Dis-Chem Pharmacies Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/009766/06)
Share code: DCP
ISIN: ZAE000227831
("Dis-Chem" or "the Company" or "the Group")

Audited Annual Consolidated Results for the twelve months ended 28 February 2025

	12 months to 28 February 2025	12 months 29 February 2024	% change
Group revenue	R39.2 billion	R36.3 billion	8.0%
Earnings per share	137.6 cents	114.7 cents	20.0%
Headline earnings per share	137.5 cents	114.6 cents	20.0%
Final dividend declared per share	27.85 cents	22.49 cents	23.8%
Total dividend declared per share	54.83 cents	45.74 cents	19.9%

Overview

Dis-Chem continued to make solid progress on the eight strategic areas aimed at delivering sustainable shareholder value. The biggest contributor to earnings growth during this period was effective cost management, particularly payroll cost. The successful deployment of staffing framework 1.0 contributed to positive operating leverage, with operating profit growth of 18.3%, ahead of group revenue growth of 8.0%.

Basic earnings per share (EPS) and basic headline earnings per share (HEPS) are 137.6 cents and 137.5 cents per share respectively, an increase of 20.0%. Excluding the once-off property gain in the current period, associated with the acquisition of the Midrand warehouse, basic earnings per share (EPS) and basic headline earnings per share (HEPS) are 128.8 cents and 128.7 cents per share respectively, an increase of 12.2% and 12.3% respectively.

Review of financial performance

Revenue

For the 12-months ended 28 February 2025, Dis-Chem Group revenue increased by 8.0% to R39.2 billion.

Retail revenue grew by 5.9% to R33.6 billion with comparable pharmacy store revenue growth at 4.1%. Net store changes included the opening of 20 and closure of 3 retail pharmacy stores and a net nine baby stores closures, resulting in a footprint of 285 retail pharmacy stores and 45 retail baby stores at year end.

Wholesale revenue grew by 9.9% to R30.1 billion. Wholesale revenue to our own retail stores, still the biggest contributor, grew by 7.4% while external revenue to independent pharmacies and The Local Choice ("TLC") franchises grew by 22.1% over the comparable period. Independent pharmacy growth was 22.7% attributable to both new customers and increased support from the current base, and TLC growth was 21.2% due to a combination of an increase in TLC franchise stores from 205 to 240, together with increasing support of the supply chain from existing TLC franchisees.

Total income

Total income grew by 9.2% to R12.1 billion, with the Group's total income margin being 31% compared to 30.7% in the prior comparative period (30.7% when excluding the property gain in the current period relating to the purchase of the Midrand warehouse).

Retail total income grew by 7.9% with the retail margin increasing from 29.7% to 30.3% over the comparable period. The increase in retail total income margin was predominantly due to an increase in transactional gross margin across dispensary, personal care and beauty and healthcare. Trade terms increased ahead of purchases growth due to increased scale.

Wholesale total income grew by 14.8% (10.2% excluding the property gain) with the wholesale margin increasing from 8.1% to 8.2% (excluding the property gain).

Other expenses

Expenses grew by 7.5% over the comparable period.

Retail expenses grew by 6.8% as the Group invested in new stores. Retail employment costs, which account for 54.6% of total retail expenses, increased by 6.4%.

Like-for-like retail employee costs decreased by 0.2%, following the successful implementation of staffing framework 1.0, where the emphasis was on achieving a consistent and optimal mix of staff to ensure stores run efficiently and without compromising the differentiated service levels that our customers have come to know and expect.

Wholesale expenses grew by 11.1%, mainly due to the acquisition of the Longmeadow warehouse in the prior period. Excluding the additional costs incurred for the Longmeadow warehouse, wholesale expenses grew by 9.0%.

Net finance costs

Net financing costs increased by 11.5% from the prior comparable period. Excluding finance costs from IFRS 16 and interest on the new loans, net financing costs decreased by 1.7%. The R650 million loan facility taken out in the current period was used to fund the acquisition of the Midrand warehouse property while 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 R743 million or 10.4%, from February 2024 due to additional inventory held in new stores and the timing of the pharmacy SEP buy-in resulting in inventory days increasing from 88.1 days at 29 February 2024, to 90.5 days. Creditors' days have improved from 93.2 days to 93.9 days. Net working capital at 24.8 days, has increased from 21.7 days at 29 February 2024.

