
Closing inventories	**(449 079)**	(444 562)	**–**	–
Cost of pharmaceutical products and finished goods	**2 030 276**	2 125 074	**–**	–
Cost of distribution of pharmaceutical products	**71 624**	78 376	**–**	–
TOTAL COST RELATING TO PHARMACEUTICAL PRODUCTS	**2 101 900**	2 203 450	**–**	–

20. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following items:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
AUDITORS' REMUNERATION (INCLUDED IN "OTHER EXPENSES")	**20 112**	18 467	**4 452**	2 613
Audit fees	**18 619**	17 637	**3 525**	2 359
Prior period under provision	**1 493**	830	**927**	254
DEPRECIATION OF PROPERTY AND EQUIPMENT	**94 142**	82 976	**–**	–
Motor vehicles	**3 752**	3 556	**–**	–
Computer equipment	**56 709**	48 218	**–**	–
Buildings	**5 653**	4 841	**–**	–
Furniture and fittings	**15 377**	14 981	**–**	–
Property and Equipment	**10 984**	9 723	**–**	–
Leasehold improvements	**1 667**	1 657	**–**	–
Amortisation of development costs and other intangible assets	**192 690**	208 823	**–**	–
Right of use asset depreciation	**52 747**	65 380	**–**	–
Share-based payment expense	**3 133**	17 837	**124**	695
Bad debt write-off	**12 398**	16 332	**–**	–
Expected credit loss allowance	**36 482**	41 102	**–**	–
Rent and property costs	**107 234**	87 479	**–**	–
Buildings*	**104 652**	85 831	**–**	–
Office equipment and furniture*	**2 582**	1 648	**–**	–
Repairs and maintenance (included in rent and property costs)	**15 816**	21 623	**–**	–
Rent and property costs total	**123 050**	109 102	**–**	–
Capitation costs	**1 645 000**	1 772 982	**–**	–

* *Included in the rent and property cost is short-term leases of 2024: R2 552 000 (2023: R1 648 000) relating to office equipment and furniture 2024: R2 581 000 (2023: R1 648 000).*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

20. PROFIT BEFORE TAXATION CONTINUED

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
DIRECTORS' EMOLUMENTS AND FEES				
(included in employee benefit costs)				
EXECUTIVE				
A Banderker*	10 404	19 288	–	–
– Cash package paid during the year	1 810	5 427	–	–
– Performance related payments/bonuses	–	5 622	–	–
– Retention bonus**	8 477	6 154	–	–
– Profit on vesting of share-based payments	–	1 733	–	–
- Company contributions paid during the year[1]	117	352	–	–
JW Boonzaaier	7 905	7 023	–	–
– Cash package paid during the year	3 883	3 689	–	–
– Performance related payments/bonuses	–	–	–	–
– Retention bonus**	2 540	1 482	–	–
– Other allowance	66	66	–	–
– Profit on vesting of share-based payments	1 177	1 560	–	–
– Company contributions paid during the year[1]	239	226	–	–
GN Van Wyk***	4 309	–	–	–
– Cash package paid during the year	4 096	–	–	–
– Company contributions paid during the year	213	–	–	–
NON-EXECUTIVE FOR SERVICES AS DIRECTORS****	7 901	8 076	7 901	8 076
Dr ATM Mokgokong	1 847	1 803	1 847	1 803
MJ Mandungandaba	2 091	2 045	2 091	2 045
M Chauke	675	681	675	681
MK Dippenaar	409	–	409	–
JB Fernandes	1 247	1 166	1 247	1 166
PB Hanratty*****	–	30	–	30
AM Le Roux	735	768	735	768
K Mkhize*****	–	422	–	422
Dr ND Munisi	599	569	599	569
WH Britz	298	–	298	–
FG Allen	–	592	–	592

* *Mr A Banderker resigned on 31 October 2023.*

** *Retention bonus payments were made in the first half of the 2023 financial year for a retention period to November 2024, aimed at retention of key skills and continuity after the Sanlam transaction. The amount recognised in the current year, relates to the portion of the retention bonus that is in respect of the 2024 financial year.*

*** *Mr GN van Wyk was appointed as CEO on 1 November 2023.*

**** *The directors' remuneration highlighted above reflects their total directors' fees received across various subsidiaries within the Group.*

***** *Sanlam Group executive directors do not get remunerated for their services as directors on the AfroCentric board of directors.*

[1] *The company contributions relate to contributions made by the employer towards pension funds.*

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

20. PROFIT BEFORE TAXATION CONTINUED

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
EMPLOYEE BENEFIT COSTS	**2 699 057**	2 445 087	**4 634**	2 648
Salaries and wages	**2 269 722**	2 116 301	**4 634**	2 648
Termination benefits	**3 609**	3 736	**–**	–
Incentive, production and performance bonus	**167 984**	96 655	**–**	–
Staff welfare	**62 362**	52 533	**–**	–
Movement in post-employment medical obligation	**71**	141	**–**	–
Other employee benefit cost	**195 309**	175 721	**–**	–
Dividends received	**–**	(105)	**(92 500)**	(107 078)
Loss on disposal of property and equipment	**3 491**	3 338	**–**	–
Write-off of intangible assets	**6 060**	5 415	**–**	–
Fair value gains/(losses)	**1 769**	(3 669)	**–**	–
Fair value gains on investment property	**1 769**	1 750	**–**	–
Other fair value losses	**–**	(5 419)	**–**	–
Impairments	**274 265**	27 115	**–**	–
Impairment of property and equipment	**26 611**	25 000	**–**	–
Impairment of intangible assets	**230 835**	–	**–**	–
Impairments of investment in associates	**14 661**	–	**–**	–
Impairment of loans	**2 158**	2 115	**–**	–
IT Costs*	**212 819**	255 701	**–**	–
OTHER EXPENSES**				
Included in other expenses are the following:				
Donations	**1 274**	641	**–**	–
Consulting fees	**621 599**	578 006	**15 538**	18 931
Legal fees	**14 498**	31 143	**–**	–
Operating expenditure***	**336 050**	311 310	**17 312**	12 485
Marketing and recruitment	**90 064**	88 904	**8 197**	2 927
VAT expenses	**1 973**	21 207	**4**	–

* *IT costs relates mainly to software licenses, managed service contracts and internet connectivity.*

** *The disclosure for Other expenses relates to the expenses deemed significant and does not include all items of Other expenses.*

*** *This relates mainly to motor vehicle, telephone, travel, postage and subscription costs.*