

# Transformational Merger with Chemist Warehouse Group and Sigma Equity Raising

Investor Presentation

11 December 2023



# Important Notice and Disclaimer

## Important Notices and Disclaimer

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## Purpose of this Presentation

This Presentation has been prepared by Sigma Healthcare Limited (ACN 088 417 403) (**Sigma**) and is dated 11 December 2023. This Presentation has been prepared in connection with Sigma's proposed pro rata accelerated non-renounceable entitlement offer of new fully-paid ordinary shares (**Shares**) in Sigma (**New Shares**) to certain eligible Sigma shareholders (**Entitlement Offer** or **Offer**) and the Proposed Merger (as defined below). The Entitlement Offer is being made to eligible institutional shareholders in certain permitted jurisdictions and to retail shareholders in Australia and New Zealand under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by the Australian Securities and Investments Commission (**ASIC**) *Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*.

## CWG information and considerations relating to the Proposed Merger

On 11 December 2023, Sigma announced that it had entered into a merger implementation agreement under which it agreed to acquire 100% of the shares in CW Group Holdings Limited (ACN 635 851 839) (**CWG** or **Chemist Warehouse Group**) by way of a scheme of arrangement under Part 5.1 of the *Corporations Act* (**Proposed Merger**). The Proposed Merger is subject to the satisfaction of certain conditions precedent and if the conditions precedent are not satisfied within the required timeframe (or waived, where capable of being waived), the Proposed Merger may not complete. Please see the ASX Announcement (defined below) for further details regarding the conditions precedent. Certain information in this Presentation has been sourced from, or is based on information sourced from, CWG or its representatives or associates (including the table on page 42 of this Investor Presentation). While steps have been taken to confirm that information to the extent practicable, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, completeness, reliability or adequacy. Sigma undertook a due diligence process in respect of the Proposed Merger, which relied in part on legal, financial, taxation, synergies and operational due diligence information provided by CWG. If any such information provided to, and relied upon by, Sigma in its due diligence, and in its preparation of this Presentation, proves to be incorrect, incomplete or misleading, or if any of those due diligence enquiries failed to identify potential issues, there is a risk that the actual financial position and performance of CWG may be materially different to Sigma's understanding, or the realisable synergies from the Proposed Merger are less than anticipated. Either of these could have a material adverse effect on the merged entity's financial condition or performance. There is also a risk that new issues may arise after the date of this Presentation which could have a material impact on the merged entity (for example, Sigma may discover CWG liabilities or defects which were not identified through due diligence or for which there is no contractual protection), or there might be adverse developments in CWG's business or prospects or issues previously identified in due diligence could have a more significant impact on CWG (or Sigma) than Sigma anticipated or accounted for. This could adversely impact upon the operations, financial performance and/or financial position of the merged entity. Please see Appendix E of this Presentation for additional risks associated with CWG's business and the Proposed Merger.

Certain forward-looking information in this Presentation, including information about potential synergies in connection with the Proposed Merger, may assume the successful integration of CWG into Sigma's business. The success of this (like any of Sigma's commercial strategies) is based on certain assumptions which may prove to be incorrect. The success of the Proposed Merger is subject to uncertainties and contingencies, some of which are beyond Sigma's control, and no assurance can be given that the integration will be successful or that the anticipated benefits from Sigma's commercial strategies (including the Proposed Merger) will be realised in the period for which the forward-looking statements may have been prepared or otherwise. Please refer to the "Key Risks" section in Appendix E of this Presentation for a non-exhaustive summary of certain risk factors that impact Sigma's business and the business of the merged entity. In addition, Appendix E contains specific risks relating to CWG, as well as risks relating to the success of the Proposed Merger. These risks should be considered before making any investment decision.

This Presentation does not purport to contain all the information that investors may require in order to assess the Proposed Merger. It contains select information only. Further information about CWG and the Proposed Merger will be contained in the transaction documents described in the announcement in relation to the Proposed Merger and the Offer released by Sigma to ASX on the same date as this Presentation (**ASX Announcement**).

Estimates and forward-looking information contained in this Presentation and relating to Sigma's business post-completion of the Proposed Merger are illustrative and are not representations as to future matters, are based on many assumptions and are subject to significant uncertainties and contingencies that are subject to change without notice and involve known and unknown risks, many (if not all) of which are outside the control of Sigma and CWG and their respective directors and management. Actual events or results may differ significantly from the events or results expressed or implied by any estimate, forward-looking information or other information in this Presentation. No representation is made that any estimate contained in this Presentation will be achieved and forward-looking information will not be warranted. You should make your own independent assessment of the Proposed Merger.

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## Summary information only

This Presentation contains summary information about Sigma and CWG and their respective activities, current as at the date of this Presentation. This Presentation is for information purposes only and is not, and does not comprise all of the information which would be required to be disclosed in, a prospectus, product disclosure statement or other disclosure document under Australian law or any other law. The information in this Presentation should be read in conjunction with Sigma's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at [www.asx.com.au](http://www.asx.com.au) under Sigma's ticker code (ASX:SIG). Information in this Presentation is current as at the date of this Presentation (being 11 December 2023, unless otherwise indicated) and remains subject to change without notice.

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## Not investment or financial product advice

This Presentation is not financial product or investment advice or a recommendation to acquire Shares or accounting, legal or tax advice and does not and will not form any part of any contract or commitment for the acquisition of Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Sigma and the impact that different future outcomes might have on Sigma. Information in this Presentation is of a general nature, is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek financial, legal and taxation advice appropriate to their jurisdiction. Sigma is not licensed to provide financial product advice in respect of the New Shares.

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## Financial data

All dollar values are in Australian dollars (A\$ or AUD) unless stated otherwise. This Presentation includes certain historical financial information of Sigma as at 31 July 2023 or certain financial information of CWG as at 30 June 2023 unless stated otherwise (**Financial Information**). The Financial Information has been included in this Presentation in relation to the Offer and should not be used for any other purpose. The Financial Information is intended to present investors with information to assist them in understanding the underlying historical financial position of Sigma. The directors of Sigma (the **Directors**) are responsible for the preparation and presentation of the Financial Information.

Please see the notes to page 42 for details about the basis of preparation of the aggregated financial information contained on that page and which is used throughout this presentation. The aggregated financial information is not pro-forma financial information of the merged group.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Certain financial measures included in this Presentation are (i) "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" and (ii) non-GAAP financial measures under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include earnings before interest and taxes (**EBIT**), EBIT margin and earnings before interest, taxes, depreciation and amortisation (**EBITDA**). While Sigma believes that this non-IFRS financial information provide, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of Sigma and CWG, non-IFRS and non-GAAP financial measures do not have standardised meanings prescribed by AAS or International Financial Reporting Standards (**IFRS**), may not be comparable to the calculation of similar measures of other companies and, as presented, may not be permissible in a registration statement under the U.S. Securities Act. Therefore, you should not place undue reliance on any non-IFRS financial information or non-GAAP financial measures included in this Presentation or construe them as alternatives to other financial measures determined in accordance with AAS or IFRS.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding.

## Future performance and forward looking statements

This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. The words "expect", "likely", "should", "could", "may", "will", "aim", "intend", "propose", "believe", "opinion", "consider", "predict", "plan", "scenario", "project", "outlook", "guidance", "forecast", "anticipates", "target" "estimate" and other similar expressions within the meaning of securities laws of applicable jurisdictions are intended to identify forward-looking statements.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic and geo-political climate and dynamic interest rate environment. Any forward-looking statements, opinions and estimates in this Presentation speak only as of the date of this Presentation and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Any such statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks, contingencies and uncertainties and other factors, many of which are beyond the control of Sigma, CWG and their respective directors and management, and may involve significant elements of subjective judgment and assumptions as to future events, which may or may not be correct. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Sigma or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), Sigma disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

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## Disclaimer of liability

See Appendix H for the basis upon which this Presentation is provided.

## Past performance

Past performance and aggregated historical information of Sigma and CWG given in this Presentation and the pro forma balance sheet given on page 39 of this Presentation are given for illustrative purposes only and should not be relied upon as (and is not) an indication of Sigma's views on its future performance or condition. Investors should note that past performance, including past share price performance, of Sigma or CWG cannot be relied upon as an indicator of (and provides no guidance as to) future performance of Sigma or CWG, including future share price performance. The historical financial information contained in this Presentation is, or is based on, information that has previously been released to ASX. Nothing contained in this Presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

The information given on page 42 of this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Sigma's views on its future performance or condition following completion of the Proposed Merger; they are not representations as to future matters. Importantly, such information is subject to the assumptions and qualifications set out in the notes on page 42 of this Presentation. The information about the likely financial effect of the Proposed Merger on Sigma is based on historical financial information of Sigma and CWG. Past performance should not be relied upon as an indicator of future performance.

## Market and industry data

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Market data should not be relied upon as an indication or guarantee of future performance. None of Sigma, CWG, or their respective representatives or advisors have independently verified any such market or industry data provided by third parties or industry or general publications nor give any guarantee, representation or warranty, express or implied, is made as to the likelihood or achievement of any market data.

## Timetable, withdrawal and cooling-off

Sigma reserves the right to withdraw the Offer. Sigma may vary the timetable (with the agreement of the Underwriter). Cooling-off rights do not apply to the acquisition of New Shares.

## Confirmations by ASX

As outlined in Appendix A of the ASX Announcement, Sigma has obtained in-principle advice from ASX that ASX Listing Rule 11.1.3 does not apply to the Proposed Merger (among other confirmations), meaning Sigma is not required to comply with ASX's admission and quotation requirements. This is subject to certain conditions including that Sigma provides disclosure to the market of the Proposed Merger and of CWG that is satisfactory to ASX. **ASX takes no responsibility for the contents of the ASX Announcement or this Investor Presentation.**

# Today's Presenters

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**Michael Sammells**  
Chairman  
Sigma Healthcare

*Proposed MergeCo Chairman*



**Vikesh Ramsunder**  
CEO & Managing Director  
Sigma Healthcare

*Proposed MergeCo CEO & Managing Director*



**Mark Conway**  
CFO  
Sigma Healthcare

*Proposed MergeCo Senior Finance Executive*



**Mario Verrocchi**  
Co-Founder, CEO & Managing Director  
Chemist Warehouse Group

*Proposed MergeCo Executive Director*



**Damien Gance**  
Chief Commercial Officer  
Chemist Warehouse Group

*Proposed MergeCo Executive Director*



**Mark Davis**  
CFO  
Chemist Warehouse Group

*Proposed MergeCo CFO*

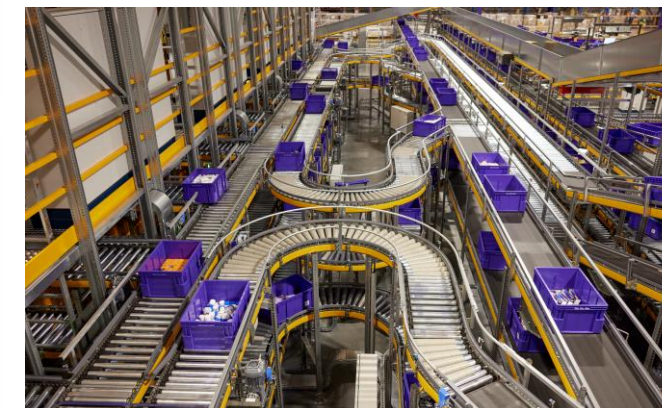
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# Transformational Merger between Sigma and Chemist Warehouse Group, and \$400m Equity Raising for Sigma to Fund Growth

## Proposed Merger with Chemist Warehouse Group

Transformational merger between Sigma and Chemist Warehouse Group (**CWG**) to create a leading healthcare wholesaler, distributor and retail pharmacy franchisor (**Proposed Merger**)

