

ASX Release

29 January 2025

Sigma Healthcare Limited
ABN 15 088 417 403
ASX code: SIG
Level 6, 2125 Dandenong Road
Clayton VIC 3168 Australia
T 1800 500 760
T +61 (03) 9215 9215
F +61 (03) 9215 9188
sigmahealthcare.com.au

Merger with Chemist Warehouse – Chairman's address and presentation for General Meeting

Sigma Healthcare Limited (**Sigma**) refers to its proposed merger with CW Group Holdings Limited (**Chemist Warehouse**) (**Merger**) to be implemented via a scheme of arrangement under which Sigma will acquire 100% of the issued shares in Chemist Warehouse (**Scheme**).

General Meeting

The Merger is subject to Sigma Shareholders approving a number of resolutions related to the Merger at an extraordinary general meeting (**General Meeting**). A notice of meeting and explanatory statement for the General Meeting was released on 18 December 2024.

In accordance with ASX Listing Rule 3.13.3, attached to this announcement are the following documents to be presented at the General Meeting commencing today at 2.00pm (Melbourne time):

- the Chairman's address; and
- the General Meeting slides.

Sigma Shareholders may attend, participate and vote at the General Meeting in person at the Sofitel, 25 Collins Street, Melbourne Victoria 3000 or online at <https://meetings.linkgroup.com/SIGEGM25>.

Voting results of General Meeting and Scheme Meeting

The voting results of the General Meeting, as well as the Chemist Warehouse Scheme Meeting (which will also be held today), will be communicated to the ASX.


For more information contact:

Gary Woodford
Head of Corporate Affairs
gary.woodford@sigmahealthcare.com.au
0417 399 204

Steve Dabkowski
Blue Dot Media
steve@bluedot.net.au
0419 880 486

Jim Kelly
Domestique
jim@domestiqueconsulting.com.au
0412 549 083

*This announcement was authorised for release by the Company Secretary of
Sigma Healthcare Limited.*



ASX Release

Sigma Healthcare Limited
ABN 15 088 417 403
ASX code: SIG
Level 6, 2125 Dandenong Road
Clayton VIC 3168 Australia
T 1800 500 760
T +61 (03) 9215 9215
F +61 (03) 9215 9188
sigmahealthcare.com.au

29 January 2025

Chairman's address

Welcome everyone.

I am Michael Sammells and as Chairman of the Board of Sigma Healthcare Limited, I would like to welcome you to today's Extraordinary General Meeting, including those joining us online in this hybrid meeting.

It is now past 2:00pm, the appointed time for the meeting, and I am advised that the necessary quorum is present. I therefore formally declare the Extraordinary General Meeting of Sigma Healthcare open.

I wish to begin by acknowledging the Wurundjeri people of the Kulin nation, the traditional custodians of the land on where we are gathered today. We pay our respects to their Elders: past, present and emerging.

Sigma's proud history spans over 100 years, and our evolution has led us to the point of today's meeting - to vote on necessary resolutions to support the merger with the Chemist Warehouse Group that will significantly transform our business and create the foundations for decades ahead.

Voting in today's meeting will be conducted by a poll, and I now declare the poll open on today's items of business. All polls will remain open until the conclusion of today's meeting. As we move through the items of business, I will respond to questions from shareholders and their representatives or proxyholders. As this is a hybrid meeting, we will provide opportunities for questions from those in the room and online. For those participating online, the instructions on how to ask a question are detailed in the online guide which was provided to shareholders and is on the website.

BOARD OF DIRECTORS

Before we proceed, I would like to introduce the members of the Sigma Board and management who are present on stage today:

Starting from your left Annette Carey, Neville Mitchell, Kate Spargo, Chris Roberts, Vikesh Ramsunder, our Managing Director and Chief Executive Officer; and Kara McGowan, who is our General Counsel & Company Secretary.

We are also joined by our Senior Executive Team who will be available to chat with Shareholders at the conclusion of the meeting. In addition, we are joined by representatives from our share registrar Link Market Services, as well as Andrea De Cian from Grant Thornton who is available to respond to any specific questions in relation to the Independent Expert Report.



I would also like to welcome Mario Verrocchi, Jack Gance, Damien Gance and Danielle Di Pilla, who are the four Chemist Warehouse nominees proposed to join the Sigma Board.

MERGER PROPOSAL

Before we move on to the Formal Resolutions for the meeting, I would like to cover a few matters relating to the proposed merger of Sigma and Chemist Warehouse by way of scheme of arrangement, and the process that we have been through over the last 18 months to reach this point. Further information on the merger and Formal Resolutions is included in the Notice of Meeting, which was lodged with the ASX by Sigma on 18 December 2024.

As I outlined at the start, shareholders are voting on what is the biggest transformational opportunity in the history of Sigma. It is also enormously transformational for the Chemist Warehouse Group, which, as a privately owned company, has achieved consistently strong growth for decades from a business model that has captured the hearts and minds of consumers.

Clearly related party transactions are a material part of the Chemist Warehouse business. Our focus has been on ensuring these transactions are well understood and governed, as we acknowledge they are a feature of the Chemist Warehouse business.

We had experts complete detailed due diligence, we have put in place strong future governance structures and processes to cover existing and potential arrangements, and we included transparent disclosures in our publicly released documents. We also commissioned an independent expert's report to consider whether the regime is fair and reasonable. I will cover this more shortly.

TRANSFORMATIONAL MERGER

On 11 December 2023, we announced to shareholders the merger proposal, to be completed by way of a Scheme of Arrangement for consideration of \$700 million cash, subject to any leakage adjustment, plus Sigma shares. Post implementation, on a fully diluted basis, the Chemist Warehouse shareholders will hold approximately 85.75% of the Merged Group and Sigma shareholders will hold approximately 14.25%. The proposal was subject to several conditions precedent, including ACCC and shareholder approval.

In the event that Sigma shareholders approve various resolutions today, the Scheme is approved by the Chemist Warehouse Shareholders at their meeting this evening, and the parties satisfy the conditions precedent in the Merger Implementation Agreement - we will create a full-service wholesaler, distributor and retail pharmacy franchisor.

