

Dis-Chem PHARMACIES

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INTERIM CONSOLIDATED FINANCIAL RESULTS 2025

FOR THE SIX MONTHS ENDED 31 AUGUST 2024

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

COMMENTARY

Overview

Following the identification of the eight strategic areas of focus aimed at delivering sustainable shareholder returns, the Group has made pleasing progress in each of these areas. The biggest contributor to earnings growth was the containment of Group payroll cost, predominantly driven by the successful deployment of staffing framework 1.0 which delivered positive operating leverage, with operating profit growing at 17.5% ahead of Group revenue growth of 9.6%.

Basic earnings per share (EPS) and basic headline earnings per share (HEPS) are 67.4 cents and 67.7 cents per share respectively, an increase of 15.6% and 16.3% respectively.

Review of financial performance

Revenue

During the six-month period from 1 March 2024 to 31 August 2024, Dis-Chem recorded Group revenue growth of 9.6% to R19.6 billion.

Retail revenue grew by 7.1% to R16.7 billion with comparable pharmacy store revenue growth at 4.8%. During the six months to 31 August 2024, a net 6 retail pharmacy stores were opened, resulting in 274 retail pharmacy stores and 53 retail baby stores as at 31 August 2024.

Wholesale revenue grew by 10.1% to R15.1 billion. Wholesale revenue to our own retail stores, still the biggest contributor, grew by 6.8% while external revenue to independent pharmacies and The Local Choice (TLC) franchises grew by 26.6% over the comparable period. Independent pharmacy growth was 30.3% attributable to both new customers and increased support from the current base, and TLC growth was 21.8% due to a combination of an increase in TLC franchise stores from 180 to 221 together with increasing support of the supply chain from existing TLC franchisees.

Total income

Total income grew by 10.4% to R6.0 billion, with the Group's total income margin being 30.7% compared to 30.5% in the prior comparative period.

Retail total income grew by 8.5% with retail total income margin increasing from 29.8% to 30.2% over the comparable period. The increase in retail total income margin was predominantly due to an increase in transactional gross margin across all core categories. Trade terms increased ahead of purchases growth due to increased scale.

Wholesale total income grew by 17.5%.

Other expenses

Expenses grew by 9.0% over the comparable period.

Retail expenses grew by 7.4% as the Group continued to invest in new stores. Retail employment cost, which accounts for 55.6% of total retail expenses, increased by 6.1%.

Like-for-like retail employee costs increased by 0.7%, following the successful implementation of staffing framework 1.0, where the emphasis was on achieving the consistent and optimal mix of staff to ensure that stores run efficiently and without compromising the differentiated service levels that our customers have come to know and expect.

Wholesale expenses grew by 13.2%, mainly due to the acquisition of the Longmeadow warehouse. Excluding the additional costs incurred for the Longmeadow warehouse, wholesale expenses grew by 5.8%.

Net finance costs

Net financing costs increased by 19.2% from the prior comparable period. Excluding finance costs from IFRS 16 and interest on the new loan, net financing costs increased by 3.8%. The R502 million loan facility taken out in the prior period was used to fund the acquisition of the Longmeadow warehouse property.

Net working capital

During the current period, the Group's inventory increased by R309 million or 4.3% from February 2024 due to additional inventory held in new stores and the timing of selected promotional buy-ins resulting in inventory days increasing marginally from 88.1 days at 29 February 2024, to 88.6 days. Creditors days have improved from 93.2 days to 96.2 days.

Net working capital at 19.4 days, has improved from 21.7 days at 29 February 2024.

Capital expenditure

Capital expenditure on tangible and intangible assets of R330 million comprised of R194 million for expansionary expenditure as the Group invested in additional stores, the Longmeadow warehouse, as well as information technology enhancements across both the retail and wholesale segments. The balance of R136 million relates to replacement expenditure incurred to maintain the existing retail and wholesale networks.

Directorate

No changes have been made to the board since year-end or the prior corresponding period.

Dividend declaration

Notice is hereby given that a gross interim cash dividend of 26.98195 cents per share, in respect of the interim period ended 31 August 2024 has been declared based on 40% of headline earnings. This is an increase of 16.1% from the prior comparable period. The number of shares in issue at the date of this declaration is 860 084 483. The dividend has been declared out of income reserves as defined in the Income Tax Act, 1962, and will be subject to the South African dividend withholding tax ("DWT") rate of 20% which will result in a net dividend of 21.58556 cents per share to those shareholders who are not exempt from paying dividend tax. Dis-Chem's tax reference number is 9931586144.