- Proposed Merger to be effected by Sigma acquiring CWG via a scheme of arrangement in exchange for Sigma shares<sup>1</sup> and \$700m cash consideration<sup>2</sup>
- CWG shareholders to hold 85.75% and Sigma shareholders to hold 14.25% of MergeCo upon completion of the Proposed Merger<sup>1</sup>
- Proposed Merger has the potential to unlock significant efficiencies, with cost synergies initially estimated at c.\$60m per annum, expected to be realised four years post completion<sup>3</sup>



## Sigma Equity Raising

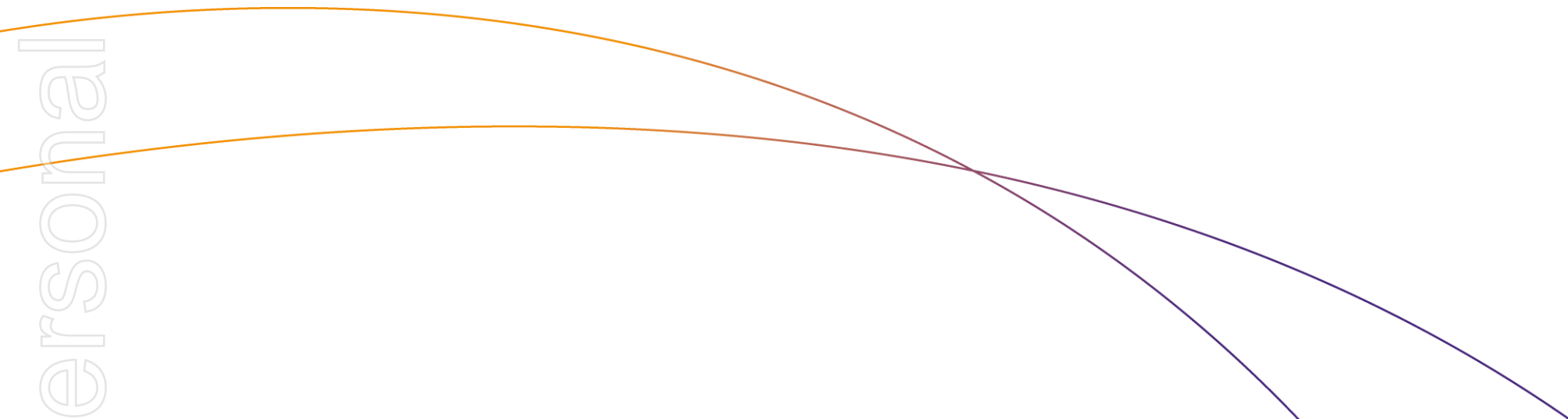
Sigma to undertake a pro-rata accelerated non-renounceable entitlement offer to raise gross proceeds of approximately \$400m to fund increased working capital required to implement the new Chemist Warehouse supply contract commencing 1 July 2024 and progress new business growth initiatives (**Equity Raising**)<sup>4</sup>

### Notes:

1. CWG shareholders will receive such number of Sigma shares that results in CWG shareholders owning 85.75% of MergeCo (on a fully diluted basis, including cash-settled and share-based rights, grants or other incentive arrangements which have either been exercised, exchanged or converted for cash since 11 December 2023 or remain outstanding upon completion of the Proposed Merger). In conjunction with entering into the Merger Implementation Agreement (**MIA**), Sigma and CWG have agreed to defer the issuance of 126,947,040 Sigma shares already agreed to be issued to CWG on 31 August 2023 in conjunction with the CWG supply agreement due to commence on 1 July 2024 (**Placement Shares**) while the MIA remains on foot. If the Proposed Merger completes, these Placement Shares will not be issued. If the MIA is terminated, the Placement Shares will be issued to CWG (or a subsidiary of CWG) on the later of 1 July 2024 and 20 business days post termination of the MIA
2. Subject to any leakage adjustment under the MIA
3. On a run-rate basis. One-off costs to achieve estimated at c.\$75m. Refer to page 28 for further detail
4. In the event the Proposed Merger proceeds to completion, and to the extent the proceeds have not been applied to fund working capital needs and new business initiatives – some of the net proceeds from the Entitlement Offer may instead be used to partially fund the cash consideration to CWG shareholders

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# Sigma Equity Raising





# Sigma has an Attractive Standalone Investment Thesis



**State-of-the-art distribution infrastructure following completion of \$400m capital investment program**

- Over 220 million units per year distributed to pharmacies across Australia – 99% dispatch on time and 99% delivery in full
- Capacity to absorb future growth – Chemist Warehouse supply contract, 3PL opportunity



**Strong heritage brands in Amcal and Discount Drug Stores**

- Amcal brand relaunch underway leveraging more than 85 years heritage in Australia
- Continued investment in Discount Drug Stores



**Margin enhancement through greater penetration of private label**

- New team focused on pipeline of new products, supplier relationships and sourcing
- On track to launch over 250 private label and exclusive products in FY25, further diversifying income and product mix



**Further potential for cost efficiencies**

- ERP stability has been achieved
- Further working capital and cost-out opportunities



**Significant opportunity to drive growth in 3PL**

- Significant capacity to support growth in margin-accretive 3PL
- Offered across six states in Australia, providing improved availability and flexibility to meet customer needs



## Sigma FY24 YTD Trading Update<sup>1</sup>

- Like-for-like (**LFL**) wholesale sales (excluding Rapid Antigen Tests) of \$2.3 billion, up \$146 million or 6.8% on pcp
- Total expenses of \$192 million, down \$48 million or 20% on pcp reflecting ongoing benefit of improved cost management
- **Sigma remains on track to achieve reaffirmed full year FY24 EBIT guidance of \$26 million - \$31 million<sup>2</sup>**

Notes:

1. For the nine months ending 31 October 2023
2. Excluding transaction costs related to the Proposed Merger with CWG and Sigma Equity Raising. Consistent with Sigma's disclosure at its 1H24 results release on 20 September 2023, FY24 EBIT guidance is inclusive of other one-off costs anticipated in 2H24

# Sigma Equity Raising Overview

## Equity Raising Overview

- Fully underwritten 1 for 1.85 pro-rata accelerated non-renounceable entitlement offer to raise gross proceeds of approximately \$400 million (**Entitlement Offer**)
- Approximately 572.6 million new Sigma ordinary shares (**New Shares**) to be issued under the Entitlement Offer, equivalent to approximately 54.1% of existing shares on issue
- HMC Capital Limited (**HMC**), the manager of Sigma's largest shareholder, HMC Capital Partners Fund I (**Major Shareholder**)<sup>1</sup>, has committed to sub-underwrite the Major Shareholder's full entitlement under the Entitlement Offer

## Rationale and Use of Proceeds for Equity Raising

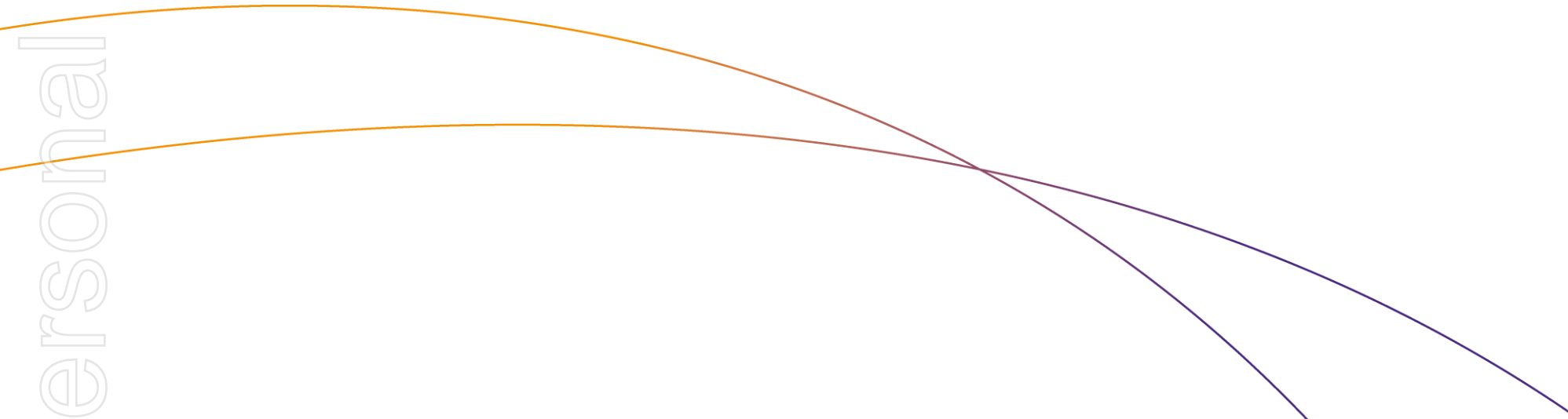
- ✓ **Support the delivery of the new Chemist Warehouse supply contract**<sup>2</sup> which is expected to generate a **minimum of \$3 billion revenue** in the first full year of the contract, through funding the procurement of inventory prior to contract commencement in July 2024. Working capital build to support this contract expected to commence from April 2024
- ✓ **Provide funding for key growth initiatives**, including the roll-out of Sigma's private label range and investment in the pharmacy brand strategy (Amcal)
- ✓ **Positions Sigma for growth with a strong balance sheet and net cash balance** post Entitlement Offer
  - Allows Sigma to **retain ownership of strategically important DCs** at Truganina, Canning Vale and Townsville
- ✓ Positions Sigma to accelerate its path to delivering a **targeted EBIT margin of 1.5 – 2.5%**<sup>3</sup>
- In the event the Proposed Merger proceeds to completion, and to the extent the proceeds have not been applied to fund working capital needs and new business initiatives, some of the net proceeds from the Entitlement Offer may instead be used to partially fund the cash consideration to CWG shareholders

### Notes:

1. Position is held in the fund via HMC Capital Partners Holdings Pty Ltd as trustee of HMC Capital Partners Holding Trust. Major Shareholder holds 19.07% of Sigma shares on issue, with an entitlement under the Entitlement Offer that is equivalent to c.\$76 million. Refer to page 38 for details on how this commitment is structured
2. Signed 31 August 2023. See Sigma ASX Announcement dated 31 August 2023
3. On a standalone basis

# Overview of Proposed Merger with Chemist Warehouse Group

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# Key Terms of the Proposed Merger

## Proposed Merger of CWG and Sigma

- Acquisition of CWG by Sigma, to be effected via a CWG scheme of arrangement (**Proposed Merger**)
- Unanimously recommended by the Sigma Board and each Sigma director intends to vote, at the Sigma EGM, all of the Sigma shares they hold or control in favour of the resolutions that require the approval of Sigma's shareholders for the Proposed Merger, in each case in the absence of a superior proposal for Sigma<sup>1</sup>
- Both HMC and HMC Capital Partners Fund I have advised Sigma that they support the Proposed Merger and intend to vote all of the Sigma shares that they hold at the date of the Sigma EGM in favour of the Sigma resolutions to approve the Proposed Merger, in the absence of a superior proposal<sup>1</sup>
- Unanimously recommended by the CWG Board and each CWG Director intends to vote in favour of the Proposed Merger all of the CWG shares that they own or control (being 71% of the fully diluted CWG shares on issue as at today's announcement), in each case in the absence of a superior proposal for CWG<sup>2</sup>

## Consideration and relative shareholding

- CWG shareholders will receive in aggregate, \$700 million in cash subject to any leakage adjustment under the MIA. CWG shareholders will also receive such number of Sigma shares that results in CWG shareholders owning 85.75% of MergeCo<sup>3</sup>
  - Sigma has received a credit approved commitment letter from ANZ<sup>4</sup> and NAB<sup>5</sup> for a new \$1.0 billion debt facility to fund the cash consideration required under the Proposed Merger and to refinance existing CWG indebtedness.<sup>6</sup> To the extent proceeds from the equity raising announced today have not already been applied to meet working capital requirements and to fund new business initiatives as discussed in this Presentation, some of the net proceeds may instead be used to partially fund the cash consideration to CWG shareholders
- Upon completion of the Proposed Merger, CWG shareholders will own 85.75% of MergeCo, and Sigma shareholders will hold the remaining 14.25%<sup>3</sup>