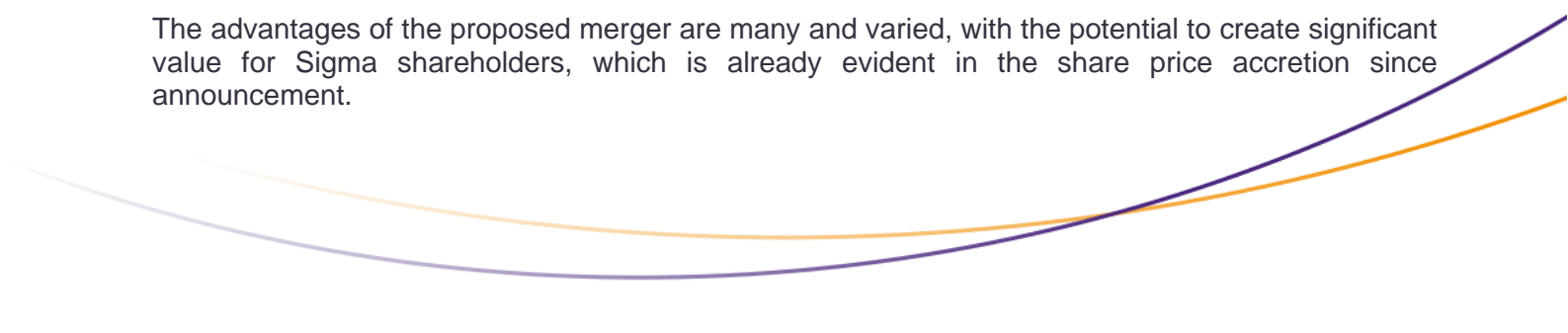
Whilst this model already exists in Australia and internationally, it has the potential to accelerate our strategic direction by bringing together two complementary businesses with complementary core strengths and expertise to enhance our service offering to customers.

Sigma has world-class distribution infrastructure and capability that is delivering best in class service to pharmacies across Australia every day. Chemist Warehouse has unparalleled pharmacy franchise and marketing know-how and expertise which will also help elevate our support for our Amcal and Discount Drug Store franchisees.

Given the nature and value accretion of the proposed transaction, Sigma Directors unanimously recommend that Shareholders vote in favour of the Resolutions.

ADVANTAGES OF THE TRANSACTION

The advantages of the proposed merger are many and varied, with the potential to create significant value for Sigma shareholders, which is already evident in the share price accretion since announcement.



The proposed merger will create a leading Australian retail pharmacy franchisor and a full-line pharmaceutical wholesaler and distributor with a wide range of growth opportunities, both within Australia and Internationally.

And the complementary nature of both businesses creates a unique opportunity to extract significant cost synergies from bringing the businesses together. Management estimates put the potential cost synergies at \$60 million per year that could be realised by the fourth-year post implementation. One-off costs to extract the enduring benefits is estimated at \$75 million.

Whilst the merits of the proposal are clear, it is worth noting that if for any reason the proposal does not proceed, the trading price of Sigma shares may fall in the near term.

And finally, we acknowledge the extent of the related party transactions that currently exist, which are part of the Chemist Warehouse business and its evolution. I believe we have introduced a robust solution to govern and manage related party transactions moving forward.

Importantly for shareholders, Grant Thornton, who we appointed as the Independent Expert to review certain of these transactions, have concluded that the existing related party arrangements and future related party dealings which required shareholder approval, are fair and reasonable to non-associated Sigma shareholders. I will speak more about this shortly.

PROPOSED SIGMA BOARD OF DIRECTORS

If the merger proceeds, Sigma and Chemist Warehouse have agreed on the composition of our proposed Board.

Today we are seeking your approval for the election onto the Sigma Board of Mr Jack Gance, Mr Mario Verrocchi, Mr Damien Gance and Ms Danielle Di Pilla. They will join existing Board members being myself as Chairman, Vikesh Ramsunder, who will be CEO & Managing Director of the merged group, Dr Chris Roberts, Annette Carey and Neville Mitchell. Kara McGowan will continue as Company Secretary and General Counsel.

From my perspective, I am confident we have a strong Board with the requisite mix of skills and expertise from both the Sigma and Chemist Warehouse sides of the business. Having said that, we are also conscious that the composition of the Board does not meet the diversity and inclusion ratios, or the independence ratios expected of an ASX listed company, and this is something that we as a new Board will seek to address over time.


The one change from Sigma's existing Board is the retirement of Kate Spargo following implementation of the transaction. Kate has been a Director of Sigma for more than nine years and was Chair of the Nomination and Remuneration Committee. Kate has been a highly valued member of the Board and I want to thank Kate for her significant contributions to the Board and Sigma more broadly.

BOARD COMMITTEE MEMBERSHIP

As part of the preparation for the merger, the Board Committee composition has also been established, which is outlined on this slide.

I think the committee construct and membership provides a good governance framework and mix of skills for our Board.

Due to competition legal constraints, noting the two businesses currently operate separately and compete with each other, the proposed new Board has not yet been able to meet as a collective and consider certain matters. This includes specific matters as to future business and corporate structure, longer-term strategy, short term growth opportunities, some governance matters and detailed transition planning. These, among other things, will all be a matter of priority after we officially merge.



Importantly for shareholders, in recognition of the importance of governance over related party transactions, we have established a new Independent Board Committee for the anticipated types of related party transactions, which I will personally chair with Annette and Neville as members. I will provide more detail on this shortly.

We have also established a new Risk, Compliance and Sustainability Committee which Chris Roberts will Chair. Post implementation, Chris, who was originally a HMC nominee Director to Sigma, will be considered an independent director as HMC's shareholding will be below 1% of the merged group.

Sigma will also continue to have an Audit Committee and Nomination & Remuneration Committee consistent with the current structure.

EXTRACT OF FORMALITIES

QUESTIONS RECEIVED

Before we move on to the formalities, I thank those shareholders who submitted questions in advance of the meeting, which I will now address.

One question related to whether we will face any problems adhering to the agreement with the ACCC.

The ACCC engagement process was very extensive, and as part of that, Sigma provided certain undertakings covering amongst other things, the protection of data, the ability for franchise brand customers to exit and Sigma committing to remain a CSO wholesaler. Since the undertakings were announced, a significant amount of work has already been completed to develop protocols and practices to help us meet the commitments, assuming the merger is completed.

We also received a question regarding what the name of the listed company will be and what happens to your existing shares.

On the name, there is no current intention to change this – the listed entity will remain as Sigma Healthcare.

In respect of your shares in Sigma, there is no change to your holding – if you have 100 shares in Sigma today you will have 100 shares in Sigma post-merger. What we will be doing is issuing new shares to the shareholders in Chemist Warehouse as part of the merger implementation.

The other question received related to lease liabilities and our future policy position on financial leverage.

As we remain separate companies today, we have not yet been able to consider many future policy decisions for the merged group. This will be a matter for the new Board once the merger is approved by shareholders.