The salient dates relating to the payment of the dividend are as follows:

- Last day to trade cum dividend on the JSE: Tuesday, 19 November 2024
- First trading day ex dividend on the JSE: Wednesday, 20 November 2024
- Record date: Friday, 22 November 2024
- Payment date: Monday, 25 November 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 November 2024 and Friday, 22 November 2024, both days inclusive. Shareholders who hold ordinary shares in certificated form ("certificated shareholders") should note that dividends will be paid by means of an electronic funds transfer ("EFT") method. Certificated shareholders who do not have access to any EFT facilities are advised to contact the company's transfer secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196; on 011 370 5000; or on 0861 100 9818 (by facsimile), in order to make the necessary arrangements to take delivery of the proceeds of their dividend. Shareholders who hold ordinary shares in dematerialised form will have their accounts held at their CSDP or broker credited electronically with the proceeds of their dividend.

Outlook

For the two-month period 1 September to 22 October 2024, Group revenue grew by 5.6% over the prior comparable period.

The Group expects that the consumer will remain constrained due to the current economic climate. The continued focus on cost containment and the customer value creation that the integrated health ecosystem provides will position the Group for success in the future.

The Group will continue to focus on the identified eight strategic areas aimed at delivering sustainable shareholder returns over the long term.

- **Property:** current space pipeline of 107,000m² with property team continually growing and converting pipeline towards achieving the 3-year target of 137,000 m².
- **Total Income:** continue to incrementally increase total income growth ahead of revenue growth.
- **Cost Control:** focus on securing sustained positive operating leverage with staffing framework 2.0 facilitating further reductions in invested payroll cost per retail m².
- **Working Capital:** 10% improvement in inventory days over the next 18 months as we centralise stock management principles.
- **Wholesale Market Share Expansion:** continue to transition independent pharmacy pipeline into TLC franchise stores as we extend wholesale market share gains.
- **Integrated Health Ecosystem:** Dis-Chem Life to launch in Q1 2025 supported by the evolution of extraRewards to drive policyholder/shopper behaviour change and engagement.
- **Digital:** re-platforming and building capability to ensure digital health ownership.
- **Leveraging Analytics:** with a focus on relevance, commercialise health consumption data to deliver enhanced shopper- and patient-centric value.

The information contained in the outlook commentary has not been audited or reviewed by the Group's independent auditor.

COMMENTARY CONTINUED

Approval

The interim consolidated results of the Group were authorised for issue in accordance with a resolution of the directors on 24 October 2024.

On behalf of the Board of Directors

Rui Morais

Julia Pope

Chief Executive Officer

Chief Financial Officer

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months to 31 August 2024 R'000	Six months to 31 August 2023 R'000	% change	Year to 29 February 2024 R'000
Revenue from contracts with customers	19 562 603	17 855 999	9.6%	36 283 476
Cost of sales	(15 189 906)	(13 876 296)	9.5%	(28 066 929)
Gross profit	4 372 697	3 979 703	9.9%	8 216 547
Other income	1 637 568	1 463 883	11.9%	2 907 844
Total income	6 010 265	5 443 586	10.4%	11 124 391
Other expenses	(4 978 616)	(4 565 511)	9.0%	(9 345 144)
Operating profit before interest and equity accounted earnings	1 031 649	878 075	17.5%	1 779 247
Net financing costs	(239 396)	(200 894)	19.2%	(439 936)
- Finance income	20 433	12 223	67.2%	26 297
- Finance costs	(259 829)	(213 117)	21.9%	(466 233)
Profit from associates and joint ventures	20 965	24 481	(14.4%)	45 270
Profit before taxation	813 218	701 662	15.9%	1 384 581
Taxation	(215 659)	(183 221)	17.7%	(364 093)
Total profit for the year, net of taxation	597 559	518 441	15.3%	1 020 488
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
- Exchange differences on translating foreign subsidiaries	(100)	209		180
Other comprehensive income for the year, net of taxation	(100)	209		180
Total comprehensive income for the year	597 459	518 650	15.2%	1 020 668
Profit attributable to:				
- Equity holders of the parent	577 709	500 926		984 481
- Non-controlling interests	19 850	17 515		36 007
Total comprehensive income attributable to:				
- Equity holders of the parent	577 609	501 135		984 661
- Non-controlling interests	19 850	17 515		36 007
Earning per share (cents)				
- Basic	67.4	58.3		114.7
- Diluted	67.3	58.3		114.7