## Key conditions and approvals

- Proposed Merger subject to a number of conditions including:<sup>7</sup>
  - ACCC and (if required) OIO<sup>8</sup> approvals
  - Approval of the Proposed Merger by the requisite majorities of CWG shareholders<sup>9</sup>
  - Court approval of the scheme in accordance with the Corporations Act 2001 (Cth) (**Corporations Act**)
  - Sigma shareholder approvals, including pursuant to ASX Listing Rule 11.1.2 (change of scale of Sigma), ASX Listing Rule 7.1 (issuance of securities under the transaction), ASX Listing Rule 10.1 (in relation to certain business arrangements between MergeCo and its directors and holders of 10% or more of its shares)<sup>10</sup> and under Sigma's constitution to appoint the CWG nominees to the board (all 50% ordinary resolutions) as well as a resolution of Sigma shareholders under Part 2J.3 of the Corporations Act in relation to the proposed new debt facility (a 75% special resolution)
  - Neither company being affected by a material adverse change or prescribed occurrence and other customary conditions

## Board and senior management

- Post completion of the Proposed Merger, the MergeCo Board will comprise four independent directors from Sigma, four directors from CWG and Vikesh Ramsunder as Managing Director
- Michael Sammells to be Independent Chair of MergeCo, Vikesh Ramsunder to be Chief Executive Officer and Mark Davis to be Chief Financial Officer
- Mario Verrocchi, current Chief Executive Officer & Managing Director of CWG, to continue to lead the CWG business post completion of the Proposed Merger and also be appointed as an Executive Director of MergeCo

## Transaction timing

- Subject to the ACCC approval process, and the satisfaction (or waiver) of the conditions under the MIA, the Proposed Merger is expected to complete in 2H CY24
- Sigma will provide an update on the transaction with FY24 results in March 2024

Notes: 1. In addition, subject to the Sigma independent expert concluding (and continuing to conclude) that the related party arrangements relating to CWG are fair and reasonable or not fair but reasonable. 2. In addition, subject to the CWG independent expert concluding (and continuing to conclude) that the Proposed Merger is in the best interests of CWG shareholders. 3. On a fully diluted basis, including cash-settled and share-based rights, grants or other incentive arrangements which have either been exercised, exchanged or converted for cash since 11 December 2023 or remain outstanding upon completion of the Proposed Merger. In conjunction with entering into the MIA, Sigma and CWG have agreed to defer the issuance of the Placement Shares while the MIA remains on foot. If the Proposed Merger completes, these Placement Shares will not be issued. If the MIA is terminated, the Placement Shares will be issued to CWG (or a subsidiary of CWG) on the later of 1 July 2024 and 20 business days post termination of the MIA. 4. Australia and New Zealand Banking Group Limited (ABN 11 005 357 522). 5. National Australia Bank Limited (ABN 12 004 044 937). 6. Refer to page 29 for detail on the commitment letter. 7. The full list of conditions precedent to implementation of the Proposed Merger is included in the MIA attached as Appendix B in the ASX Announcement, which was lodged with ASX today. Appendix A of the ASX Announcement contains further information about the key shareholder approvals and documents to be issued by the parties in connection with the Proposed Merger. 8. The New Zealand Overseas Investment Office. 9. At least 75% of the votes cast and a majority in number of CWG shareholders voting on the resolution (in person or by proxy). 10. See ASX Announcement for further detail on the business arrangements that may require Sigma shareholder approval under ASX Listing Rule 10.1

# Transformational Merger of Sigma and Chemist Warehouse Group

Proposed Merger to create a leading healthcare wholesaler, distributor and retail pharmacy franchisor

Retail Pharmacy Franchisor

- Supports a combined retail system supplying over 1,000 stores, with a complementary suite of brands
- Scale of marketing investment and reach a key differentiator



Wholesaler and Distributor

- Leading distribution player with a combined network of 16 DCs with 284,200 sqm of capacity
- 3PL services across pharmaceutical, medical consumables and fast-moving consumer goods



Own / Private Label / Licensed Brands

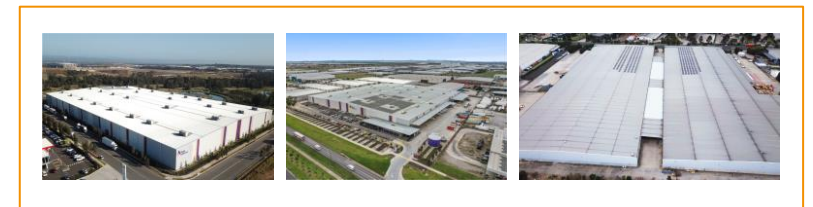
- Extensive own, private label and licensed brands across health and wellness categories with significant growth potential



**A leading healthcare wholesaler, distributor and retail pharmacy franchisor**

- Creation of a full-service wholesaler, distributor and retail pharmacy franchisor
- Combines Sigma's extensive and state-of-the-art distribution infrastructure with CWG's leading retailing know-how

CWG + Sigma



*Selected Private Label and Own Brands<sup>2</sup>*

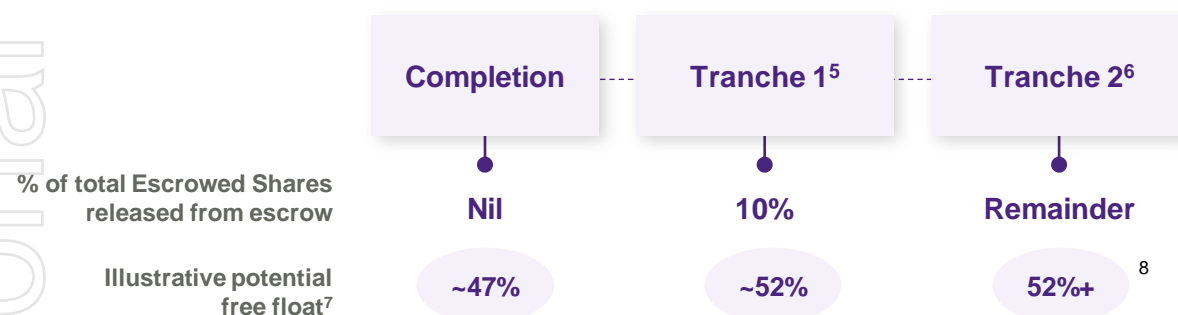
1. In the process of being acquired by CWG. Expected to complete prior to the completion of the Proposed Merger  
 2. Includes full and partly owned brands. Ownership structure and commercial arrangements differ for each business

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# Ongoing Commitment and Alignment of Key CWG Founder Shareholders

## CWG shareholder escrow arrangements

- CWG today has c.200 individual shareholders, including the CWG founders
- CWG founders Mario Verrocchi, Jack Gance and Sam Gance (**Escrowed Holders**), who will collectively hold c.49% of MergeCo at completion of the Proposed Merger, have agreed to escrow arrangements with Sigma in relation to those shares (**Escrowed Shares**)<sup>1</sup>
- The remaining CWG shareholders will collectively hold c.37% of MergeCo post completion and will not be subject to escrow arrangements. It is anticipated that these shareholders will be treated as free float holders<sup>2</sup>, supporting MergeCo's eligibility for entry into the S&P/ASX200 Index<sup>3</sup>
- Under the terms of the escrow deeds, Escrowed Holders will be restricted from dealing in their Escrowed Shares<sup>4</sup>, with shares to be released from escrow in tranches per the schedule below



### Notes:

1. Implementation of the restrictions in the escrow arrangements is conditional upon Sigma obtaining certain technical relief from ASIC under the Corporations Act, which Sigma will seek in due course prior to implementation. 2. Other than those shareholders to be appointed to the MergeCo Board and officers of MergeCo. MergeCo Key Management Personnel (KMP) and directors, and their associates, will be subject to the Sigma Share Trading Policy. 3. Refer to the notes on page 30 of this presentation for further detail. 4. Subject to certain exceptions as set out in Appendix A of the ASX Announcement. 5. To be released on the earlier of 31 August 2025 and the release of the financial results for the period ending 30 June 2025 (which is subject to the Board resolving to change the Sigma financial year end to 30 June). 6. To be released on the earlier of 31 August 2026 and the release of the financial results for the period ending 30 June 2026 (which is subject to the Board resolving to change the Sigma financial year end to 30 June). 7. Illustrative potential free float excludes Escrowed Holders and directors and officers of MergeCo. Represents potential free float should Escrowed Holders elect to sell down the full amount of shares released from escrow. Determination of MergeCo's free float is ultimately at the absolute discretion of S&P Dow Jones Indices. 8. Illustrative potential free float will increase to the extent Escrowed Holders elect to sell down any shares once released from escrow. 9. On a fully diluted basis (including cash-settled and share-based rights, grants or other incentive arrangements which have either been exercised, exchanged or converted for cash since 11 December 2023 or remain outstanding upon completion of the Proposed Merger).<sup>10</sup> Based on estimated MergeCo shares at completion of the Proposed Merger of 11.6 billion (including shares issued in the \$400 million capital raising announced today) and based on Sigma's last traded price of \$0.7625/sh on 6 December 2023

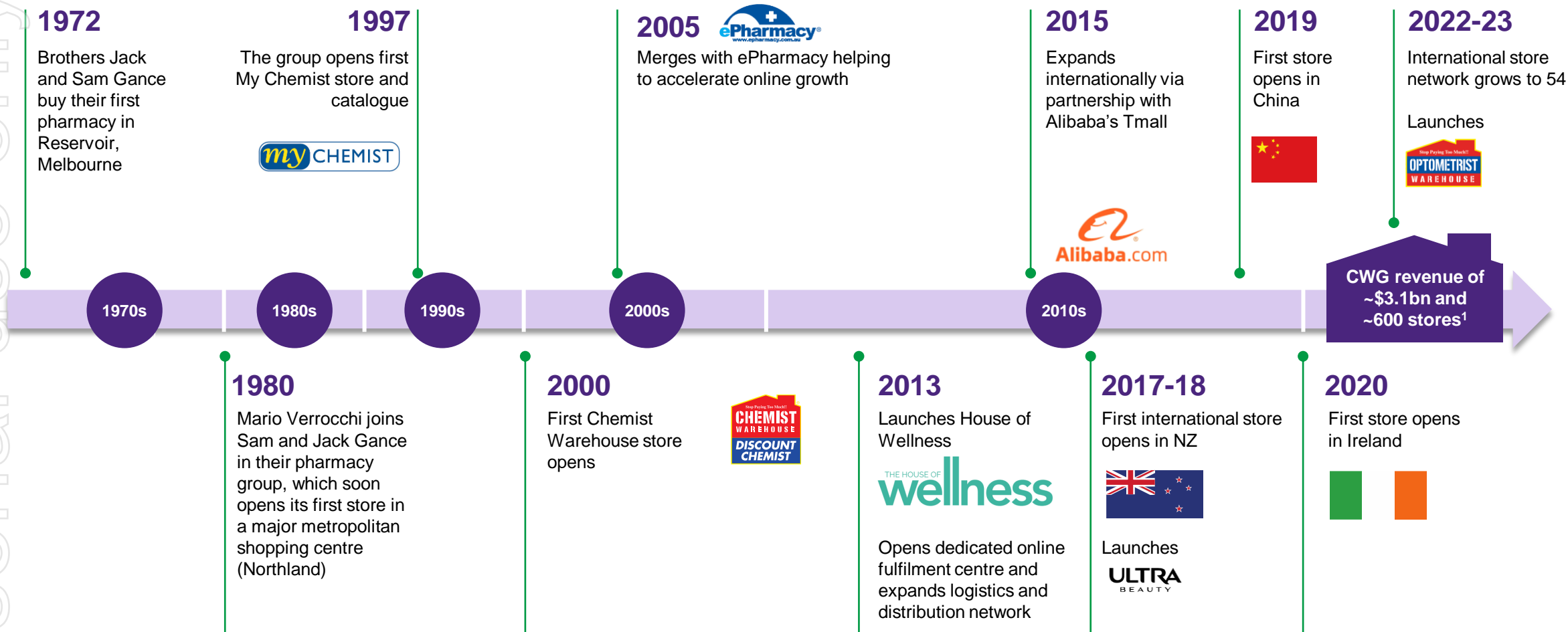
Escrowed Holder	No. of Escrowed Shares (m)	% of MergeCo at completion (fully diluted basis) <sup>9</sup>	% of MergeCo at completion (shares on issue) <sup>10</sup>
Mario Verrocchi	2,579.3	22.31%	22.33%
Jack Gance	1,607.2	13.90%	13.91%
Sam Gance	1,474.3	12.75%	12.76%
<b>Total Escrowed Holders</b>	<b>5,660.8</b>	<b>48.95 %</b>	<b>49.00 %</b>
Non-escrowed holders	No. of non-escrowed shares (m)	% of MergeCo at completion (fully diluted basis) <sup>9</sup>	% of MergeCo at completion (shares on issue) <sup>10</sup>
Other shareholders	4,254.9	36.80 %	36.83 %
<b>Total CWG shareholders</b>		<b>85.75 %</b>	<b>85.83 %</b>

