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

INTERIM CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2026

	6 months to 31 August 2026	6 months to 31 August 2025	% change
Group revenue	R23.0 billion	R21.3 billion	8.0%
Earnings per share	64.1 cents	73.9 cents	(13.3%)
Headline earnings per share	64.3 cents	73.8 cents	(12.8%)
Dividend declared per share	25.62 cents	29.42 cents	(12.9%)

Overview

The Group generated strong revenue growth of 8.0% to R23 billion in an environment where consumer spending continues to be constrained. This strong performance was predominantly driven by the introduction of the Better Rewards programme, notwithstanding temporary price deflation across 45% of front shop retail sales. Following the anniversary of Better Rewards, there will be an unwinding of the base effects created by the programme, with natural inflation being supportive of retail revenue growth. The Better Rewards programme reimagines how loyalty can empower participation in a healthcare ecosystem, unlocking tangible value that customers can reinvest in their health. One year later, Better Rewards has returned R1.5 billion in instant value to customers (in addition to retail promotional activity) and stands as a proof point of innovation in action and how a more connected health ecosystem and customer obsession converge to create meaningful value.

Key Better Rewards metrics since launch in October 2025: -

- Active membership grew by 27% to 8.2 million members, with 760,000 reactivated members and 980,000 new members
- Better Rewards members account for 86.1% of sales
- 200 participating brands (up from 140 brands at launch)
- Better Rewards brands now account for 45% of front shop retail sales
- Dis-Chem front shop volume growth of 5.5% against total market (excl. Dis-Chem) volume growth of 0.1% (as read by Nielsen IQ for the 52 weeks to 27 September 2026)
- Industry leading pharmacy revenue growth of 10.4% and further pharmacy market share gains
- Shopping frequency of active members who shopped prior to the launch of Better Rewards increased by two additional shops, with average basket value increasing by 3.5%
- Retail total income margin protected by sustainable funding mechanisms and more effective promotional sales
- Won best relaunched loyalty programme at the eighth annual South African Loyalty Awards in September 2026

The Group continued to increase its retail store footprint, opening 14 new retail pharmacy stores in the period. Included in the 14 stores, the Group opened two Store of the Future ("SoTF") new format stores (Melrose Ach and Irene Village) with very pleasing results. Initial trading densities of both stores exceed comparable early-stage trading densities of original-format stores by 25%, indicating faster maturation and higher trading densities at maturity, with improved working capital metrics.

Dis-Chem was recognised at the 2026 South African Council of Shopping Centres awards, winning best Retail Store Design.

Considerable progress has been made with the Group's organisational structure redesign which is now 60% complete and is expected to be concluded by December 2026. The redesign has achieved a more appropriate CEO span of control with clear lines of accountability enabling faster and more effective execution amplified by data-led innovation from X, bigly labs.

X, bigly labs serves as the innovation engine behind Dis-Chem's transformation. Since its establishment, there's been a shift towards data-led commercial decisioning that places the customer at the centre of the ecosystem experience. The team applies technology, data and deep customer insight to solve complex challenges and spearheads an execution model that strengthens earnings-enhancing customer-centred growth.

During the period, X, bigly labs doubled the cost investment over the corresponding period during the start-up phase of the unit. As X, bigly labs nears its envisioned established state, it will continue to operate under the cost discipline philosophy of the Group.

Basic earnings per share (EPS) and basic headline earnings per share (HEPS) are 64.1 cents and 64.3 cents per share respectively, a decrease of 13.3% and 12.8% respectively.

Review of financial performance

Revenue

During the six-month period from 1 March 2026 to 31 August 2026, Dis-Chem recorded Group revenue growth of 8.0% to R23 billion.