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 August 2024 R'000	As at 31 August 2023 R'000	Year to 29 February 2024 R'000
ASSETS			
Non-current assets	6 778 905	6 029 474	6 578 031
Property, plant and equipment (including right-of-use asset)	4 806 957	4 267 477	4 799 705
Intangible assets	1 374 724	1 337 054	1 335 134
Investment in associates and joint ventures	374 802	211 035	208 221
Deferred taxation	147 587	162 823	166 368
Loans receivable	74 835	51 085	68 603
Current assets	11 425 089	10 545 260	10 922 955
Inventories	7 471 534	6 927 032	7 162 558
Trade and other receivables	3 002 715	2 688 698	2 731 553
Loans receivable	126 428	140 640	126 111
Taxation receivable	-	-	18 362
Cash and cash equivalents	824 412	788 890	884 371
Total assets	18 203 994	16 574 734	17 500 986
EQUITY AND LIABILITIES			
Equity and reserves	4 851 313	4 186 098	4 472 124
Share capital	6 155 554	6 155 554	6 155 554
Retained earnings	3 353 365	2 693 082	2 965 235
Other reserves	(4 657 606)	(4 662 538)	(4 648 665)
Non-controlling interest	4 364	14 703	2 817
Total equity	4 855 677	4 200 801	4 474 941
Non-current liabilities	3 736 293	3 422 527	3 842 967
Lease liability	2 431 891	2 473 053	2 486 298
Loans payable	1 235 564	885 453	1 282 337
Deferred taxation	68 838	64 021	74 332
Current liabilities	9 612 024	8 951 406	9 183 078
Trade and other payables	7 496 656	6 886 296	6 863 682
Lease liability	615 957	551 440	581 827
Loans payable	427 923	364 630	488 341
Employee-related obligations	288 764	294 257	265 241
Deferred revenue (contract liability)	95 821	84 078	83 897
Taxation payable	24 559	62 844	48 947
Bank overdraft	662 344	707 861	851 143
Total equity and liabilities	18 203 994	16 574 734	17 500 986

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Retained earnings R'000	Other Treasury shares R'000	Reserves Other reserves (1) R'000	Non-controlling interest R'000	Total R'000
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	-	500 926	-	209	17 515	518 650
Profit for the year, net of taxation	-	500 926	-	-	17 515	518 441
Other comprehensive income for the year, net of taxation	-	-	-	209	-	209
Change in ownership interest in subsidiary	-	(1 988)	-	-	(6 168)	(8 156)
Share-based payment expense	-	-	-	10 319	-	10 319
Treasury shares acquired	-	-	(65 476)	-	-	(65 476)
Exercise of share-based payment	-	(2 406)	20 016	(17 610)	-	-
Dividends paid	-	(158 287)	-	-	(28 729)	(187 016)
Balance at 31 August 2023	6 155 554	2 693 082	(70 075)	(4 592 463)	14 703	4 200 801
Total comprehensive income for the year	-	483 555	-	(31)	18 492	502 016
Profit for the year, net of taxation	-	483 555	-	-	18 492	502 047
Other comprehensive income for the year, net of taxation	-	-	-	(31)	-	(31)
Change in ownership interest in subsidiary	-	(11 573)	-	-	7 104	(4 469)
Treasury shares acquired	-	-	(9)	-	-	(9)
Share-based payment expense	-	-	-	13 913	-	13 913
Dividends paid	-	(199 829)	-	-	(37 482)	(237 311)
Balance at 29 February 2024	6 155 554	2 965 235	(70 084)	(4 578 581)	2 817	4 474 941
Total comprehensive income for the year	-	577 709	-	(100)	19 850	597 459
Profit for the year, net of taxation	-	577 709	-	-	19 850	597 559
Other comprehensive income for the year, net of taxation	-	-	-	(100)	-	(100)
Change in ownership interest in subsidiary	-	(4 145)	-	-	(109)	(4 254)
Treasury shares acquired	-	-	(14 493)	-	-	(14 493)
Share-based payment expense	-	-	-	14 062	-	14 062
Exercise of share-based payment	-	7 580	12 932	(21 342)	-	(830)
Dividends paid	-	(193 014)	-	-	(18 194)	(211 208)
Balance at 31 August 2024	6 155 554	3 353 365	(71 645)	(4 585 961)	4 364	4 855 677