# Overview of Chemist Warehouse Group



# Success Built Over a 50 Year History

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Notes:

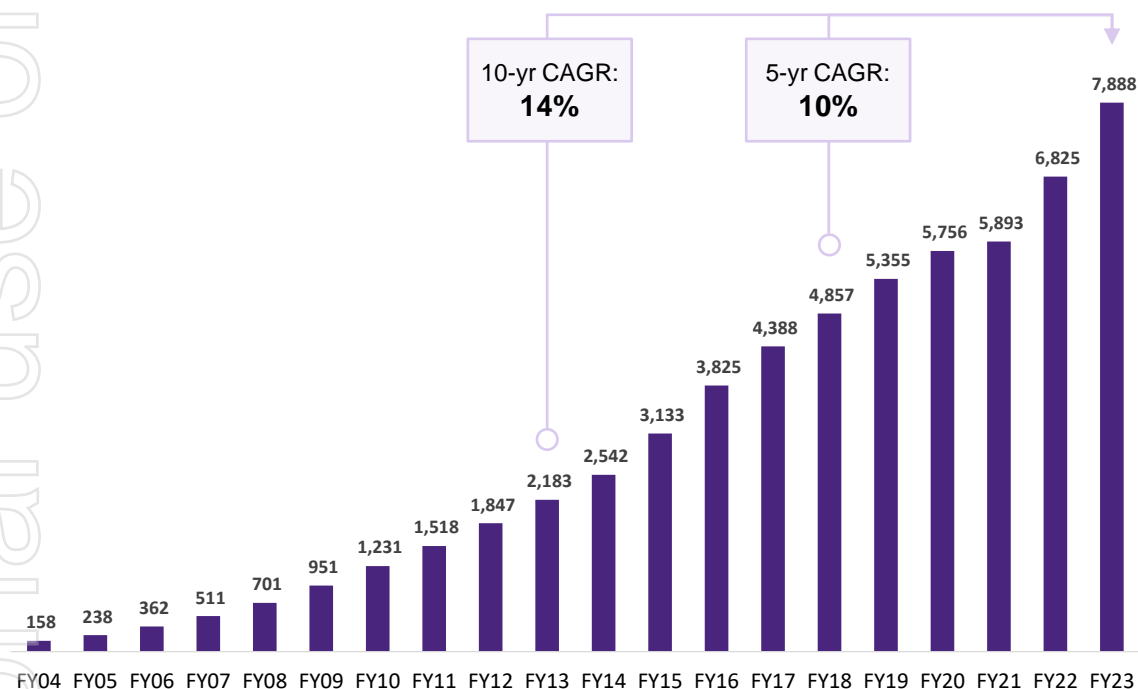
1. Retail Network as at 30 June 2023; represents a combination of franchised stores in Australia and wholly and part owned stores across New Zealand, China and Ireland. All Chemist Warehouse and My Chemist pharmacies are franchised in Australia



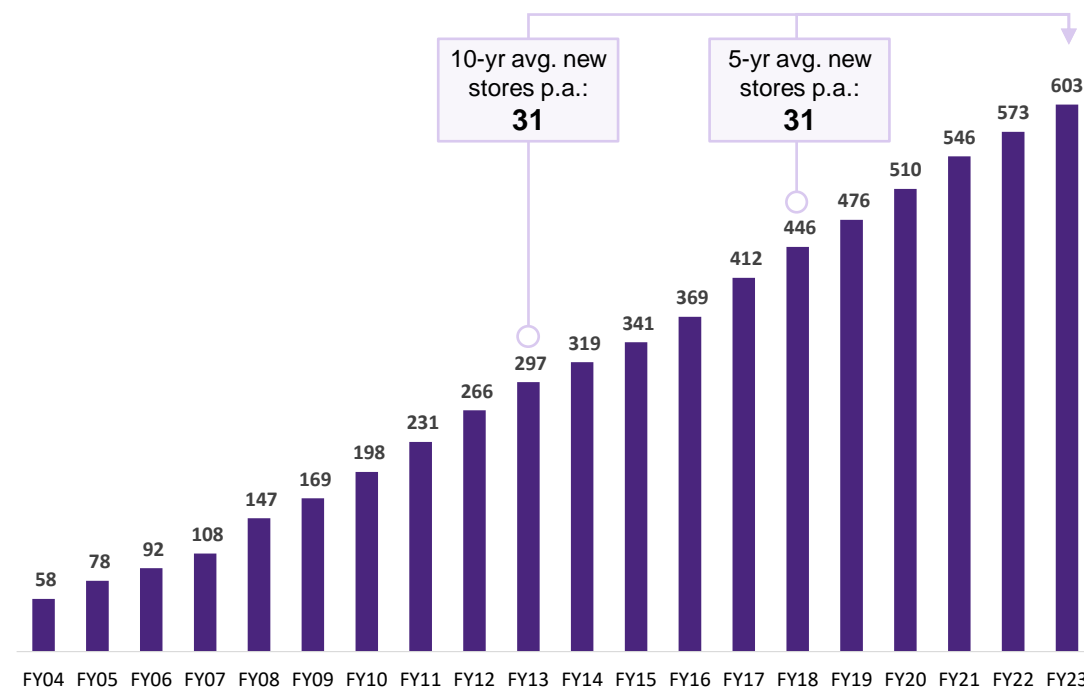
# The Retail Network has Grown Significantly Over the Last 20 Years

Total Network Sales have increased by 50x and the number of Retail Network stores by 10x since 2004<sup>2</sup>

Total Network Sales evolution (\$m)<sup>1,2</sup>



Retail Network evolution (no. of stores)<sup>2,3</sup>







Notes:

1. Total Network Sales includes a combination of the Retail Network's in-store and CWG's online sales. Australian Network Sales and New Zealand Network Sales are not consolidated into CWG revenue
2. Based on CWG management information
3. The "Retail Network" includes a combination of franchised stores in Australia, wholly and part owned stores across New Zealand, China and Ireland. All Chemist Warehouse and My Chemist pharmacies are franchised in Australia

# A Multi-National Retail Network of ~600 Stores, Mainly Under the Highly Recognised Chemist Warehouse Brand

## Retail brands

Brands	Stores <sup>1</sup>	Description
	557	<ul style="list-style-type: none"> <li>Flagship brand</li> <li>Big box format, with a focus on fragrances, vitamins, beauty and skincare products, along with discounted prescription pharmaceuticals</li> </ul>
Pipeline stores	24	<ul style="list-style-type: none"> <li>Unbranded stores included in total network with plans to be converted into Chemist Warehouse stores</li> </ul>
	21	<ul style="list-style-type: none"> <li>Full service, health centric and product focused pharmacy</li> <li>Principally located in VIC</li> </ul>
	17	<ul style="list-style-type: none"> <li>Luxury brand beauty retail format launched in 2018</li> <li>Co-located within Chemist Warehouse stores</li> </ul>
	1	<ul style="list-style-type: none"> <li>New discount optical retail concept launched in 2023</li> <li>To be co-located with Chemist Warehouse stores where appropriate</li> </ul>

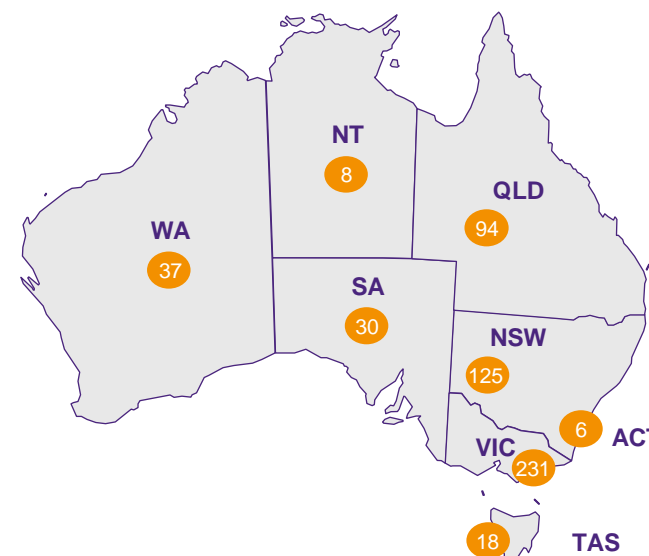
## Omnichannel sales presence

### Online



### Retail Network

Australia: 549 stores<sup>2</sup>



International: 54 stores

### China



### Ireland



### New Zealand



Notes:

- As at 30 June 2023, represents a combination of franchised, wholly and part owned stores
- As at 30 June 2023, represents 548 franchised Chemist Warehouse / My Chemist stores, in addition to 1 part owned Optometrist Warehouse store

# CWG is a Leading Australian Retail Pharmacy Franchisor

- Founded by the Gance and Verrocchi families in Melbourne, with heritage dating back 50+ years
- Provides a comprehensive range of support services and consumer goods to a multi-national Retail Network<sup>1</sup> of ~600 stores, mainly operating under the highly recognised Chemist Warehouse brand
- Highly compelling and attractive value proposition for franchisees and their customers
- Strong track record of historical expansion with numerous near term growth opportunities



## CWG

**\$3.1bn**

FY23 statutory revenue

**\$460m**

FY23 statutory EBIT

**15%**

FY23 statutory EBIT margin

**7**

distribution and fulfilment centres (leased)