- Retail revenue grew by 8.2% to R19.6 billion with comparable pharmacy store revenue growth at 3.4%.
- 14 retail pharmacy stores were opened, resulting in 328 retail pharmacy stores and 36 retail baby stores as at 31 August 2026.
- Wholesale revenue grew by 9.6% to R18.4 billion. Wholesale revenue to our own retail stores, still the biggest contributor, grew by 10.3% while external revenue to independent pharmacies and The Local Choice (TLC) franchises grew by 7.0% over the comparable period. Independent pharmacy growth was 5.0% attributable to both new customers and increased support from the current base, and TLC growth was 9.3% due to a combination of an increase in TLC franchise stores from 258 to 294 together with increasing support of the supply chain from existing TLC franchisees. The wholesale business now services 1,690 independently owned pharmacies, representing approximately 89% of the independently owned pharmacy market.

Total income

Total income grew by 9.0% to R7.2 billion, with the Group's total income margin being 31.4% compared to 31.1% in the prior comparative period.

Retail total income grew by 11.1% with retail total income margin increasing from 30.8% to 31.7% over the comparable period. The increase in retail total income margin was due to more effective promotions, an increase in transactional gross margin across core categories, and the allocation of sustainable Better Rewards programme funding.

Wholesale total income margin declined from 8.0% to 7.3%. due to the lower SEP increase.

Other expenses

Expenses grew by 12.1% over the comparable period.

Retail expenses grew by 13.7% as the Group continued to invest in new stores and X, bigly labs. Retail employment cost, which accounts for 53.0% of total retail expenses, increased by 12.8%. As X, bigly labs nears its envisioned established state, incremental cost investment will slow and the unit will operate under the cost discipline philosophy of the Group. The continued maintenance of retail employment cost growth below retail total income growth remains a key focus area for management.

Wholesale expenses grew by 8.9% due to cost efficiencies across the network. Wholesale employment costs increased by 9.0% due to the additional staffing shifts required to support growth.

Net finance costs

Net financing costs increased by 11.2% from the prior comparable period. Excluding finance costs from IFRS 16, the net financing costs increased by 13.3% to support capex investment.

Net working capital

During the current period, the Group's inventory increased by R1 billion or 13.2% from February 2026, as a result of inventory purchased in anticipation of the SEP increase, resulting in inventory days increasing from 86.4 days at 28 February 2026, to 86.9 days. Creditors days increased from 92.3 days to 99.1 days.

Net working capital at 18.8 days, has improved from 24.4 days at 28 February 2026.

Capital expenditure

Capital expenditure on tangible and intangible assets of R712 million comprised of R492 million for expansionary expenditure as the Group invested in additional stores, the re-platforming of the Group's digital estate, as well as information technology enhancements across both the retail and wholesale segments. The balance of R220 million relates to replacement expenditure incurred to maintain the existing retail and wholesale networks.

Directorate

Mr IL Saltzman resigned from his positions as Executive Director and Non-Executive Director effective 30 June 2026 and 23 July 2026 respectively.
Mr SE Saltzman resigned from his position as Non-Executive Director effective 17 July 2026.
Mr SRN Goetsch resigned from his position as Executive Director, effective 30 June 2026.
Mr CD Raphiri was appointed as an Independent Non-Executive Director effective 21 September 2026.

Dividend declaration

Notice is hereby given that a gross interim cash dividend of 25.62181 cents per share, in respect of the interim period ended 31 August 2026 has been declared based on 40% of headline earnings. This is a decrease of 12.9% 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 20.49745 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 November 2026
- First trading day ex dividend on the JSE: Wednesday, 18 November 2026
- Record date: Friday, 20 November 2026
- Payment date: Monday, 23 November 2026

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 November 2026 and Friday, 20 November 2026, 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, JSE Investor Services (Pty) Limited at One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196; on 011 713 0800; or on 086 674 4381 (by facsimile), or e-mail to info@jseinvestorservices.co.za 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 seven-week period 1 September to 19 October 2026, Group revenue grew by 7.9% over the prior comparable period.