(1) Other consists of common control reserve, share-based payments, shares repurchased and foreign currency translation reserve

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 31 August 2024 R'000	Six months to 31 August 2023 R'000	Period to 29 February 2024 R'000
Cash flow from operating activities	1 020 775	1 014 274	1 465 878
Cash inflow from trading operations	1 650 542	1 388 364	2 878 255
Movement in working capital	29 431	190 348	(175 352)
Finance income received	20 433	12 223	26 297
Finance costs paid	(260 025)	(214 397)	(457 381)
Taxation paid	(208 398)	(175 248)	(381 614)
Dividends paid	(211 208)	(187 016)	(424 327)
Cash flow from investing activities	(473 116)	(346 151)	(1 064 742)
Additions to property, plant and equipment and intangible assets			
- To maintain operations	(136 370)	(123 035)	(158 475)
- To expand operations	(193 534)	(155 625)	(868 619)
Proceeds on disposal of property, plant and equipment and intangible assets	8 636	6 855	17 100
Acquisition in business combination and subsidiaries, net of cash acquired	-	(55 183)	(55 183)
Payment of loans receivable	(6 232)	(27 019)	(31 017)
Acquisition of joint venture	(155 940)	-	-
Proceeds from joint ventures and associates	10 324	7 856	31 452
Cash flow from financing activities	(424 175)	(426 584)	(207 501)
Bank loans repaid	(451 665)	(359 864)	(742 740)
Receipt of bank loans	363 395	304 065	1 201 377
Lease liability repayment	(317 158)	(297 153)	(586 623)
Change in ownership interest in subsidiaries	(4 254)	(8 156)	(16 411)
Purchase of treasury shares	(14 493)	(65 476)	(65 485)
Proceeds from non-controlling interest	-	-	2 381
Net increase in cash and cash equivalents	123 484	241 539	193 635
Foreign currency implications on cash and cash equivalents	5 356	(341)	(238)
Cash and cash equivalents at beginning of year	33 228	(160 169)	(160 169)
Cash and cash equivalents at end of year	162 068	81 029	33 228

EARNINGS PER SHARE

	As at 31 August 2024 R'000	As at 31 August 2023 R'000	As at 29 February 2024 R'000
Reconciliation of profit for the year to headline earnings			
Profit attributable to equity holders of the parent	577 709	500 926	984 481
Net loss/(profit) on disposal of property, plant and equipment and intangible assets	3 126	(1 330)	(644)
Compensation from third parties for items of property, plant and equipment and intangible assets	-	-	(747)
Taxation	(666)	188	341
Headline earnings	580 169	499 784	983 431
Earnings per share (cents)			
- Basic	67.4	58.3	114.7
- Diluted	67.3	58.3	114.7
Headline earnings per share (cents)			
- Basic	67.7	58.2	114.6
- Diluted	67.6	58.2	114.6

	As at 31 August 2024	As at 31 August 2023	Year to 29 February 2024
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	860 084 483
Total number of treasury shares in issue at the beginning of the period	(2 735 313)	(815 000)	(815 000)
Total number of shares outstanding at the beginning of the period	857 349 170	859 269 483	859 269 483
Weighted treasury shares exercised and issued under the share scheme	172 808	268 124	290 800
Weighted treasury shares acquired	(143 324)	(920 200)	(1 577 623)
Total weighted number of shares in issue at the end of the period	857 378 654	858 617 407	857 982 660
Share options	791 942	66 755	132 896
Total diluted weighted number of shares in issue at the end of the period	858 170 596	858 684 162	858 115 556

SEGMENTAL INFORMATION

The Group has identified two reportable segments being Retail and Wholesale.