## Retail Network<sup>1</sup>

**~600**

stores across 4 countries<sup>2,3</sup>

**\$7.9bn**

FY23 Total Network Sales<sup>4</sup>

**10%**

last 5 years' Total Network Sales CAGR<sup>4</sup>

**12%**

FY23 LFL sales growth in Australia<sup>5</sup>

**93**

network stores opened in the last 3 years<sup>6</sup>

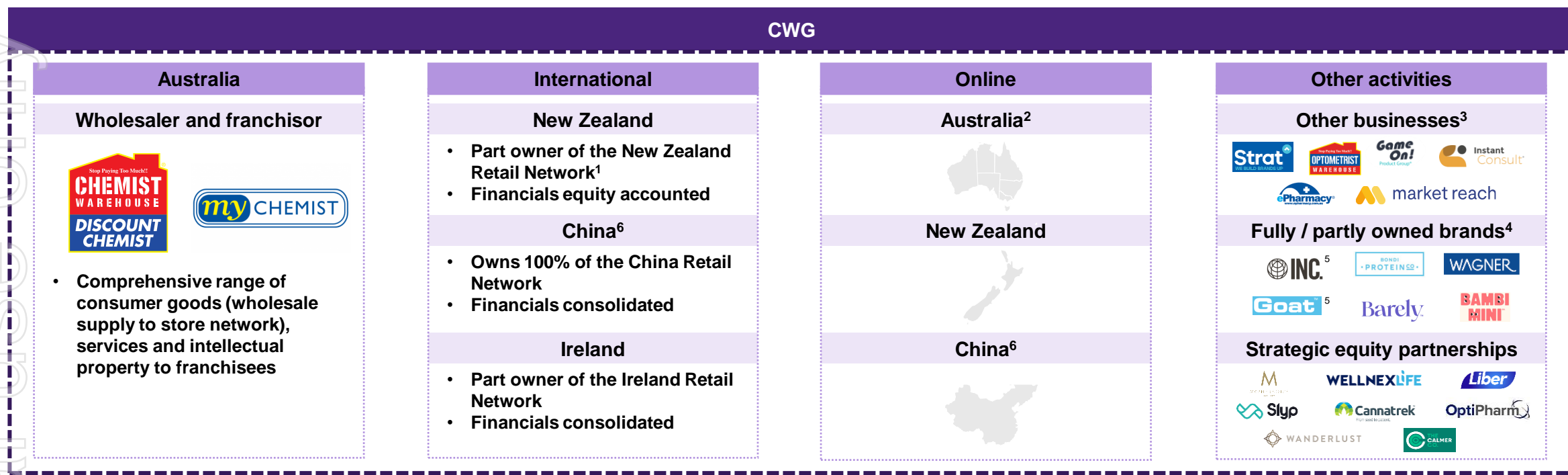
**>133m**

consumer transactions in FY23<sup>7</sup>

Notes:

1. The "Retail Network" includes a combination of franchised stores in Australia and wholly and part owned stores across New Zealand, China and Ireland. All Chemist Warehouse and My Chemist pharmacies are franchised in Australia
2. Refer to page 20 for an overview of the business activities undertaken by CWG
3. As at 30 June 2023 (refer to page 18 for composition of Retail Network)
4. Total Network Sales includes a combination of the Retail Network's in-store and CWG's online sales. Australian Network Sales and New Zealand Network Sales are not consolidated into CWG revenue
5. LFL sales comparison of Australian Retail Network stores only (for stores open for at least 12 months)
6. Represents growth in the Retail Network between 30 June 2020 and 30 June 2023
7. Australian Retail Network in-store and online sales only in FY23 based on CWG management information

# Overview of CWG's Business Model and Broader Portfolio



## Australian franchisees (not part of CWG)

**Australian Retail Network**

- 100% franchisee owned and controlled
- Financials not consolidated

CWG franchise model – see next page

**Online<sup>2</sup>**

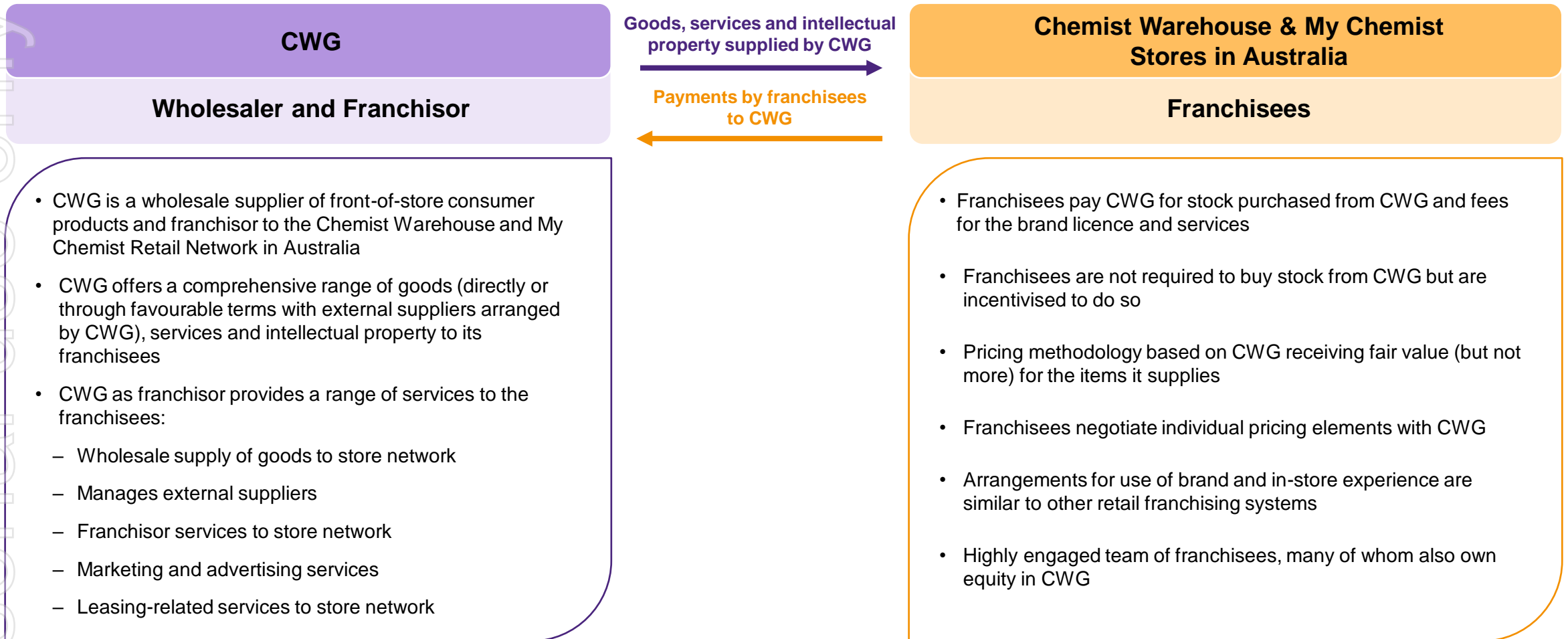


Notes:

1. New Zealand pharmacies are majority controlled by pharmacists, as required by legislation. CWG also charges service fees to the New Zealand pharmacies. 2. Any online sales in Australia involving scheduled medicines, or where the consumer selects Click & Collect or Fast Delivery, are directed to and fulfilled by franchisees. Where an online order relates only to consumer goods, the products are generally delivered to the customer direct from a CWG distribution centre, but may instead be directed to a franchisee for fulfilment if the distribution centre is unable to fulfil the order. Online sales in New Zealand are fulfilled by the pharmacy. 3. Other businesses include complementary media, advertising, marketing and licensing services majority owned by CWG. 4. Ownership structure and commercial arrangements differ for each business. 5. In the process of being acquired. Expected to complete prior to the completion of the Proposed Merger. 6. China Retail Network and online store only sell consumer goods and do not sell prescription products

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# Overview of CWG's Franchise Model in Australia



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# CWG Provides a Compelling Proposition to Franchisees



Product range  
and value  
proposition

Franchisees offer their customers a **wide range** of health, wellness and beauty products, including several **exclusively ranged brands**, at **discounted prices**



Seamless  
omnichannel  
offering

CWG's highly successful online store delivers a **seamless omnichannel experience** to end customers, supporting in-store trading, including via **Click & Collect and Fast Delivery purchases**, which are fulfilled by franchisees



Marketing  
firepower

Sustained **investment in the Chemist Warehouse brand** and **supplier partnership model** drives **brand awareness** and **store traffic** for franchisees



Franchise  
model

**High quality suite of services** made available by CWG to franchisees to help them operate and grow their business



Industry  
disrupting

Franchisees **derive 67%<sup>1</sup>** of their store revenue on average from **“front-of-store”** sales vs 27% on average for non-Chemist Warehouse pharmacies<sup>2</sup>



Exceptional  
people and  
culture

CWG instils a **“Better Together” philosophy** in all its dealings with suppliers and pharmacists that deliver better outcomes for all

1. Total in-store and online sales fulfilled by Australian Chemist Warehouse franchisees in FY23
2. Sourced from IQVIA and adjusted for CWG management assumptions with respect to government recovery component

# A Highly Attractive Financial Profile

## Retail Network<sup>1,2</sup>

**\$7.9bn**

*FY23 Total Network Sales<sup>3</sup>*

**10%**

*last 5 years' Total Network Sales CAGR<sup>3,4</sup>*

**12%**

*FY23 LFL sales growth in Australia<sup>5</sup>*

## CWG (FY23)<sup>6,7</sup>

**\$3.1bn**

*Revenue*

**\$555m**

*EBITDA*

**\$460m**

*EBIT*

**15%**

*EBIT margin*

## Commentary

### Retail Network factors that drive demand for goods and services from CWG:

- Trading performance of the Retail Network
- Supporting franchisees to grow the Retail Network in Australia

### Other key drivers of growth for CWG include:

- New store roll-out in existing and new international markets
- Increased penetration of own, private label, licensed and exclusive brands
- Improving margins through operating efficiencies and cost discipline

### FY24 YTD key highlights

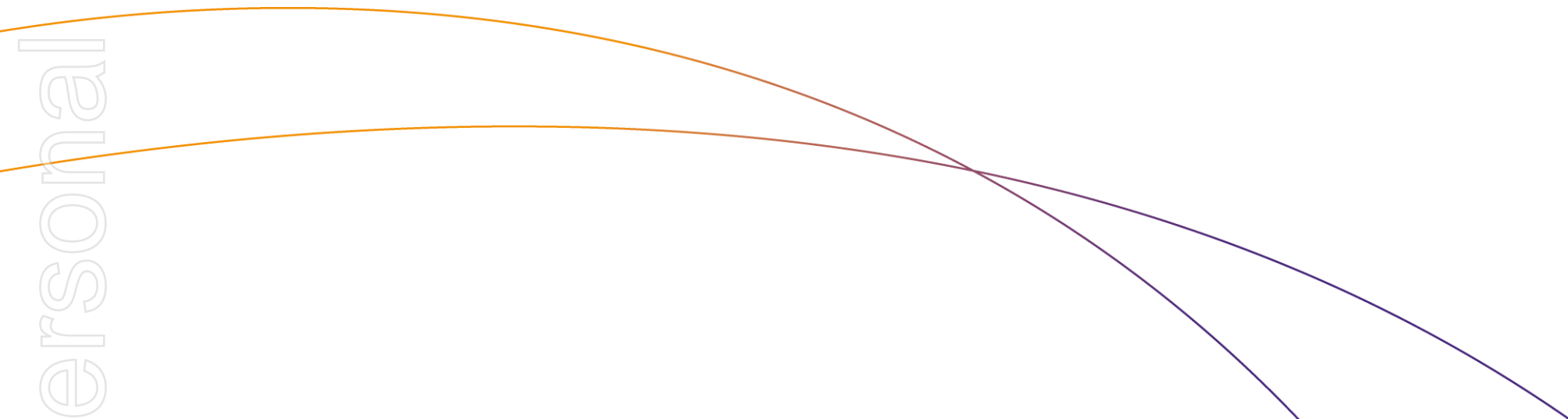
- ✓ Total Network Sales growth of ~15% vs the prior corresponding period<sup>8</sup>
- ✓ 4 Chemist Warehouse stores and 1 new Optometrist Warehouse opened in Australia alongside 7 new Chemist Warehouse stores internationally. 1 pipeline store added to Australian store network<sup>9</sup>
- ✓ Entered into two new supply arrangements (including Sigma supply agreement), with benefits expected to be realised from FY25