- Retail revenue grew by 7.2%, supported by the opening of five retail pharmacy stores and the continued market share growth driven by Better Rewards. As per Nielsen IQ, September showed the strongest market share gains across the prevailing seven months with Dis-Chem front shop volume growth of 4.9% against total market (excluding Dis-Chem) volume growth of negative 2.6%.
- Wholesale revenue to external customers grew by 12.4%.

The revenue growth, market share gains and improved retail total income margin, highlights the sustainability of the Better Rewards programme. The Better Rewards programme serves the dual purpose of supporting business growth while offering customers value at the till as they remain constrained due to the current economic climate.

Serving as a health funding mechanism that attracts and retains customers and drives frequency and supports basket size, the Better Rewards programme is now well established with brand and partner participation secured and sustainable funding agreements in place. Following the anniversary of Better Rewards, there will be an unwinding of the deflationary base effects created by the programme, with natural inflation returning to retail revenue. With the stabilisation of Better Rewards, further investment in promotional activity will be driven by predictive and adaptive offers executed through X, bigly labs.

Including the 19 stores already trading in FY2027, 30 retail pharmacy stores are planned for the year. Five stores are trading with the SoTF format. All new stores will receive the SoTF format. Using X, bigly labs data-led commercial decisioning capability, retail stores are being prioritised for full SoTF revamp based on revenue and earnings uplift opportunity, with many revamps pulled forward ahead of a traditional revamp cycle.

Since the launch of X, bigly labs, which houses the responsibility for the Group's digital ambitions, R240 million has been deployed to re-platform Dis-Chem's digital estate and the consequential transformation of the operational business beneath it. This capital investment in e-commerce has resulted in the re-engineering of the core commerce platform and the supporting retail capabilities, ensuring best-in-class cataloguing, pricing, fulfilment and order management. The business now runs on a modern, scalable foundation. The same approach is being followed for health digitization in the pharmacy and clinic.

The Group has launched the first release of its new app to 22,000 customers, with the upcoming second release in the last quarter of FY2027 to a broader customer audience.

Relative to the corresponding prior year period, the Group anticipates a more even distribution of earnings across 1H2027 and 2H2027 due to the higher invested cost base for X, bigly labs in 2H2026, contributing to an stronger full year earnings performance.

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

Approval

The interim consolidated results of the Group were authorised for issue in accordance with a resolution of the directors on 29 October 2026.

On behalf of the Board of Directors

Rui Morais	Julia Pope
Chief Executive Officer	Chief Financial Officer

THIS IS A SUMMARY OF THE INFORMATION IN THE FULL RESULTS ANNOUNCEMENT, WHICH IS AVAILABLE ON OUR WEBSITE: DISCHEMGROUP.COM

This short-form announcement is the responsibility of the Company's board of directors and is only a summary of the information in the full announcement and therefore does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement published on SENS on 29 October 2026 and on the Company's website: Dischemgroup.com or https://senspdf.jse.co.za/documents/2026/jse/isse/dcpe/HY267.pdf.

Copies of the full announcement are available for inspection at the registered office of the Company, at no charge, during office hours. For more information contact investorrelations@dischem.co.za

Supplementary information

Registered office: 23 Stag Road, Midrand, 1685
Executive directors: RM Morais (Chief Executive Officer), JD Pope (Chief Financial Officer), IL Saltzman (resigned 30 June 2026) and SRN Goetsch (resigned 30 June 2026)
Non-executive directors: LM Nestadt (Chairman), A Coovadia, JS Mthimunye, A Sithebe, H Masondo, KKD Kobue, SE Saltzman (resigned 17 July 2026), IL Saltzman (resigned 23 July 2026) and CD Raphiri (appointed 21 September 2026)
Company secretary: NJ Lumley
Registered auditors: Forvis Mazars
Sponsor: The Standard Bank of South Africa Limited
Transfer secretaries: JSE Investor Services Pty Limited

29 October 2026
Midrand