Six months to 31 August 2024	Retail R'000	Wholesale R'000	Intergroup/ consolidation R'000	Total R'000
External customers	16 696 202	2 866 401	-	19 562 603
Inter-segment	-	12 223 893	(12 223 893)	-
Total revenue from contracts with customers	16 696 202	15 090 294	(12 223 893)	19 562 603
Cost of sales	(13 105 022)	(14 028 555)	11 943 671	(15 189 906)
Gross profit	3 591 180	1 061 739	(280 222)	4 372 697
Other income	1 442 979	209 545	(14 956)	1 637 568
Total income	5 034 159	1 271 284	(295 178)	6 010 265
Other expenses (excluding depreciation and amortisation)	(3 764 228)	(952 607)	294 486	(4 422 349)
Depreciation and amortisation	(484 598)	(71 669)	-	(556 267)
Operating profit before interest and equity accounted earnings	785 333	247 008	(692)	1 031 649
Net finance costs	(170 702)	(68 694)	-	(239 396)
Share of profit from associates and joint ventures	20 965	-	-	20 965
Profit before tax	635 596	178 314	(692)	813 218
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	1 290 896	318 677	(692)	1 608 881
Capital expenditure	(284 876)	(45 028)	-	(329 904)
Total assets	11 702 364	10 277 472	(3 775 842)	18 203 994
Total liabilities	7 721 869	7 753 426	(2 126 978)	13 348 317
Total income margin	30.2%	8.4%		30.7%
EBITDA margin	7.7%	2.1%		8.2%
Operating margin	4.7%	1.6%		5.3%

* EBITDA - operating profit less depreciation and amortisation plus share of profit from associates and joint ventures.

SEGMENTAL INFORMATION CONTINUED

Six months to 31 August 2023	Retail R'000	Wholesale R'000	Intergroup/ consolidation R'000	Total R'000
External customers	15 589 994	2 266 005	-	17 855 999
Inter-segment	-	11 439 934	(11 439 934)	-
Total revenue from contracts with customers	15 589 994	13 705 939	(11 439 934)	17 855 999
Cost of sales	(12 295 263)	(12 748 491)	11 167 458	(13 876 296)
Gross profit	3 294 731	957 448	(272 476)	3 979 703
Other income	1 346 276	124 860	(7 253)	1 463 883
Total income	4 641 007	1 082 308	(279 729)	5 443 586
Other expenses (excluding depreciation and amortisation)	(3 496 248)	(842 557)	293 651	(4 045 154)
Depreciation and amortisation	(458 292)	(62 065)	-	(520 357)
Operating profit before interest and equity accounted earnings	686 467	177 686	13 922	878 075
Net finance costs	(179 948)	(20 946)	-	(200 894)
Share of profit from associates and joint ventures	24 481	-	-	24 481
Profit before tax	531 000	156 740	13 922	701 662
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	1 169 240	239 751	13 922	1 422 913
Capital expenditure	(243 004)	(35 656)	-	(278 660)
Total assets	10 973 543	8 990 343	(3 389 152)	16 574 734
Total liabilities	7 569 773	6 663 170	(1 859 010)	12 373 933
Total income margin	29.8%	7.9%		30.5%
EBITDA margin	7.5%	1.7%		8.0%
Operating margin	4.4%	1.3%		4.9%

* EBITDA - operating profit less depreciation and amortisation plus share of profit from associates and joint ventures.

SEGMENTAL INFORMATION CONTINUED

Twelve-months to 29 February 2024	Retail R'000	Wholesale R'000	Intergroup/ consolidation R'000	Total R'000
External customers	31 692 905	4 590 571	-	36 283 476
Inter-segment	-	22 799 701	(22 799 701)	-
Total 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 associates and joint ventures	45 270	-	-	45 270
Profit before tax	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%

* EBITDA - operating profit less depreciation and amortisation plus share of profit from associates and joint ventures.

ADDITIONAL INFORMATION

		31 August 2024	31 August 2023	29 February 2024
Ordinary shares in issue*		860 084 483	860 084 483	860 084 483
Closing share price	(R/share)	35.00	23.90	30.54
Six-month/Twelve-month share price (high)	(R/share)	37.06	27.05	30.85
Six-month/Twelve-month share price (low)	(R/share)	30.52	21.96	21.96
Net asset value per share (WANOS shares at period-end)	(cents/share)	566.34	489.25	521.48
Net asset value per share (actual shares at period-end)	(cents/share)	564.56	488.42	520.29

* Including treasury shares

NOTES TO THE INTERIM CONSOLIDATED RESULTS

1 These interim consolidated financial results for the six months ended 31 August 2024 have been prepared in accordance with and containing information required by IAS 34 Interim Financial Reporting and the SA financial reporting requirements, the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Listings Requirements.