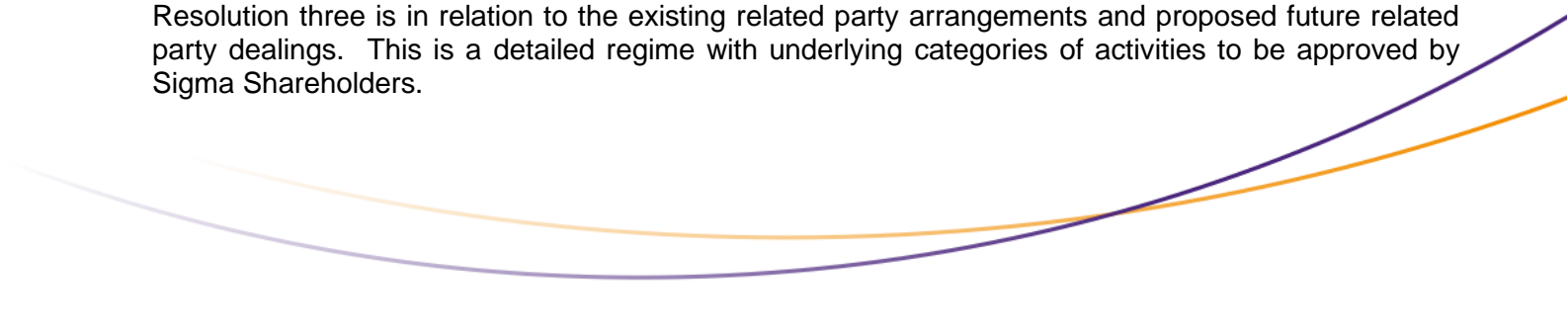
I will now move on to the formalities.

FORMALITIES AGENDA

We have eleven resolutions for shareholders to vote on today, which are listed on the screen and in the notice of meeting.

The first two resolutions relate to the merger more generally, recognising that there will be a change in the scale and operations of the current business of Sigma and should the merger proceed, new Sigma shares will be issued as part of the consideration for Chemist Warehouse shareholders under the Scheme of Arrangement.

Resolution three is in relation to the existing related party arrangements and proposed future related party dealings. This is a detailed regime with underlying categories of activities to be approved by Sigma Shareholders.



The parties have worked constructively to ensure there is a robust governance framework in place to support the related party transactions that currently exist in the Chemist Warehouse business and those related party transactions that are likely to arise.

Importantly the Sigma Independent Expert's Report comments on the fairness and reasonableness of the Existing Related Party Arrangements and the Future Related Party Dealing to the non-associated Sigma Shareholders. The Sigma Independent Expert has determined that these are both fair and reasonable to the non-associated Sigma Shareholders.

Resolution 4 is a requested approval in relation to the provision of financial assistance under section 260B(2) of the Corporations Act.

The next five resolutions relate to the new Board construct, including the proposed appointment of the four Chemist Warehouse Directors and the increase in the Director fee pool size in recognition of the greater number of Directors on the Board and significant increase in the size and complexity of the Sigma business.

The final two resolutions relate to remuneration matters for an existing long term equity scheme currently on foot that the Board has recommended vest and be exercised because of the merger.

We will discuss each resolution in more detail at the relevant time. I will be voting those proxies left to my discretion, as the Chair, in favour of all Resolutions.

SIGNIFICANT CHANGE APPROVAL

Resolution 1 which appears on the screen and notice of meeting seeks Sigma Shareholder approval to change the nature and scale of Sigma's activities as required under and for the purposes of Listing Rule 11.1.2. This change will occur because of the transaction.

Significant detail was provided in the Notice of Meeting.

Resolution 1 is an ordinary resolution and, if passed, will take effect on and from Implementation occurring.

PLACEMENT CAPACITY APPROVAL

We now come to Resolution 2 which seeks the required Sigma Shareholder approval for the proposed issue of the New Sigma Shares under the Transaction for the purposes of Listing Rule 7.1.


As outlined earlier and set out in the Notice of Meeting, this resolution is to approve the ability for Sigma to issue the number of Sigma shares that results in Chemist Warehouse Shareholders in aggregate, owning approximately 85.75% of Sigma on Implementation of the transaction. Resolution 2 is an ordinary resolution and, if passed, will take effect on and from Implementation occurring.

APPROVAL OF EXISTING RELATED PARTY ARRANGEMENTS AND FUTURE RELATED PARTY TRANSACTIONS

We now come to Resolution number 3 on the Notice of Meeting in respect of existing related party arrangements and future related party dealings. Shareholder approval of this Resolution is a condition precedent for the transaction to proceed and is an important feature of this transaction.

Given the critical nature of this, I want to take some time to explain to you the process we have been through and provide an overview of the governance practices we have put in place.

Importantly, the Independent Expert has concluded that the existing related party arrangements and future related party dealings are fair and reasonable to non-associated Sigma Shareholders.



RELATED PARTY IBC AND RELATED PARTY WORKING GROUP

The Related Party Governance Framework has been developed to establish a clear operating model moving forward to manage and govern existing and future related party transactions.

The key components of the Related Party Governance Framework include:

Firstly, the establishment of an Independent Board Committee to oversee these related party arrangements going forward. I will personally chair the IBC and will be joined by Annette and Neville who are both independent non-executive directors; and

Secondly, the establishment of a related party working group consisting of independent senior management of Sigma to manage the ongoing related party arrangements on a day-to-day basis.

At or before the 6th AGM of Sigma Shareholders, it is expected that Shareholders will be asked to re-approve the ability for Sigma to enter into Future Related Party Dealings provided they are consistent with the Related Party Governance Framework (or another framework under which related party arrangements may be entered into, renewed or amended without requiring further Sigma Shareholder approval) and future related party dealings under it. At this time another independent expert report will be provided.

RELATED PARTY PRINCIPLES

To guide the decision-making processes, the Sigma Board, the IBC and the working group are bound to consider the following three principles as set out and agreed in the Related Party Manual:

Firstly, that a future related party dealing must be in the best interest of Sigma shareholders as a whole.

Secondly that a future related party dealing must be on terms that would be reasonable in the circumstances if Sigma and the Related Party were dealing at arm's length or less favourable to the Related Party, and

Thirdly, without limiting Principle 2, a future related Party dealing must be substantively on the same terms as an equivalent arrangement with a third party who is not a Related Party, or on terms more favourable overall to Sigma.

INDEPENDENT EXPERTS REPORT

Equally important for shareholders, the Sigma appointed Independent Expert Report assessed the construct of the related party governance framework that has been established and considered it to be effectively designed and strike an appropriate balance between prescribed requirements in relation to commercial factors and guidelines to govern the spirit and substance.