Notes:

1. The "Retail Network" includes a combination of franchised stores in Australia and wholly and part owned stores across New Zealand, China and Ireland. All Chemist Warehouse and My Chemist pharmacies are franchised in Australia. 2. Chemist Warehouse Group management figures. 3. Total Network Sales includes a combination of the Retail Network's in-store and CWG's online sales. Australian Network Sales and New Zealand Network Sales are not consolidated into CWG revenue. 4. Period from FY18-23. 5. LFL sales comparison of Australian Retail Network stores only (for stores open for at least 12 months). 6. Refer to page 20 for an overview of the business activities undertaken by CWG. 7. Represents CWG's audited statutory financials. Earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA) are non IFRS measures of financial performance and have been derived with reference to CWG's audited statutory accounts. 8. Period from 1 July to 31 October 2023 vs same period in 2022. 9. Period from 1 July to 25 November 2023

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# MergeCo Overview





# Transformational Merger of Sigma and CWG

Sigma and CWG to combine to create a leading healthcare wholesaler, distributor and retail pharmacy franchisor

## A transformational and compelling transaction for both companies



- National full line pharmaceutical wholesaler
- Supplies over 1,000 aligned pharmacies, including 340 under the Amcal and Discount Drug Stores banner brands
- State-of-the-art distribution infrastructure following completion of \$400m capital investment program



- A leading retail pharmacy franchisor
- Supports a multi-national Retail Network of ~600 pharmacies in Australia, New Zealand, China and Ireland
- Chemist Warehouse brand is amongst Australia's leading retail brands



- ▶ Creation of a **full-service wholesaler, distributor and retail pharmacy franchisor**
- ▶ Combines Sigma's **extensive and state-of-the-art distribution infrastructure** with CWG's **leading retailing know-how**
- ▶ **Aggregate annual historical MergeCo EBIT >\$495m<sup>1</sup>**, before synergies
- ▶ **Significant potential for synergies – c.\$60m p.a. of cost synergies expected<sup>2</sup>**
- ▶ **Highly experienced management team and Board**
- ▶ **Greater scale, investor interest and balance sheet strength** – indicative MergeCo market capitalisation >\$8.8bn<sup>3</sup> and expected to be eligible to sit well within the S&P/ASX200 following quarterly re-balancing<sup>4</sup>

Notes:

1. 12 months to June 2023 in the case of CWG and 12 months to July 2023 in the case of Sigma. Shown on an aggregated basis and does not take into account intercompany adjustments. Refer to page 42 for further detail. This is based on historical financial information of CWG and Sigma and is given for illustrative purposes only and should not be relied upon as Sigma's views on its future financial performance following completion of the Proposed Merger. There has been no alignment of the financial year ends of Sigma and CWG to present the aggregated MergeCo financial information. Year-end reporting periods will be aligned post implementation of the Proposed Merger
2. On a run-rate basis. Synergies expected to be achieved four years post completion of the Proposed Merger. One-off costs to achieve estimated at c.\$75m. Refer to page 28 for further detail
3. Based on estimated MergeCo shares at completion of the Proposed Merger of 11.6 billion (including shares issued in the \$400 million capital raising announced today) and based on Sigma's last traded price of \$0.7625/sh on 6 December 2023.
4. Refer to the notes on page 30 of this presentation for further detail

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# Complementary Franchise Brands Across Broad Market Segments

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## Big box discount pharmacy



- Significant Australian pharmacy franchisor with an attractive proposition orientated towards providing customers with the lowest guaranteed prices on scheduled products / prescription medicines and the widest range of non-scheduled / 'front-of-store' products (including health and wellness, beauty and fragrances)

## Full-service pharmacy



- Amcal is one of Australia's most trusted pharmacy brands with more than 85 years heritage in Australia
- My Chemist is a well-known predominantly Victorian based full-service pharmacy, dedicated to providing expert advice and products to assist customers with their everyday health and wellbeing needs

## Discount pharmacy



- Discount Drug Stores is a leading discount pharmacy brand with a mission to provide quality medicines and healthcare solutions at an affordable price

### Network Stores

- **503** stores in Australia<sup>1</sup>
- **42** stores in New Zealand<sup>1</sup>
- **6** stores in Ireland<sup>1</sup>
- **6** stores in China<sup>1</sup>

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- **231** Amcal stores in Australia<sup>2</sup>
- **21** My Chemist stores in Australia<sup>1</sup>

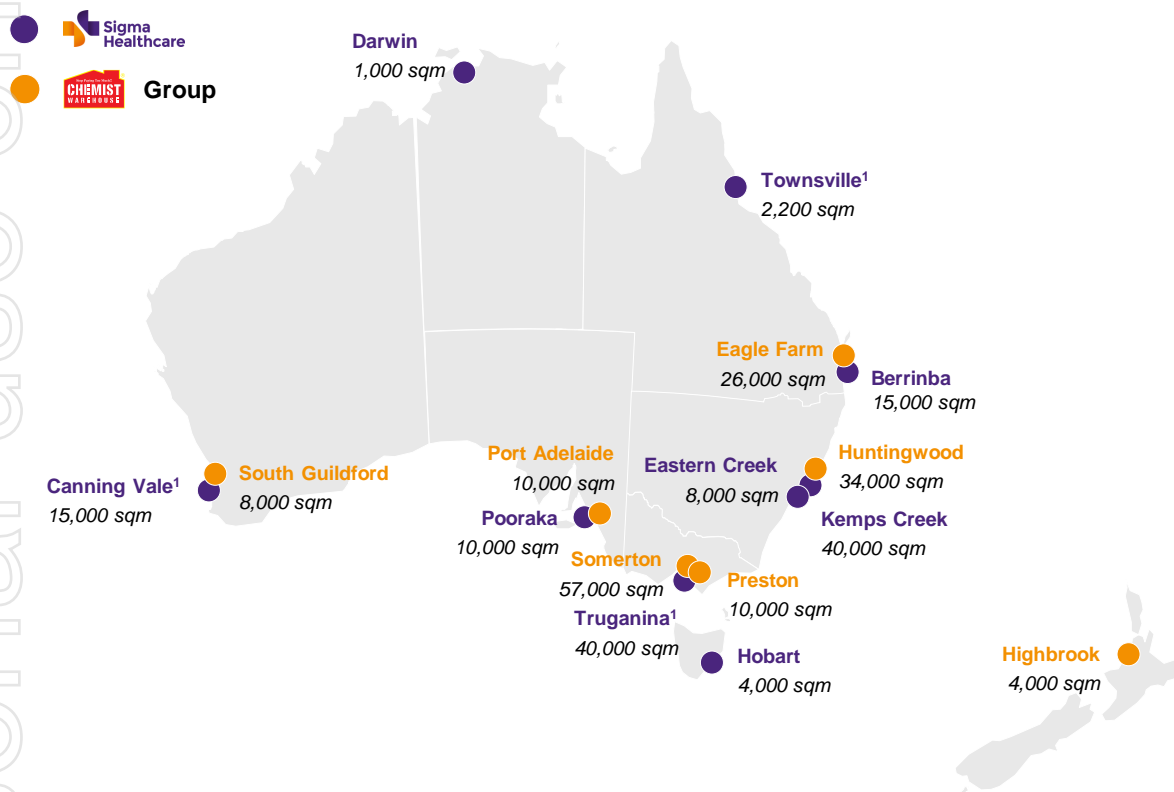
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- **109** stores in Australia<sup>2</sup>

# Comprehensive Distribution Network Across ANZ

16 DCs across Australia and New Zealand

## Combined Australian and New Zealand Distribution Centre (DC) network



- ✓ Combined network of 16 DCs with 284,200 sqm of capacity
- ✓ Sigma's facilities upgraded following \$400m of capital investment and contain state-of-the-art capability
- ✓ Recent track record of operational excellence
- ✓ Potential to optimise network for the combined business
  - i. Optimise capacity and throughput at Sigma / CWG warehouses
  - ii. Enhance distribution efficiencies across the network
  - iii. Remove duplication of transport network and costs
  - iv. Optimise inventory management and reduce wastage
  - v. Provide wholesale supply / contract security to both parties

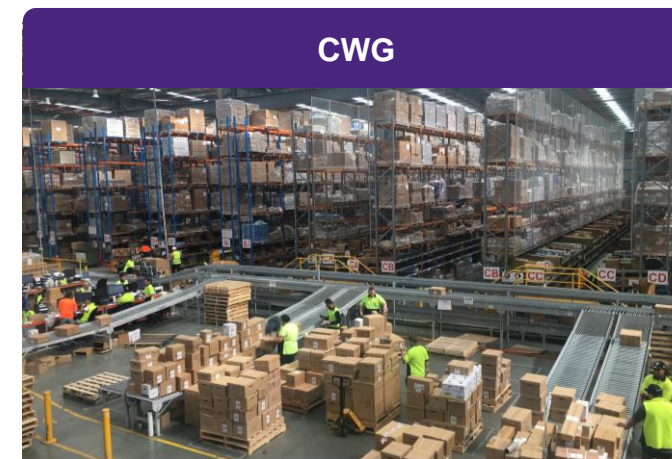
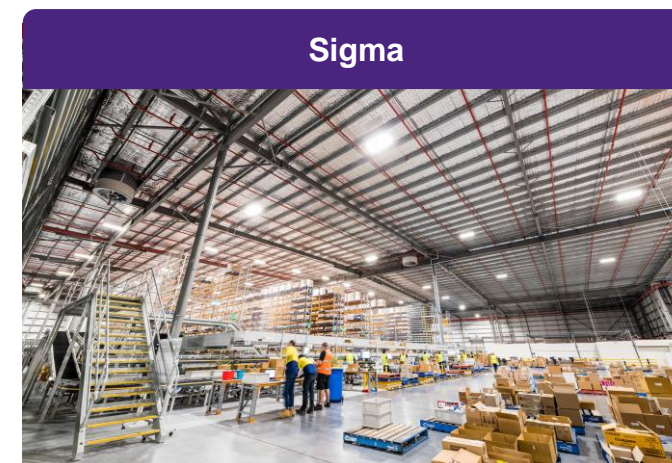
# Financial Strength and Potential for Significant Cost Synergies

Aggregate annual historical MergeCo **EBIT >\$495m<sup>1</sup>**, before synergies

- Larger and more diversified earnings base

**Significant potential for synergies** – c.\$60m p.a. initial estimate of cost synergies expected to be realised four years post completion of the Proposed Merger<sup>2</sup>

- Strong commercial logic, with cost synergies expected to be realised across supply chain and corporate
- Potential for additional synergies and flow-on benefits to franchisees
- Integration is expected to be completed within four years post completion of the Proposed Merger, subject to the receipt of regulatory approvals – with full run-rate synergies expected to be achieved in the first full year following integration (i.e. in year five)



Notes:

1. 12 months to June 2023 in the case of CWG and 12 months to July 2023 in the case of Sigma. Shown on an aggregated basis and does not take into account intercompany adjustments. Refer to page 42 for further detail. This is based on historical financial information of CWG and Sigma and is given for illustrative purposes only and should not be relied upon as Sigma's views on its future financial performance following completion of the Proposed Merger. There has been no alignment of the financial year ends of Sigma and CWG to present the aggregated MergeCo financial information. Year-end reporting periods will be aligned post implementation of the Proposed Merger
2. On a run-rate basis. Synergies expected to be achieved four years post completion of the Proposed Merger. One-off costs to achieve estimated at c.\$75m