The interim consolidated results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 29 February 2024.

The accounting policies and methods of computations used in the preparation of the interim consolidated financial results are consistent in all material respects with those applied in the Group's annual financial statements as at 29 February 2024.

None of the new standards, interpretations and amendments effective as of 1 March 2024 have had a material impact on the annual consolidated financial statements of the Group or the interim consolidated financial statements of the Group, excluding additional disclosure.

2 Revenue from contracts in the retail segment with customers can be disaggregated between the following categories:

	As at 31 August 2024 %	As at 31 August 2023 %	As at 29 February 2024 %
Dispensary	37	36	35
Personal care and beauty	27	27	28
Healthcare and nutrition	22	22	21
Baby care	8	9	9
Other	6	6	7
	100	100	100

3 Dis-Chem enters into certain transactions with related parties including the rental of certain stores and warehouse. The lease liability relating to these leases amounted to R0.7 billion at 31 August 2024 (29 February 2024: R0.7 billion). Amounts owing from BEESECDP, Tony Ferguson, Nexus and Sable at 31 August 2024 amounted to R91 million (29 February 2024: R90 million). Except for that disclosed in note 7 and 8, other related party transactions for the current period are similar in nature to those disclosed in the annual financial statements for the year ended 29 February 2024.

4 No material impairments took place in the current or prior comparable period.

5 No shares were issued during the current or prior comparable period.

6 During the period, 504,708 treasury shares were issued as part of the share-based payment scheme. The share-based payment reserve (other reserves in the Statement of Changes in Equity) was reduced by R15.6 million and treasury shares reduced by R13 million, representing the value at which they were purchased in the past. The difference of R2.6 million was recognised in retained income.

7 During the period, the Group acquired an additional 17% in Dis-Chem Howick Mall Pharmacy Proprietary Limited and an additional 10% in Dis-Chem Maponya Mall Pharmacy Proprietary Limited bringing the Group's ownership to 100%. On 1 August 2024, the Group acquired a 50% interest in the ordinary share capital of OneSpark Proprietary Limited for a consideration of R155 940 228. OneSpark's capabilities and financial services expertise will significantly enhance Dis-Chem's ability to augment and deliver a compelling customer value proposition, centred in an integrated health ecosystem, supporting Dis-Chem's vision of increasing access to quality healthcare at the lowest cost. As disclosed in the SENS issued on 31 May 2024, this was a related party transaction.

NOTES TO THE INTERIM CONSOLIDATED RESULTS CONTINUED

- 8 In October 2023, the Competition Commission approved the purchase of a 63,000m² distribution centre in Gauteng, for a purchase consideration of R502 million. The growth of the Group has necessitated the need for the additional warehouse capacity to service increased demand from both our own retail stores and the independent market. The warehouse was debt funded and is repayable in 3 years with a 2 year optional extension at three-month JIBAR plus 1.3%.
- 9 Events after the reporting period
The Group intends to acquire 100% of the share capital of Columbia Falls Properties 7 Proprietary Limited, which 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. The Competition Commission approved this transaction in September 2024 and the final condition precedents are being concluded.
- 10 These interim consolidated results have neither been audited nor reviewed by the Group's external auditors. The directors take full responsibility for the preparation of these interim consolidated financial results, which have been prepared under the supervision of Ms Julia Pope CA(SA), the Chief Financial Officer of the Group.