The full independent experts report is contained within the notice of meeting, and Andrea De Cian from Grant Thornton is available today to respond to any specific questions relating to this matter.

APPROVAL OF RELATED PARTY ARRANGEMENTS

Hopefully that overview and the significant amount of detail included within the notice of meeting, demonstrates the strong governance overlay that both Sigma and Chemist Warehouse have implemented to address this matter.

Before we move to questions, I just reinforce that Resolution 3 is a single resolution which covers all the existing related party arrangements and Future Related Party Dealings of all the Related Parties. The Existing Related Party Arrangements and Future Related Party Dealings each include different categories of related party arrangements each comprising a number of arrangements.

As a consequence, if Resolution 3 is passed, it will constitute shareholder approval for the purposes of Listing Rule 10.1 in respect of all the Existing Related Party Arrangements and Future Related Party Dealings of all the Related Parties.

FINANCIAL ASSISTANCE

Resolution 4 seeks approval of the Sigma Shareholders, pursuant to section 260B(2) of the Corporations Act, for financial assistance which is to be provided by some or all of the Chemist Warehouse Group Members as part of their integration into the merged group's financing arrangements. This is a detailed resolution which appears on your screen and in the notice of meeting and approval is sought by special resolution, which requires at least 75% of the votes that are cast on the resolution to be in favour of the resolution.

If passed, the proposed resolution will take effect on and from Implementation occurring.

The next four resolutions relate to the appointment of new Directors to the Sigma Board. Each Resolution is an ordinary resolution and, if passed, will take effect on and from Implementation occurring.

The background and experience of each nominated Director was set out in the Notice of Meeting, and as Chairman of Sigma, I think each proposed director will bring significant experience and skills that will be valuable to our business and to shareholders.

These proposed appointments will help form the Board for the merged group. As I outlined earlier, we are conscious of the need to address diversity and independence, which we will seek to evolve and refine over time.

ELECTION OF JACK GANCE

Resolution 5 seeks approval for the election of Mr Jack Gance as a Sigma Director with effect from Implementation of the Transaction.

Jack has extensive pharmacy and retail experience. He is a qualified pharmacist who opened his first pharmacy in Reservoir, Victoria, with Sam Gance in 1972. In 1997 Jack, Sam and Mario Verrocchi established the MyChemist brand, and in 2000 co-founded Chemist Warehouse. Jack is currently Chair of Chemist Warehouse Group.

All Sigma Directors have voted in favour of the resolution. I now move that Jack Gance be elected as a Director of the Company.

ELECTION OF MARIO VERROCCHI

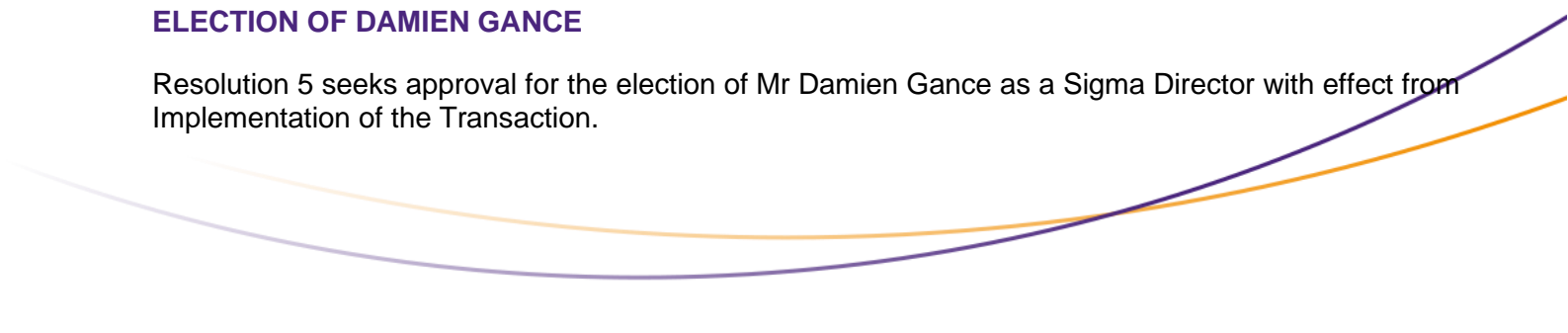
Resolution 5 seeks approval for the election of Mr Mario Verrocchi as a Sigma Director with effect from Implementation of the Transaction.

Mario is a qualified pharmacist who joined Jack and Sam Gance's pharmacy group in 1982. Mario, Jack and Sam jointly established the MyChemist brand in 1997 and subsequently created Chemist Warehouse in 2000. Mario is currently Chief Executive Officer of Chemist Warehouse.

All Sigma Directors have voted in favour of the resolution. I now move that Mario Verrocchi be elected as a Director of the Company.

ELECTION OF DAMIEN GANCE

Resolution 5 seeks approval for the election of Mr Damien Gance as a Sigma Director with effect from Implementation of the Transaction.



Damien is a qualified pharmacist who joined My Chemist in 1998, and in June 2000, Damien became the first Chemist Warehouse Franchisee. Damien is currently the Chief Commercial Officer of Chemist Warehouse and has played an integral role through the merger negotiations.

All Sigma Directors have voted in favour of the resolution. I now move that Damien Gance be elected as a Director of the Company.

ELECTION OF DANIELLE DI PILLA

Resolution 5 seeks approval for the election of Ms Danielle Di Pilla as a Sigma Director with effect from Implementation of the Transaction.

Danielle is a qualified pharmacist who in 2000 also established and is the Managing Director of DPP Pharmaceuticals Pty Ltd, a wholly owned subsidiary of Chemist Warehouse and the founder of brands such as Goat Soap. Danielle also sits on the Board of Gotcha4Life, and, among other things is currently the Chief People Officer at Chemist Warehouse.

All Directors have voted in favour of the resolution. I now move that Danielle Di Pilla be elected as a Director of the Company.

INCREASE IN NED POOL FEE

This Resolution 9 seeks Sigma Shareholder approval for the purposes of Listing Rule 10.17 and rule 10.2 of the Sigma Constitution and for all other purposes, for Sigma to be authorised to increase the total maximum aggregate amount of fees payable to its nonexecutive Sigma Directors from \$1,500,000 per annum to an aggregate amount of \$2,500,000 per annum.

Resolution 9 is an ordinary resolution.

In determining this recommended quantum the Nomination & Remuneration Committee and Sigma Board considered:

- The complexity, scale and size of the Merged Group and accordingly, level of Sigma Board oversight required;
- Appropriate market benchmarking of entities with a similar market capitalisation;
- The increase in Sigma Board size following the Transaction;
- The increase in committees from two to four and the establishment and number of IBC meetings;
- The lack of ability within the current fee pool to appoint a new Sigma Director, if appropriate to do so; and
- The fact that the last fee pool increase for non-executive directors occurred almost ten years ago in 2015.