Capital expenditure

Capital expenditure on tangible and intangible assets of R1.4 billion included R0.5 million for expansionary expenditure as the Group invested in additional stores, information technology enhancements across both the retail and wholesale segments. The balance of R0.9 million relates to maintenance expenditure incurred to maintain the existing retail and wholesale networks, including the purchase of the Midrand warehouse property. The Midrand warehouse property used to be held under a finance lease before it was purchased in the current period.

Directorate

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

Dividend declaration

Notice is hereby given that a gross final cash dividend of 27.85196 cents per share, in respect of the period ended 28 February 2025 has been declared based on the company's dividend policy of 40% of headline earnings. This is an increase of 23.8% 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 22.28157 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, 17 June 2025
- First trading day ex dividend on the JSE: Wednesday, 18 June 2025
- Record date: Friday, 20 June 2025
- Payment date: Monday, 23 June 2025

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 June 2025 and Friday, 20 June 2025, 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 three-month period 1 March 2025 to 27 May 2025, Group revenue grew by 8.6% over the comparable period.

- Retail revenue grew by 7.8%, supported by the opening of nine pharmacy stores, with comparable pharmacy store revenue growth at 4.6%.
- Wholesale revenue to external customers grew by 13.6%.

The Group expects that the consumer will remain constrained due to the current economic climate. Following the establishment of X, bigly labs, the Group's innovation hub, there's a shift to data-led commercial decisioning that places the customer at the centre of the ecosystem experience.

Linked to our strategic areas of focus, the following business priorities will progress and launch in FY2026.

- Continued acceleration of space identification and new store openings towards achieving the three-year target of 137,000m². Including the 9 stores already trading in FY2026, 39 retail pharmacy stores are planned for the year.
- Store of the future design to facilitate true omnichannel retailing and healthcare delivery, incorporating ecosystem elements aligned to brand architecture
- Evolve and simplify promotional mechanisms following the relaunch of our loyalty programme in 2H FY2026
- Deployment of staffing framework 2.0 into the retail business
- R500 million working capital unlock

- Reimagine online retailing and healthcare access, starting with complete revamp of digital channels
- Build increased customer engagement with enhanced value creation driving customer lifetime value across the ecosystem
- Establishment of strategic partnerships with brands that are non-industry competitive to provide access to mass market South Africa
- People and Culture: employees as our priority customers with a commitment to improve their health enabling them to access differentiated rewards, creating 20,000 purpose-aligned ambassadors delivering on the ecosystem strategy

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

Approval

The summary consolidated results of the Group were authorised for issue in accordance with a resolution of the directors on 29th of May 2025.

On behalf of the Board

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

This short-form announcement is the responsibility of the Company's board of directors and is only a summary of the information in the Annual Financial Statements and therefore does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the Annual Financial Statements published on SENS on 30 May 2025 and on the Company's website: www.Dischemgroup.com or https://senspdf.jse.co.za/documents/2025/jse/isse/dcpe/FY25.pdf

Copies of the full Annual Financial Statements are available for inspection at the registered office of the Company and the Company's Sponsor, at no charge, during office hours. For more information contact investorrelations@dischem.co.za or visit our website.

The audited Annual Financial Statements have been audited by the Group's external auditors, Forvis Mazars and their unmodified audit report is available for inspection at the Company's registered office.

Supplementary information

Registered office: 23 Stag Road, Midrand, 1685
Executive directors: RM Morais (Chief Executive Officer), JD Pope (Chief Financial Officer), IL Saltzman, SE Saltzman and SRN Goetsch
Non-executive directors: LM Nestadt (Chairman), A Coovadia, JS Mthimunye, A Sithebe, H Masondo, KKD Kobue
Company secretary: NJ Lumley
Registered auditors: Forvis Mazars
Sponsor: The Standard Bank of South Africa Limited
Transfer secretaries: Computershare Investor Services Proprietary Limited

30 May 2025
Midrand