

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")

ANNOUNCEMENT IN RELATION TO THE DIVESTMENT OF A STAKE BY WAY OF AN ACCELERATED BOOKBUILD, MANAGEMENT RETENTION SCHEME AND BLACK ECONOMIC EMPOWERMENT TRANSACTION

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The Saltzman family has elected to sell a portion of its current shareholding in Dis-Chem through its shareholding vehicle, Ivlyn Local Investment Holdings Proprietary Limited ("**Ivlyn**" or the "**Selling Shareholder**"). Subject to acceptable pricing being achieved, Ivlyn intends to sell 64,506,336 Dis-Chem ordinary shares ("**Bookbuild Shares**"), representing 7.50% of Dis-Chem's issued share capital, via an accelerated bookbuild offering (the "**Bookbuild**").

In addition to the Bookbuild, the Selling Shareholder also announces its commitment to divest up to 32,253,168 Dis-Chem ordinary shares, representing up to 3.75% of Dis-Chem's issued share capital, to a select number of key senior executives who are central to the delivery of the Company's strategic priorities. Included in this group is Mr. Rui Morais, current CFO who has also been approved by the nomination committee as successor to CEO, Ivan Saltzman (the "**Management Retention Scheme**"). The Management Retention Scheme will be vendor-financed by the Selling Shareholder at no cost to Dis-Chem, and participating management are to be subject to a 10-year lock-up. It is anticipated that the details of the Management Retention Scheme will be negotiated during Dis-Chem's closed period, with final details and closing announced alongside the publication of the Company's interim results in November. The Bookbuild and Management Retention Scheme, are hereafter collectively referred to as the "**Transaction**".

Investors are also notified that the Selling Shareholder has entered into a share sale agreement with a consortium of BEE investors (the "**BEE Consortium**") in terms of which the Selling Shareholder has conditionally agreed in terms of a written share purchase agreement to sell a further 86,468,741 Dis-Chem ordinary shares, representing 10.05% of Dis-Chem's issued share capital to the BEE Consortium (the "**BEE Tranche**"). The BEE Tranche, while agreed in principle, is still subject to the fulfilment of certain conditions, including final approval by one of the BEE Consortium members and the conclusion of associated financing agreements by 31 August 2021. If the conditions are fulfilled by 31 August and the transaction proceeds, a detailed announcement will be issued by the Company. Should the conditions not be fulfilled by the 31 August for any reason, there is no certainty that the BEE Tranche will be concluded in its current form, or at all.

Subsequent to the Transaction, the Saltzman family will own approximately 41.5% of Dis-Chem's issued share capital. Should the BEE Tranche become unconditional by 31 August and therefore be implemented, the Saltzman family's shareholding will be reduced further to approximately 31.4% of Dis-Chem's issued share capital. The Selling Shareholder has agreed to a lock up of 360 days on its remaining holding, subject to customary exceptions.

Reflecting on the Transaction, Ivan Saltzman, Dis-Chem CEO commented, “We are pleased to announce today’s transactions, which we see as meeting a number of strategic objectives, including the provision of greater liquidity in the trading of Dis-Chem shares and taking proactive steps to incentivise and retain important executives who are key to the delivery of the long-term strategic objectives of our group. Should we succeed in closing the BEE transaction, we will also have introduced high quality BEE shareholders into our business, which we believe will deliver significant benefit to our operational and financial performance going forward. Whilst these transactions reduce our shareholding, we remain the single largest shareholder, and are committed to Dis-Chem through our ongoing executive leadership roles. Further, as a signal of our enduring commitment, we have agreed to an extended lock-up on our remaining shareholding.”

The Bookbuild is being offered to qualifying investors only (as set out in greater detail in the disclaimer below) and will not be offered to the public in any jurisdiction. Participation in the Bookbuild is reserved for invited investors only and subject to the terms and conditions provided to the invited investors.

Pricing and allocations will be announced as soon as is reasonably practicable following the closing of the Bookbuild.

The Bookbuild is now open and the Selling Shareholder reserves the right to close it at any time.

Pursuant to a placement agreement entered into with the Selling Shareholder, Goldman Sachs International, Investec Bank Limited and The Standard Bank of South Africa Limited, are acting as joint bookrunners (the “**Joint Bookrunners**”) in relation to the Bookbuild.

Midrand
Tuesday, 24 August 2021

Joint Bookrunner
Investec Bank Limited

Joint Bookrunner
Goldman Sachs International

Joint Bookrunner and Transaction Sponsor
The Standard Bank of South Africa Limited

South African legal counsel to Dis-Chem and the Selling Shareholder
Bowman Gilfillan Inc.

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This announcement is for information purposes only and does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities to any person in the United States, Australia, Canada or Japan or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Bookbuild Shares may not be offered to the public in any jurisdiction in circumstances which would require the preparation or registration of any offering document relating to the Bookbuild in such jurisdiction. The securities referred to herein (the "Shares") may not be offered or sold in the United States unless registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Shares being offered and sold in the United States only to a limited number of "qualified institutional buyers" ("QIBs") in reliance on Rule 144A under the Securities Act or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and are being sold outside the United States in offshore transactions in accordance with Regulation S under the Securities Act. The Shares may not be offered to the public in the United States. The offer and sale of the Shares has not been, and will not be, registered under the Securities Act or under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Shares referred to herein may not be offered or sold in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. There will be no public offer of Shares in the United States, Canada, Australia and Japan.

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In South Africa the Bookbuild will not be an offer to the public as defined in the South African Companies Act and only (i) persons falling within the exemptions set out in section 96(1)(a) or (ii) persons who subscribe, as principal, for shares at a total contemplated acquisition cost equal to or greater than R1 000, 000, as envisaged in section 96(1)(b), of the South African Companies Act, and in each case to whom any offer to participate in the Bookbuild is specifically addressed (all such persons in (i) and (ii) being referred to as "relevant persons"), will be entitled to apply for Shares in the Bookbuild. Any investment activity to which this announcement relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act on this announcement or any of its contents. This announcement does not, nor does it intend to, constitute any offering document relating to the Bookbuild.

The information contained in this announcement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 2002 ("FAIS Act") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Shares or in relation to the business or future investments of the Company, is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. The Company is not a financial services provider licensed as such under the FAIS Act.

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Each of Goldman Sachs, Investec and Standard Bank is acting exclusively for the Selling Shareholder and no-one else in connection with the Bookbuild. They will not regard any other person as their respective clients in relation to the Bookbuild and will not be responsible to anyone other than the Selling Shareholder for providing the protections afforded to their respective clients, nor for providing advice in relation to the Bookbuild, the contents of this announcement or any transaction, arrangement or other matter referred to herein. Goldman Sachs is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom.

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This announcement includes "forward-looking statements" within the meaning of the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "target", "will", "forecast", "expect", "potential", "intend", "estimate", "anticipate", "can" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. The forward-looking statements set out in this announcement involve a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and generally beyond the control of the Company and Selling Shareholder, that could cause the Company's actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this

announcement. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events, save as required by applicable law.