CANCELLATION OF PERFORMANCE RIGHTS

That now brings us to the last two resolutions for today's meeting.

Resolutions 10 and 11 seek Sigma Shareholder approval for the purposes of Listing Rules 6.23.2 and 6.23.4 to approve the cancellation of and changes to, existing performance rights issued under the 2023 Executive Equity Grant Plan (EEG Plan).

For context in respect of the 2023 Executive Equity Grant Plan, this plan and the underlying rights were around half-way through their vesting period, and Sigma needed certainty around the number of shares on issue at the time of implementation. As a result, the Board has made the following decision to both reward and retain our management:

- 25% of the LTI Rights (being the original service-based component of the grant) lapse upon Implementation and are replaced by a deferred cash bonus of equivalent value that will be paid, subject to continued employment, on 31 January 2026.
- 37.5% of the LTI Rights lapse upon Implementation and are replaced by a cash bonus of equivalent value paid at implementation;
- 37.5% of the LTI Rights vest upon Implementation. The ordinary shares in Sigma allocated on vesting of the rights are then held in escrow, subject to continued employment, until 31 January 2026. For the CEO, this represents 3,112,383 Performance Rights under the EEG. Resolutions 10 and 11 are ordinary resolutions and are inter-conditional.

CANCELLATION OF PERFORMANCE RIGHTS

ASX Listing Rule 6.23.2 provides that a change which has the effect of cancelling an option for consideration can only be made if holders of ordinary securities approve the change. ASX considers that performance rights are 'options' for the purposes of ASX Listing Rule 6.23.

As 62.5% of the Performance Rights issued under the EEG Plan will lapse and be replaced by a cash payment under the New Structure, the effect of the new structure is to cancel those Performance Rights for consideration.

Accordingly, Resolution 10 seeks Sigma Shareholder approval, for the purposes of ASX Listing Rule 6.23.2 and for all other purposes, for the cancellation of those Performance Rights for consideration.

CHANGES TO PERFORMANCE RIGHTS

ASX Listing Rule 6.23.3 provides that a change to an option which has the effect of reducing the exercise price, increasing the period of exercise, or increasing the number of securities received on exercise cannot be made.

ASX Listing Rule 6.23.4 provides that a change to an option which is not prohibited under ASX Listing Rule 6.23.3 can only be made if holders of ordinary securities in the company in question approve the change. ASX considers that performance rights are 'options' for the purposes of ASX Listing Rule 6.23.

37.5% of the Performance Rights issued under the EEG Plan are proposed to vest upon Implementation on the basis that the shares issued on exercise of those Performance Rights subject to disposal restrictions until, and forfeiture if the holder ceases employment before, 31 January 2026.

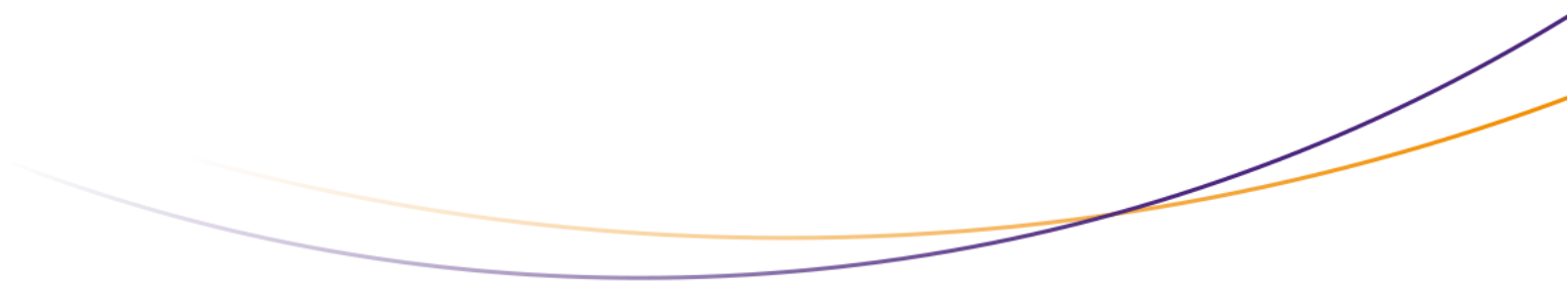
The imposition of these disposal restrictions and forfeiture conditions on shares issued on exercise of vested Performance Rights is a change not prohibited under ASX Listing Rule 6.23.3 and, accordingly, can only be made if approved by Sigma Shareholders.

This announcement is authorised by order of the Board.

For more information please contact:

Gary Woodford
Corporate Affairs Manager
gary.woodford@sigmahealthcare.com.au
0417 399 204 | 03 9215 9632

