

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 Group")

TRADING UPDATE FOR THE PERIOD 1 SEPTEMBER 2022 TO 5 FEBRUARY 2023

- Group revenue excluding vaccines and COVID-19 related lines up 8.7%
- Retail revenue excluding vaccines and COVID-19 related lines up 7.5%
- External wholesale revenue growth up 18.7%

For the period 1 September 2022 to 5 February 2023 ("the period"), Dis-Chem recorded Group revenue growth (excluding vaccines and COVID-19 related lines) of 8.7% compared to the corresponding period in the prior year ("corresponding period").

Chief executive Ivan Saltzman: "We continued to see shopping pattern normalisation during this period. This normalisation is particularly notable in the healthcare and nutrition category, where selected commoditised lines (like vitamin C and zinc) were more frequently shopped by consumers during the Omicron variant months between November 2021 and January 2022. Despite these changing consumer dynamics, Dis-Chem continues to maintain its healthcare and nutrition market share and market leadership position.

The normalisation of category mix is total income margin supportive, which continues to support the trajectory of earnings delivery.

Our national wholesale and distribution presence enabled us to grow our share of the independent pharmacy market, which was made possible through our service and price differentiation positioning.

The Group's strategic early investment in generator capacity has resulted in minimal disruption to its ability to trade. The Group's diesel expense increased by 54% to R36m for the period.

As healthcare becomes a greater share of overall consumer spend, our Everyday Low-Price strategy remains a cornerstone of our brand promise as consumers continue to search for value in an economically depressed environment."

RETAIL

Retail revenue increased by 7.5% (excluding vaccines and COVID-19 related lines) for the period compared to the corresponding period. Like-for-like retail revenue growth was 4.4%.

Including the base effect differential of R461m attributable to vaccines and COVID-19 related lines, retail revenue increased by 3.2% and Group revenue increased by 4.7% for the period, compared to the corresponding period.

During the period, Dis-Chem continued to increase its dispensary market share extending its position as South Africa's largest retail pharmacy group, by dispensary market share. The Group experienced a strong recovery in the beauty category ahead of market recovery. The Group continues to advance

its ambitions in the baby category with steady improvement in baby focused trade, specifically in Dis – Chem Baby City stores, highlighting the destination status of the brand.

Retail Category Revenue Growth*

%	DISPENSARY	HEALTHCARE	PERSONAL CARE	BEAUTY	BABY	OTHER**	TOTAL
REVENUE GROWTH	8.7%	0.5%	5.1%	14.2%	10.0%	13.9%	7.5%
REVENUE CONTRIBUTION	35.9%	18.6%	17.5%	11.5%	8.9%	7.6%	100%

* excludes vaccines and COVID-19 related lines

** includes household, confectionary, electronics and appliances

During the period, the Group added 8 new Dis-Chem stores and 4 new Baby City stores. The Group now has a store base of 312 stores, comprising 258 Dis-Chem and 54 Baby City stores. The Baby Boom stores acquired on 1 March 2022, have all been rebranded to Dis-Chem Baby City, and contributed R27.6m in baby revenue for the period.

WHOLESALE

Wholesale revenue increased by 8.6% for the period over the corresponding period, with sales to our own retail stores increasing by 7.0%.

External customer revenue grew at 18.7%.

External wholesale revenue from sales to independent pharmacies increased by 16.3%. This increase was attributable to a 6.6% increase in the number of customers and was supplemented by greater support from existing customers.

The Local Choice (“TLC”) support continues to be strong with TLC revenue growth of 21.0%. The Group now has 165 TLC franchise stores, up from 138 at the end of the corresponding period.

The financial information in this trading update has not been reviewed or reported on by the Group’s independent auditor Mazars.

Dis-Chem’s results for the year ended 28 February 2023 will be released on SENS on Friday, 19 May 2023, at around 7:05 am.

For further information, contact the Group’s Investor Relations at investorrelations@dischem.co.za.

Midrand
17 February 2023

Sponsor
The Standard Bank of South Africa Limited