

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")

ANNOUNCEMENT REGARDING A SMALL RELATED PARTY TRANSACTION BETWEEN DIS-CHEM, ONESPARK PROPRIETARY LIMITED AND ONESPARK HOLDINGS INC.

1. Introduction

Shareholders are advised that Dis-Chem has entered into a binding Share Subscription Agreement ("**SSA**") with OneSpark Proprietary Limited ("**OneSpark**") and OneSpark Holdings Inc. (a corporation duly incorporated in accordance with the state of Delaware of the United States of America) ("**HoldCo**") to subscribe for a 50% interest in the ordinary share capital of OneSpark for a consideration of R155 940 228.00 (the "**Transaction**").

2. Information on OneSpark

OneSpark, established by a team of highly experienced actuaries and engineers, is at the forefront of life insurance innovation. Utilizing advanced AI, and proprietary technology, OneSpark has created a revolutionary offering that transforms the traditional insurance experience.

OneSpark is an authorised financial services provider (FSP 50594). Products are underwritten by Guardrisk Life Limited, an authorised financial services provider (FSP 76) and a licensed life insurer.

3. Rationale for the Transaction

Dis-Chem is a group of companies specialising in the retail and distribution of pharmacy and healthcare products with a large and expanding footprint. 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.

4. Related parties

Four Dis-Chem directors are indirect shareholders of HoldCo and therefore HoldCo is considered a related party to Dis-Chem as defined in section 10.1 (b) of the JSE Limited Listings Requirements ("**JSELR**").

The directors of Dis-Chem who have a financial interest are:

Ivan Saltzman;
Saul Saltzman;
Laurence Nestadt;
Johannes Mthimunye;

In terms of Section 10.7 of the JSELR, the Transaction is categorised as a small related party transaction.

5. Net asset value

The value of the net assets of OneSpark as at 30 April 2024, based on management accounts prepared in terms of IFRS, is R1,289,502.00.

The value of the losses before tax attributable to the net assets for the 4 months ended 30 April 2024, based on management accounts prepared in terms of IFRS, is R25,330,780.00.

The Board has satisfied itself as to the quality of the management accounts referred to above.

6. Conditions precedent

The Transaction is subject to the fulfilment of the following material conditions precedent by 31 August 2024, or later date as may be agreed to in writing ("Longstop Date"):

- the conclusion by Dis-Chem, OneSpark and the Seller of a written shareholders agreement with effect from the effective date;
- Dis-Chem, OneSpark and the Seller having agreed in writing upon the form and content of a new, long form memorandum of incorporation to be adopted by OneSpark with effect from the effective date;
- Dis-Chem's commitment to subscribe for cumulative redeemable preference shares in OneSpark ("Preference Shares") from time to time after the effective date, to the maximum aggregate subscription price of R200 000 000.00; and
- acceptance by the JSE of the independent fairness opinion referred to below.

The effective date for the Transaction is expected to be the fifth business day succeeding the day on which the last of the suspensive conditions under and in terms of the SSA is fulfilled (or waived, as the case may be).

7. Independent fairness opinion

In terms of the JSELR, the Company is required to provide the JSE with written confirmation from an independent professional expert confirming whether the terms and conditions of the Transaction are fair to Dis-Chem's Shareholders.

In compliance with paragraph 10.7(b) of the JSELR, PricewaterhouseCoopers Corporate Finance (Pty) Ltd ("PWC") was appointed by the Company as the independent professional expert and has furnished the Dis-Chem board of directors with its opinion ("Independent Expert Opinion") confirming that the terms of the Transaction are fair to Dis-Chem's Shareholders.

The Independent Expert Opinion will be sent to the JSE for approval. Shareholders will be advised further in this regard.

Midrand
31 May 2024

By order of the Board
Nikki Lumley
Company Secretary

Sponsor
The Standard Bank of South Africa Limited

Independent Expert
PricewaterhouseCoopers Corporate Finance (Pty) Ltd