Steve Dabkowski
Blue Dot Media
steve@bluedot.net.au
0419 880 486

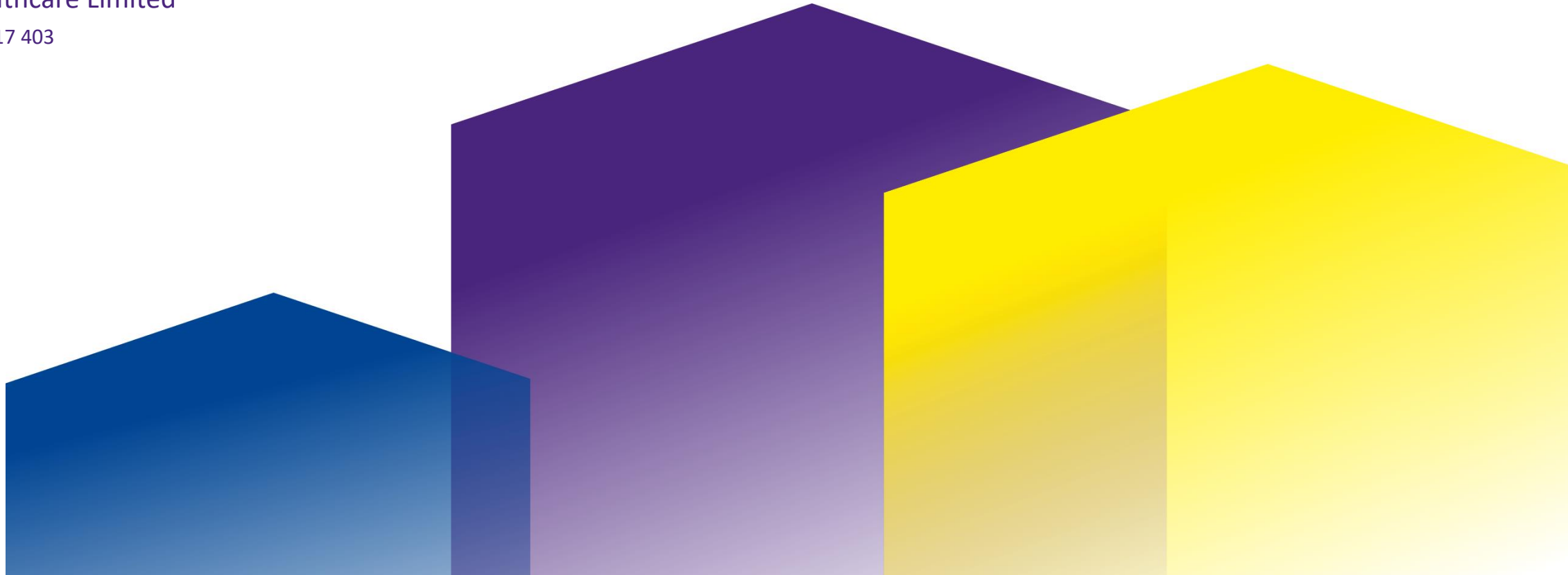


Extraordinary General Meeting 29 January 2025



Sigma Healthcare Limited

ABN 15 088 417 403





Michael Sammells

Chairman of Sigma

Sigma Board - Current



Michael Sammells
*Independent
Non-Executive Chairman*



Vikesh Ramsunder
*Chief Executive Officer
and Managing Director*



Kathryn (Kate) Spargo
*Independent
Non-Executive Director*



Neville Mitchell
*Independent
Non-Executive Director*



Annette Carey
*Independent
Non-Executive Director*



Dr Christopher (Chris) Roberts AO
*Non-Independent
Non-Executive Director*



Kara McGowan
*General Counsel and
Company Secretary*

Merger proposal



Transformational merger proposal



The proposed merger between Chemist Warehouse Group (**CWG**) and Sigma Healthcare Ltd (**Sigma**) will create a leading Australian retail pharmacy franchisor and full-line pharmaceutical wholesaler (**Merged Group**), enhancing the group's ability to support growth and competitiveness across its four franchise brands (Chemist Warehouse, My Chemist, Amcal, and Discount Drug Stores). The Merged Group is expected to deliver significant potential cost synergies.

Background

On **11 December 2023**, Sigma announced that it had entered into a Merger Implementation Agreement to merge with CWG by way of a Scheme of Arrangement in exchange for **\$700 million cash** (subject to any leakage adjustment) and **Sigma** shares.

The ACCC confirmed that it would not oppose the merger on **7 November 2024** after accepting a court-enforceable undertaking from Sigma.

Implementation

Post-merger, CWG shareholders will hold approximately **85.75%** of the Merged Group on a fully diluted basis, with Sigma shareholders holding approximately **14.25%**.

In addition to the cash consideration of \$700 million paid to CWG shareholders, Sigma will refinance approximately \$300 million of existing CWG debt (net of cash at bank). The cash consideration and debt refinance will be funded through a new \$1.5 billion debt facility and cash at bank.

Related Party Transactions

Some of the pre-existing related party transactions within the CWG business, linked to the interests of the CWG founders, executive board members, and their families are proposed to continue under the Merged Group. Future related party dealings will be overseen and governed by an independent board committee, chaired by an independent non-executive director.

Sigma shareholder approval of these arrangements and future related party dealings are a condition of the Transaction.

As there has been no Sigma Superior Proposal and the Sigma Independent Expert has concluded that the Existing Related Party Arrangements and Future Related Party Dealings are fair and reasonable to non-associated Sigma Shareholders the **Sigma Directors unanimously recommend that Shareholders vote in favour of the Resolutions relating to the Transaction at today's Extraordinary General Meeting.**

Defined terms used in this presentation have the meaning as set out in the Notice of Extraordinary General Meeting and Explanatory Memorandum dated 18 December 2024.

Advantages of the Transaction



- ✓ The Transaction will create a leading Australian retail pharmacy franchisor and a full-line pharmaceutical wholesaler and distributor with diversified and scaled operations and earnings base
- ✓ The Sigma Directors believe the Transaction has the potential to create significant value for Sigma Shareholders, with Sigma's post announcement trading share price implying a material premium to its undisturbed share price
- ✓ The Merged Group will have a wide range of growth opportunities
- ✓ Management estimate potential cost synergies for the Merged Group of approximately \$60 million per year could be realised by the fourth year post-implementation, with full run rate synergies expected to be achieved in the fifth-year post-implementation¹
- ✓ Given the absence of a Sigma Superior Proposal, the trading price of Sigma Shares may fall in the near term if the Transaction is not Implemented
- ✓ The Sigma Independent Expert has concluded that the Existing Related Party Arrangements and Future Related Party Dealings are fair and reasonable to non-associated Sigma Shareholders.

1. Management currently estimates that one-off costs of approximately \$75 million will need to be incurred to achieve these potential synergies.

Proposed Sigma Board of Directors – post implementation



Michael Sammells
*Independent Non-Executive
Chairman*



Vikesh Ramsunder
*Chief Executive Officer &
Managing Director*



Dr Christopher (Chris) Roberts AO
*Independent
Non-Executive Director*



Annette Carey
*Independent
Non-Executive Director*



Neville Mitchell
*Independent
Non-Executive Director*



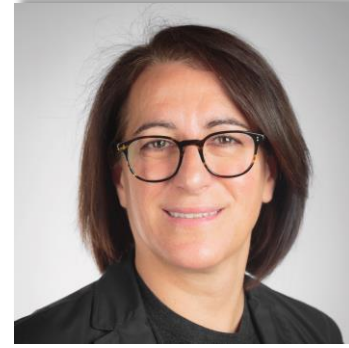
Jack Gance
*Proposed non-independent,
Non-Executive Director*



Mario Verrocchi
*Proposed non-independent,
Executive Director*



Damien Gance
*Proposed non-independent,
Executive Director*



Danielle Di Pilla
*Proposed non-independent,
Executive Director*

Proposed Merged Group Board and Committee Composition



Director	Role	Independent	Independent Board Committee for Related Party Transactions	Audit Committee	Nomination and Remuneration Committee	Risk, Compliance and Sustainability Committee
Michael Sammells	Chair	Yes	Chair	Member	Member	
Vikesh Ramsunder	CEO/MD	No				
Dr Chris Roberts ¹	NED	Yes		Member		Chair
Annette Carey	NED	Yes	Member		Chair	Member
Neville Mitchell	NED	Yes	Member	Chair	Member	
Jack Gance	NED	No		Member	Member	Member
Mario Verrocchi	ED	No				Member
Damien Gance	ED	No				Member
Danielle Di Pilla	ED	No				Member

1. Dr Roberts is not currently considered independent as he is a director of HMC Capital Partners Fund 1 and HMC Capital Limited (together the **HMC Parties**) (and the HMC Parties collectively hold more than 5% of Sigma Shares as at the Last Practicable Date). Following Implementation, however, the HMC Parties' shareholding in Sigma is expected to be below 5% and therefore **Dr Chris Roberts will be considered to be independent in that case.**



Formal Business

Questions received in advance of the meeting



1. Will we face any problems adhering to the agreement with the ACCC?
2. What will be the name of the listed company and what happens to our existing shares?
3. What do lease liabilities total and what is our future policy position on financial leverage?