# MergeCo Capital Structure

## Consideration Funding for MergeCo Transaction

- As part of the Proposed Merger, Sigma will pay \$700 million<sup>1</sup> to CWG shareholders and refinance c.\$300 million<sup>2</sup> of existing CWG debt. This will be funded through a new \$1.0 billion debt facility and net cash in the business. The debt commitment letter received by Sigma contains conditions precedent to drawdown on customary terms including that the lenders, ANZ<sup>3</sup> and NAB<sup>4</sup>, are satisfied of each of the due diligence reports prepared in connection with the Proposed Merger including vendor due diligence on Sigma and successful completion of the Entitlement Offer (which would not be satisfied if the Underwriting Agreement was terminated)
- Sigma is raising \$400 million via an Entitlement Offer to fund its business on a standalone basis including working capital for the new Chemist Warehouse supply contract, growth initiatives across its retail network and expansion in private label
- To the extent proceeds from the equity raising announced today have not already been applied to meet working capital requirements and to fund new business initiatives as discussed in this Presentation, some of the net proceeds may instead be used to partially fund the cash consideration to CWG shareholders

## MergeCo Capital Structure

- MergeCo intends to maintain a capital structure that will allow the business adequate funding flexibility to pursue growth initiatives
- The Board will give consideration to MergeCo's ongoing capital requirements and dividend policy in determining the level of MergeCo debt post transaction
- MergeCo's dividend policy will be determined by the Board at or around the time of completion of the Proposed Merger

Notes:

1. Subject to any leakage adjustment under the MIA
2. Net of cash at bank
3. Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
4. National Australia Bank Limited (ABN 12 004 044 937)

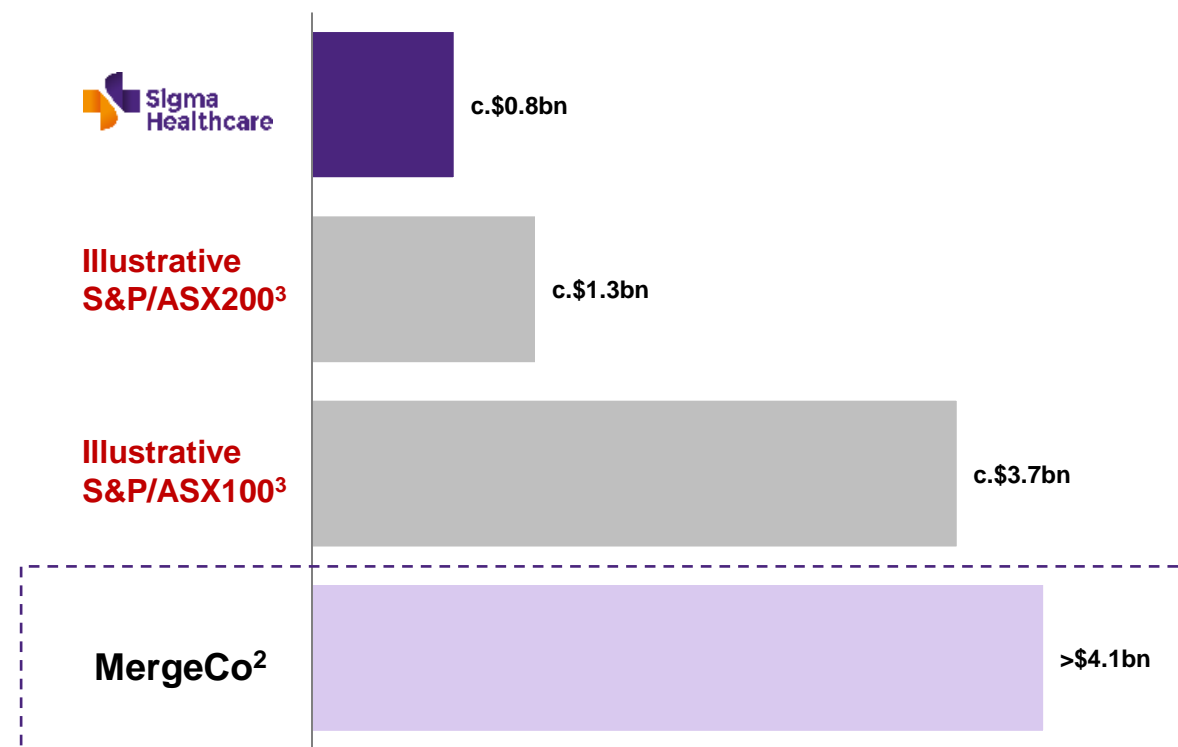
# Enhanced Scale and Index Inclusion

Indicative MergeCo market capitalisation >\$8.8bn<sup>1</sup> and free float >\$4.1bn<sup>2</sup>, eligible to sit well within the S&P/ASX200 (following quarterly rebalancing) and within the range of the S&P/ASX100

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- Proposed Merger is expected to **significantly enhance the scale of Sigma** and result in **market capitalisation increasing from \$0.8bn to >\$8.8bn<sup>1</sup>**
- MergeCo is expected to have total free float of c.47% post completion of the Proposed Merger resulting in a free float market capitalisation of >\$4.1bn.<sup>2</sup> **MergeCo is expected to be eligible for inclusion in the S&P/ASX200 Index at the next quarterly rebalance and is expected to be within the range for S&P/ASX 100 Index inclusion**
- CWG founders** not included in the free float (Mario Verrocchi, Jack Gance and Sam Gance, who will collectively hold c.49% of MergeCo), **have entered into escrow arrangements** in relation to each of their shareholdings

## Indicative Free Float Market Capitalisation



Source: IRESS, Factsset, S&P Index Methodology. Market data as at 6 December 2023

1. Based on estimated MergeCo shares at completion of the Proposed Merger of 11.6 billion (including shares issued in the \$400 million capital raising announced today) and based on Sigma's last traded price of \$0.7625/sh on 6 December 2023.  
 2. Illustrative potential free float excludes Escrowed Holders and directors and officers of MergeCo. Investable weight factor of 47 applied to indicative MergeCo market capitalisation to imply indicative free float market capitalisation. Determination of MergeCo's free float is ultimately at the absolute discretion of S&P Dow Jones Indices  
 3. Illustrative index inclusion thresholds as at 6 December 2023, based on S&P/ASX100 and S&P/ASX200 index constituents as at the December 2023 S&P Dow Jones Indices rebalance. Based on last close free float market capitalisation. Inclusion into the S&P/ASX200 and S&P/ASX100 indices is based on eligibility criteria including but not limited to: the daily average free float market capitalisation of a security over the last 6 months and minimum relative liquidity thresholds. Inclusion into the S&P/ASX100 and S&P/ASX200 indices is ultimately at the S&P Dow Jones Indices' absolute discretion. Refer to S&P Dow Jones Indices' S&P/ASX Australian Indices Methodology memorandum as of November 2023 for further information. Inclusion in the S&P/ASX200 or S&P/ASX100 indices is impacted by factors outside of MergeCo's control including the price at which its shares trade on ASX. There is no guarantee that MergeCo will be included in either index

# Attractive Investment Case to Deliver Future Growth

MergeCo is well positioned to capitalise on significant growth opportunities

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- ✓ **Winning new franchisees to support the growth of the Australian store network**
- ✓ **Continued investment in announced relaunch of the Amcal brand and Discount Drug Stores**
- ✓ **Expanded product offering and services to franchisees – including extension of CWG’s in house media and marketing capability across MergeCo, and expansion of own brand and private label range**
- ✓ **Increased omnichannel capabilities, building on CWG’s existing offering for the benefit of all MergeCo franchisees and retail customers**
- ✓ **International market expansion under the Chemist Warehouse brand**

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# MergeCo Board

Board of Directors comprising four existing non-executive directors from Sigma, four directors from CWG (including CWG founders Jack Gance and Mario Verrocchi) and Vikesh Ramsunder (current CEO & Managing Director of Sigma)



**Michael Sammells**  
Chairman



**Vikesh Ramsunder**  
CEO & Managing Director



**Jack Gance**  
Executive Director



**Mario Verrocchi**  
Executive Director



**Damien Gance**  
Executive Director



**Annette Carey**  
Non-Executive Director



**Neville Mitchell**  
Non-Executive Director



**Chris Roberts**  
Non-Executive Director



**Danielle Di Pilla**  
Executive Director



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# MergeCo Management Team

MergeCo management team led by Vikesh Ramsunder (CEO) and Mark Davis (CFO)

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**Vikesh Ramsunder**  
*CEO & Managing Director*

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- *Over 30 years of industry experience and previously Group CEO of Clicks Group South Africa*



**Mark Davis**  
*CFO*

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- *CFO of CWG since 2020. Previously CFO of ASX-listed Computershare*

- The new executive team for MergeCo will be drawn from the current management teams of Sigma and CWG, with the CWG management team broadly responsible for retail pharmacy franchisor activities of MergeCo and the Sigma management team broadly responsible for the wholesale and distribution activities of MergeCo
- Mario Verrocchi, current CEO & Managing Director of CWG, to continue to lead the CWG business post completion of the Proposed Merger and also be appointed as an Executive Director of MergeCo

# Summary

Proposed Merger recommended by both Sigma and CWG Boards<sup>1</sup>

## A transformational and compelling transaction for Sigma and CWG

Creation of a **full-service wholesaler, distributor and retail pharmacy franchisor**

Combines Sigma's **extensive and state-of-the-art distribution infrastructure** with CWG's **leading retailing know-how**

**Aggregate annual historical MergeCo EBIT >\$495m<sup>2</sup>**, before synergies

**Significant potential for synergies – c.\$60m p.a. of cost synergies expected<sup>3</sup>**

**Highly experienced management team and Board**

**Greater scale, investor interest and balance sheet strength** – indicative MergeCo market capitalisation >\$8.8bn<sup>4</sup> and expected to be eligible to sit well within the S&P/ASX200 following quarterly re-balancing<sup>5</sup>

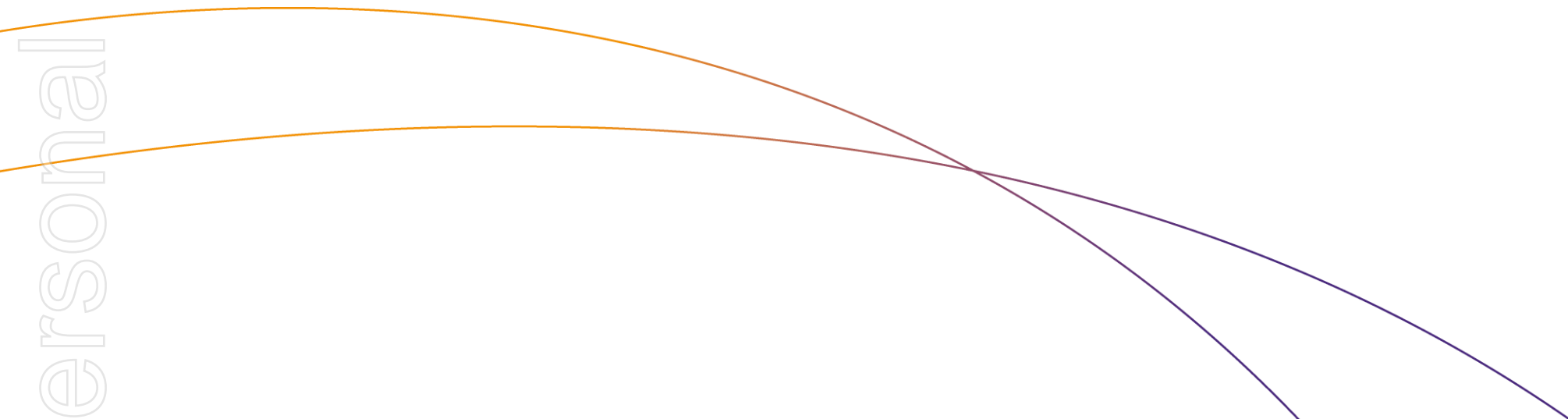
**Subject to the ACCC approval process, and the satisfaction (or waiver) of the conditions under the MIA, the Proposed Merger is expected to complete in 2H CY24<sup>6</sup>**