DEFINITIONS

Capital expenditure to expand operations	Capital expenditure ("CAPEX") undertaken by the Group to further growth prospects and expand existing operations.
Capital expenditure to maintain operations	Capital expenditure required by the Group to continue operating in its current form i.e. to maintain or replace assets.
Cash flow	
Financing activities	Activities that result in changes to the capital and funding structure of the Group.
Investing activities	Activities relating to the acquisition, holding and disposal of capital assets and long-term investments.
Operating activities	Activities that are not financing or investing activities that arise from the operations conducted by the Group.
Creditors days	The numbers of days it takes the Group to pay its creditors. The ratio indicates the amount of credit given to the business by our suppliers.
Calculation	$\frac{\text{Average trade and other payables}}{(\text{Cost of goods sold} + \text{trade terms}) \times \text{no. of days in period}}$
Debtors days	A ratio that measures how quickly cash is being collected from debtors.
Calculation	$\frac{\text{Average trade and other receivables}}{\text{Revenue} \times \text{no. of days in period}}$
Dividend payout ratio	The amount of dividends paid to shareholders relative to the amount of total net income of the Group.
Calculation	$\frac{\text{Dividends paid}}{\text{Net income}}$
Dividend per share ("DPS")	The sum of declared dividends issued by a company for every ordinary share outstanding.
Earnings before interest and tax ("EBIT")	A measure of the Group's profit that includes all incomes and expenses excluding interest and income tax expenses.
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	A measure of the Group's operating performance without factoring in financing or accounting decisions or the tax environment.
Earnings per share ("EPS")	The portion of the Group's profit allocated to each outstanding share of common stock.
Calculation	$\frac{\text{Earnings attributable to equity holders of the Group}}{\text{WANOS}}$
Effective tax rate	The average tax rate paid by the Group.
Calculation	$\frac{\text{Taxation (as per statement of comprehensive income)}}{\text{Profit before tax}}$
Gross profit margin	A financial metric used to assess the Group's financial health and business model by telling the amount of money left over from revenue after deducting the cost of sales on the Statement of Comprehensive income ("COGS").
Calculation	$\frac{(\text{Revenue} - \text{COGS})}{\text{Revenue}}$
Headline earnings	A measurement of the Group's earnings based solely on operational and capital investment activities as determined by the SAICA Circular 1/2023.
Headline earnings per share ("HEPS")	The per-share value of the headline earnings attributable to holders of the Group.
Calculation	$\frac{\text{Headline earnings}}{\text{WANOS}}$

DEFINITIONS CONTINUED

Inventory days	An efficiency ratio that measures the average number of days the company holds its inventory before selling it i.e. the number of days that funds are tied up in inventory.
Calculation	$\frac{\text{Average inventory}}{\text{Cost of goods sold} \times \text{no. of days in period}}$
Like-for-like revenue growth	A measure of growth in sales, adjusted for new or divested businesses. Dis-Chem takes into account stores that have been open for at least two full financial years.
Net asset value per share – actual shares at year-end	
Calculation	$\frac{\text{Total assets} - \text{total liabilities}}{\text{Actual number of shares outstanding}}$
Net asset value per share – WANOS	
Calculation	$\frac{\text{Total assets} - \text{total liabilities}}{\text{WANOS}}$
Net working capital days	The average number of days it takes the Group to convert working capital into revenue.
Calculation	$\text{Debtor days} + \text{Inventory days} - \text{Creditor days}$
Operating margin	A measure of profitability that indicates how much of each rand of revenue is left over after both cost of goods sold and operating expenses are considered.
Calculation	$\frac{\text{Operating profit}}{\text{Revenue}}$
Return on capital employed ("ROCE")	Determines a company's profitability after taking into account the amount of capital used.
Calculation	$\frac{\text{EBIT}}{\text{Capital employed}}$
Return on equity ("ROE")	A measure of profitability that calculates how many rands of profit a company generates with each rand of shareholders' equity.
Calculation	$\frac{\text{Net income attributable to equity holders}}{\text{Average shareholders' equity}}$
Return on invested capital ("ROIC")	The percentage return made over invested capital
Calculation	$\frac{\text{Net income} - \text{dividend}}{\text{Debt} + \text{Equity}}$
Weighted average number of shares ("WANOS")	The number of shares at year-end taking into account any changes in the number of outstanding shares over the specific reporting period.

SUPPLEMENTARY INFORMATION

Directors

Non-executive directors

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

Executive directors

RM Morais	(South African)
IL Saltzman	(South African)
SE Saltzman	(South African)
SRN Goetsch	(South African)
JD Pope	(British)

Company registration number

2005/009766/06

Registered office

23 Stag Road
Midrand
1685

Company secretary

NJ Lumley

Registered auditors

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

JSE code

DCP

ISIN

ZAE000227831

Sponsor

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

Transfer secretaries

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