Resolutions

1. Significant Change Approval
2. Placement Capacity Approval
3. Related Party Arrangements Approval
4. Financial Assistance Approval
5. Election of Mr Jack Gance as a Sigma Director
6. Election of Mr Mario Verrocchi as a Sigma Director
7. Election of Mr Damien Gance as a Sigma Director
8. Election of Ms Danielle Di Pilla as a Sigma Director
9. Increase in the non-executive Sigma Director fee pool
10. Cancellation of Performance Rights
11. Changes of Performance Rights

Resolution 1 – Significant Change Approval



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given for Sigma to make a significant change to the nature and scale of its activities resulting from Implementation of the Transaction under the Merger Implementation Agreement on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 2 – Placement Capacity Approval



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for Sigma to issue the New Sigma Shares on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 3 – Related Party Arrangements Approval



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring, for the purposes of ASX Listing Rule 10.1 and for all other purposes (other than for the purposes of Chapter 2E), approval is given for the Related Party Arrangements and Future Related Party Dealings.”

Related Party IBC and Related Party Working Group Overview



1. The Related Party IBC must consist only of independent directors of the Merged Group and cannot be a 'related party' or associate of a related party falling within the definition in the ASX Listing Rules or Corporations Act . Upon Implementation, the proposed composition of the Independent Board Committee is intended to be Michael Sammells (Committee Chair), Annette Carey and Neville Mitchell.

Related Party Manual Principles



In administering the related party arrangements, interpreting the Related Party Manual and making any decision in relation to a related party arrangement, the Sigma Board, the IBC and the Related Party Working Group are bound to consider these principles set out in the Related Party Manual:

- ✓ **Principle 1:** A Future Related Party Dealing must be in the best interests of Sigma Shareholders as a whole.
- ✓ **Principle 2:** A Future Related Party Dealing must be on terms that would be reasonable in the circumstances if Sigma and the Related Party were dealing at arm's length or less favourable to the Related Party.
- ✓ **Principle 3:** Without limiting Principle 2, a Future Related Party Dealing must be substantively on the same terms as an equivalent arrangement with a third party who is not a Related Party, or on terms more favourable overall to Sigma.

Together, the **Principles**.

Independent Expert's Report (IER)

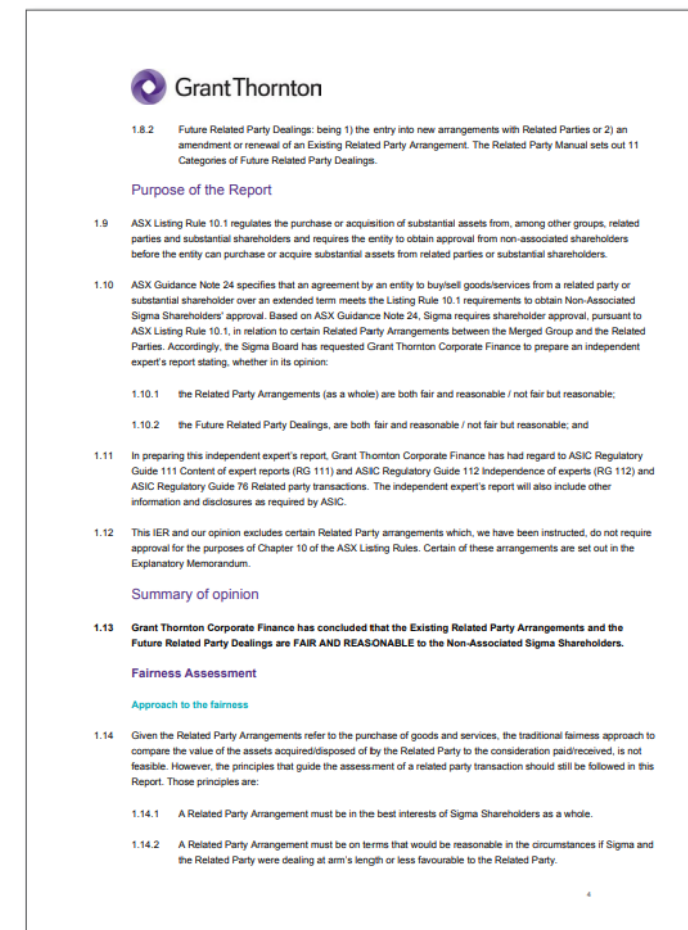


- Andrea De Cian and Jannaya James, both Directors of Grant Thornton, were appointed as the Sigma Independent Experts
- The IER appears at pages 235 to 304 of the Notice of Meeting
- Appointment was to satisfy one of the conditions precedent of the transaction, being that the Independent Expert appointed by Sigma issues a report which concludes that certain Related Party Arrangements are fair and reasonable or not fair but reasonable to Non-Associated Sigma

Independent Expert's assessment:

"We consider the Related Party Governance Framework is effectively designed to monitor Related Party Arrangements going forward. The framework is structured as we consider typical for frameworks for this nature and the Related Party Manual strikes an appropriate balance between 1) the inclusion of prescribed requirements, particularly in relation to the commercial factors and 2) overarching guidelines (the Principles) which govern the spirit and substance in which the Related Party Manual should be interpreted and applied, particularly in circumstances where there is the presence of subjectivity."

Appendix 2. Sigma Independent Expert's Report continued



Resolution 3 – Approval of the Existing Related Party Arrangements and Future Related Party Dealings (Background)



- Resolution 3 is a single resolution which covers all the Existing Related Party Arrangements and Future Related Party Dealings of all the Related Parties. The Existing Related Party Arrangements and Future Related Party Dealings each include different categories of related party arrangements each comprising a number of arrangements. As a consequence, if Resolution 3 is passed, it will constitute shareholder approval for the purposes of Listing Rule 10.1 in respect of all the Existing Related Party Arrangements and Future Related Party Dealings of all the Related Parties. In other words:
 - the Existing Related Party Arrangements and Future Related Party Dealings of one Related Party cannot be approved without such arrangements of all the other Related Parties being approved; and
 - a particular related party arrangement, or particular category of related party arrangement, cannot be approved without all the Existing Related Party Arrangements and Future Related Party Dealings of all Related Parties being approved.
- Sigma Shareholders approving Resolution 3 is a condition precedent to implementation of the Transaction. If Sigma Shareholders do not approve Resolution 3, the Transaction will not proceed and the status quo will prevail (that is, Sigma will continue to operate its existing business as a listed company).
- Resolution 3 does not seek approval of the Existing Related Party Arrangements and Future Related Party Dealings under Chapter 2E such that, if Chapter 2E applied to a related party arrangement and an exception was not available (for instance, because the arm's length terms exception was not available), Sigma would be required to obtain Sigma Shareholder approval before entering into such related party arrangement.

Resolution 4 – Financial Assistance Approval



To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, subject to Implementation occurring and for the purposes of section 260B(2) of the Corporations Act, approval is given for:

- the Financial Assistance (as described and defined in the Explanatory Memorandum) to be provided by some or all of the Chemist Warehouse Group Members, of which Sigma is or will be the listed holding company, from time to time in connection with the Transaction, any refinancing of all or any of the facilities, and the amendment, restatement or replacement of the Debt Finance Documents detailed in the Explanatory Memorandum;*
- any transaction (or element of any transaction) described or contemplated in the Explanatory Memorandum which may constitute the giving of financial assistance for the purposes of section 260A of the Corporations Act; and*
- Sigma and some or all of the Chemist Warehouse Group Members entering into and giving effect to the documents required to implement any transaction and the giving of financial assistance described or contemplated in the Explanatory Memorandum.”*

Resolution 5 – Election of Mr Jack Gance as a Sigma Director



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and with effect from the Implementation Date and for the purpose of rule 3.4 of the Sigma Constitution and for all other purposes, approval is given for Mr Jack Gance to be appointed to the Sigma Board on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 6 – Election of Mr Mario Verrocchi as a Sigma Director



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and with effect from the Implementation Date and for the purpose of rule 3.4 of the Sigma Constitution and for all other purposes, approval is given for Mr Mario Verrocchi to be appointed to the Sigma Board on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 7 – Election of Mr Damien Gance as a Sigma Director



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and with effect from the Implementation Date and for the purpose of rule 3.4 of the Sigma Constitution and for all other purposes, approval is given for Mr Damien Gance to be appointed to the Sigma Board on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 8 – Election of Ms Danielle Di Pilla as a Sigma Director



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and with effect from the Implementation Date and for the purpose of rule 3.4 of the Sigma Constitution and for all other purposes, approval is given for Ms Danielle Di Pilla to be appointed to the Sigma Board on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 9 – Increase in non-executive Sigma Director fee pool



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and pursuant to and in accordance with Listing Rule 10.17, Rule 10.2 of the Sigma Constitution and for all other purposes, the total maximum aggregate Sigma Directors’ fees payable to non-executive Sigma Directors be increased from \$1,500,000 per annum to \$2,500,000 per annum.”

Resolution 10 and 11 – Cancellation of and Changes to existing performance rights



In relation to the 2023 Executive Equity Grant Plan, the Board has made the following decision to both reward and retain our management:

- 25% of the LTI Rights (being the original service-based component of the grant) lapse upon Implementation and are replaced by a deferred cash bonus of equivalent value that will be paid, subject to continued employment, on 31 January 2026.
- 37.5% of the LTI Rights lapse upon Implementation and are replaced by a cash bonus of equivalent value paid on Implementation;
- 37.5% of the LTI Rights vest upon Implementation. The ordinary shares in Sigma allocated on vesting of the rights are then held in escrow, subject to continued employment, until 31 January 2026.
- **For the CEO, this represents 3,112,383 Performance Rights issued under the EEG.**

Resolution 10 – Cancellation of Performance Rights



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and the passing of resolution 11, under and for the purposes of ASX Listing Rules 6.23.2 and for all other purposes, approval is given for the Company to cancel Performance Rights issued under the EEG Plan on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 11 – Changes to existing Performance Rights



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Implementation occurring and the passing of resolution 10, under and for the purposes of ASX Listing Rules 6.23.4 and for all other purposes, approval is given for the Company to agree to make shares issued or transferred on exercise of Performance Rights issued under the EEG Plan subject to disposal restrictions and forfeiture conditions, as set out in the Explanatory Memorandum.”

Thank you

Disclaimer



The information contained in this presentation about Sigma Healthcare Limited and its subsidiaries (Sigma) is designed to provide a high-level explanation of, and information about, the Transaction and the Resolutions to be considered at the meeting of Sigma Shareholders held on 29 January 2025 and should be read in conjunction with Sigma's other periodic and continuous disclosure announcements filed with the ASX and, in particular, Sigma's notice of meeting dated 18 December 2024".

This presentation contains forward-looking statements which have been based on current expectations about future events. Statements that describe the objectives, plans, goals or expectations of Sigma, Chemist Warehouse or the Merged Group or any of their related entities are or may be forward looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions. Any forward-looking statements, assumptions, projections, estimates, and outcomes contained in this presentation should not be relied upon as a representation or warranty, express or implied by Sigma. They are not an assurance or guarantee of future performance nor should be taken to be, and involve known and unknown risks, uncertainties and other factors which are beyond the control of Sigma in relation to the future business performance or results of Sigma or the likelihood that the assumptions, estimates or outcomes will be achieved. Please refer to section 11 of the Explanatory Memorandum for further information as to such risks.

While Sigma, its officers and management have made every effort to ensure the accuracy of the information in this presentation, this presentation is provided for information only. Neither Sigma, its directors, officers, agents, employees or advisors make any representation, or given any warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, forward-looking statements, opinions, estimates, projections, outcomes and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, Sigma, its directors, officers, agents, employees and advisors exclude and disclaim any liability, whether direct or indirect, in respect of the accuracy or completeness of the information or any other opinions contained in this presentation or errors, omissions, statements or for any loss, howsoever arising, from anything done in reliance or the use of this presentation.

Sigma assumes no obligation to update or revise any forward-looking statements. Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer, invitation, solicitation or other recommendation to sell or buy any securities or otherwise engage in any investment activity in Sigma Healthcare Limited. Investors should make their own enquiries and seek their own professional advice (including financial and legal advice) before dealing in securities of Sigma Healthcare Limited.