Notes:

1. In each case, in the absence of a superior proposal for Sigma and CWG respectively and, in the case of the Sigma Board, subject to the Sigma independent expert concluding (and continuing to conclude) that the related party arrangements relating to CWG are fair and reasonable or not fair but reasonable, and in the case of the CWG Board, subject to an independent expert concluding (and continuing to conclude) that the Proposed Merger is in the best interests of CWG shareholders. 2. 12 months to June 2023 in the case of CWG and 12 months to July 2023 in the case of Sigma. Shown on an aggregated basis and does not take into account intercompany adjustments. Refer to page 42 for further detail. This is based on historical financial information of CWG and Sigma and is given for illustrative purposes only and should not be relied upon as Sigma's views on its future financial performance following completion of the Proposed Merger. There has been no alignment of the financial year ends of Sigma and CWG to present the aggregated MergeCo financial information. Year-end reporting periods will be aligned post implementation of the Proposed Merger. 3. On a run-rate basis. Synergies expected to be achieved four years post completion of the Proposed Merger. One-off costs to achieve estimated at c.\$75m. Refer to page 28 for further detail. 4. Based on estimated MergeCo shares at completion of the Proposed Merger of 11.6 billion (including shares issued in the \$400 million capital raising announced today) and based on Sigma's last traded price of \$0.7625/sh on 6 December 2023. 5. Refer to the notes on page 30 of this presentation for further detail. 6. The full list of conditions precedent to implementation of the Proposed Merger is included in the MIA attached as Appendix B in the ASX Announcement

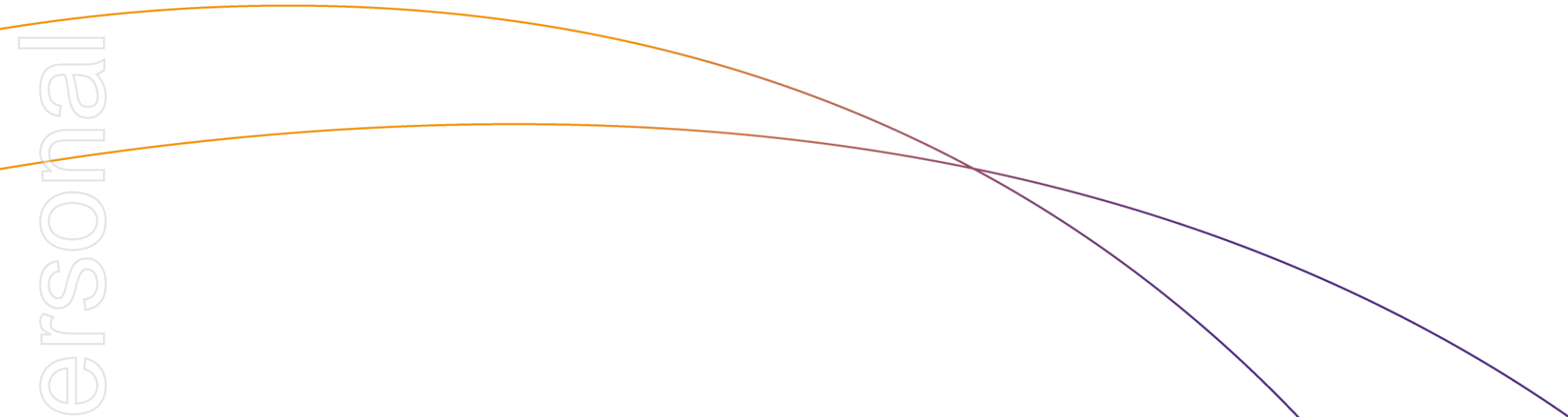
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# Q&A



# Appendix A: Sigma Equity Raising Detail

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# Sigma Equity Raising Details

## Offer size and structure

- Fully underwritten 1 for 1.85 pro-rata accelerated non-renounceable entitlement offer to raise gross proceeds of approximately \$400 million
- Approximately 572.6 million new Sigma ordinary shares to be issued under the Entitlement Offer, equivalent to approximately 54.1% of existing shares on issue

## Offer price

- Entitlement Offer price of \$0.70 per New Share (**Offer Price**), representing a:
  - 8.2% discount to Sigma’s last traded price of \$0.7625 on Wednesday, 6 December 2023; and
  - 5.5% discount to the theoretical ex-rights price (**TERP**) of \$0.7406<sup>1</sup>

## Use of proceeds

- Proceeds from the Entitlement Offer will be used to fund increased working capital requirements in relation to the recently announced Chemist Warehouse supply contract (commencing 1 July 2024) and progress business growth initiatives including the roll-out of Sigma’s private label range and investment in the pharmacy brand strategy
- In the event the Proposed Merger proceeds to completion, and to the extent the proceeds have not been applied to fund working capital needs and new business initiatives – some of the net proceeds from the Entitlement Offer may instead be used to partially fund the cash consideration to CWG shareholders

## Record date

- 7:00pm (AEDT) on Wednesday, 13 December 2023 (**Record Date**)

Notes:  
 1. TERP is the theoretical price at which Sigma shares should trade immediately following the ex-date for the Entitlement Offer. TERP is calculated by reference to Sigma’s last traded price of \$0.7625/sh on 6 December 2023, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Sigma shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP

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# Sigma Equity Raising Details (Cont.)

<b>Institutional Entitlement Offer</b>	<ul style="list-style-type: none"> <li>The Institutional Entitlement Offer opens today and closes on Tuesday, 12 December 2023 for all eligible institutional shareholders<sup>1</sup></li> <li>Institutional entitlements not taken up and those of ineligible institutional and retail shareholders will be sold at the Offer Price</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>The Retail Entitlement Offer will open on Monday, 18 December 2023 and close at 5:00pm (AEDT) on Friday, 19 January 2024</li> <li>Eligible retail shareholders in Australia and New Zealand may:             <ul style="list-style-type: none"> <li>Elect to take up all, or part, of their pro-rata entitlements prior to 5:00pm (AEDT) on Friday, 19 January 2024</li> <li>Do nothing and let their retail entitlements lapse</li> </ul> </li> <li>Retail shareholders should read the Retail Entitlement Offer Booklet which contains full information on the Retail Entitlement Offer and application process</li> <li>Eligible retail shareholders who take up their entitlements in full will be entitled to apply for up to 25% of their entitlements to the extent there is retail shortfall (other than to the extent that doing so would result in a breach of the ASX Listing Rules or Corporations Act)<sup>2</sup></li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New Shares issued under the Entitlement Offer will rank pari passu with existing fully paid shares from the date of issue</li> </ul>
<b>Underwriting and HMC Priority Sub-underwriting</b>	<ul style="list-style-type: none"> <li>The Entitlement Offer is fully underwritten by Goldman Sachs Australia Pty Ltd</li> <li>HMC, the manager of Sigma's Major Shareholder who holds 19.07% of Sigma shares on issue<sup>3</sup>, has provided a priority sub-underwriting commitment for c.\$76 million equivalent to the value of the Major Shareholder's entitlement under the Entitlement Offer (<b>HMC Priority Sub-underwriting</b>). The HMC Priority Sub-underwriting does not involve payment of any sub-underwriting fees and, save for its priority allocation, is otherwise on the same terms as other sub-underwriters to the Offer. The HMC Priority Sub-underwriting is conditional on the Underwriting Agreement not being terminated</li> <li>The result is that the Major Shareholder (through its related entities under the HMC Priority Sub-underwriting) will subscribe in full for the Major Shareholder's entitlement under the Offer<sup>4</sup></li> </ul>
<b>Additional support from the Major Shareholder</b>	<ul style="list-style-type: none"> <li>In addition to the HMC Priority Sub-underwriting, HMC has also agreed with the Underwriter to partially sub-underwrite the Retail Entitlement Offer up to c.\$27 million (<b>HMC Additional Sub-underwriting</b>)</li> <li>The Additional Sub-underwriting is on the same terms as that of other sub-underwriters and HMC will receive a fee of 1.0% (including GST) on the value of securities sub-underwritten under the Retail Entitlement Offer (other than the HMC Priority Sub-underwriting as described above, which it will not receive any fees on), which is equivalent to the fee that any other sub-underwriter will receive on the value of securities sub-underwritten by them under the Retail Entitlement Offer<sup>5</sup></li> </ul>

## Notes:

- Sigma has determined to extend the Institutional Entitlement Offer to institutional shareholders registered in Australia, Bermuda, Canada (British Columbia, Ontario and Quebec provinces only), Cayman Islands, European Union, Hong Kong, Japan, New Zealand, Norway, Singapore, Switzerland, United Arab Emirates (excluding financial zones) and the United Kingdom, subject to the 'Offer Restrictions' set out in Appendix F of this Presentation
- The Major Shareholder's entitlement is excluded from allocation in this over-subscription facility as this will be allocated to HMC under its priority sub-underwriting arrangement to the extent this is not exercised by the Major Shareholder
- Position is held in the HMC Capital Partners Fund I via HMC Capital Partners Holdings Pty Ltd as trustee of HMC Capital Partners Holding Trust
- HMC will have the right to assign the HMC Priority Sub-underwriting to its related bodies corporate or to a fund which is managed by HMC or one of its related bodies corporate
- HMC will have the right to assign the HMC Additional Sub-underwriting to its related bodies corporate or to a fund which is managed by HMC or one of its related bodies corporate

# Sigma Pro Forma Balance Sheet and Uses Of Proceeds

c.\$400m Entitlement Offer proceeds strengthen the Sigma balance sheet, providing sufficient headroom to support the new Chemist Warehouse supply contract and near-term business growth initiatives<sup>1</sup>

## Pro Forma Balance Sheet Position (Under No Proposed Merger Scenario)

A\$m (as at 31 July 2023)	Sigma	Entitlement Offer <sup>2</sup>	Pro Forma Entitlement Offer
Cash and cash equivalents	11.3	298.5	309.8
Trade and other receivables	335.9		335.9
Inventory	256.5		256.5
PPE	191.9		191.9
Goodwill and other intangible assets	101.2		101.2
Right-of-use assets	88.0		88.0
Other assets	108.1		108.1
<b>Total assets</b>	<b>1,092.9</b>	<b>298.5</b>	<b>1,391.4</b>
Bank overdraft	13.6	(13.6)	-
Trade and other payables	354.4		354.4
Borrowings	80.0	(80.0)	-
Lease liabilities	141.0		141.0
Other liabilities	18.5		18.5
<b>Total liabilities</b>	<b>607.5</b>	<b>(93.6)</b>	<b>513.9</b>
<b>Net assets</b>	<b>485.4</b>	<b>392.1</b>	<b>877.5</b>
<b>Total equity</b>	<b>485.4</b>	<b>392.1</b>	<b>877.5</b>
<b>Net debt / EBITDA<sup>4</sup></b>	<b>1.3x</b>		<b>(4.7)x</b>

## Sources and Uses of Funds<sup>2</sup>

Sources of Funds	A\$m
Entitlement Offer	400.0
<b>Total sources</b>	<b>400.0</b>
Uses of Funds	A\$m
Paydown of debt	93.6
Additional cash on balance sheet <sup>3</sup>	298.5
Transaction costs	7.9
<b>Total uses</b>	<b>400.0</b>

### Notes:

- In the event the Proposed Merger proceeds to completion, and to the extent the proceeds have not been applied to fund working capital needs – some of the net proceeds from the Entitlement Offer may instead be used to partially fund the cash consideration to CWG shareholders
- Based on approximate Entitlement Offer size of \$400m. Actual offer size is \$400.8m
- For the funding of business growth initiatives and to support the delivery of the new Chemist Warehouse supply contract
- Net debt / EBITDA is based on LTM EBITDA to 31 July 2023

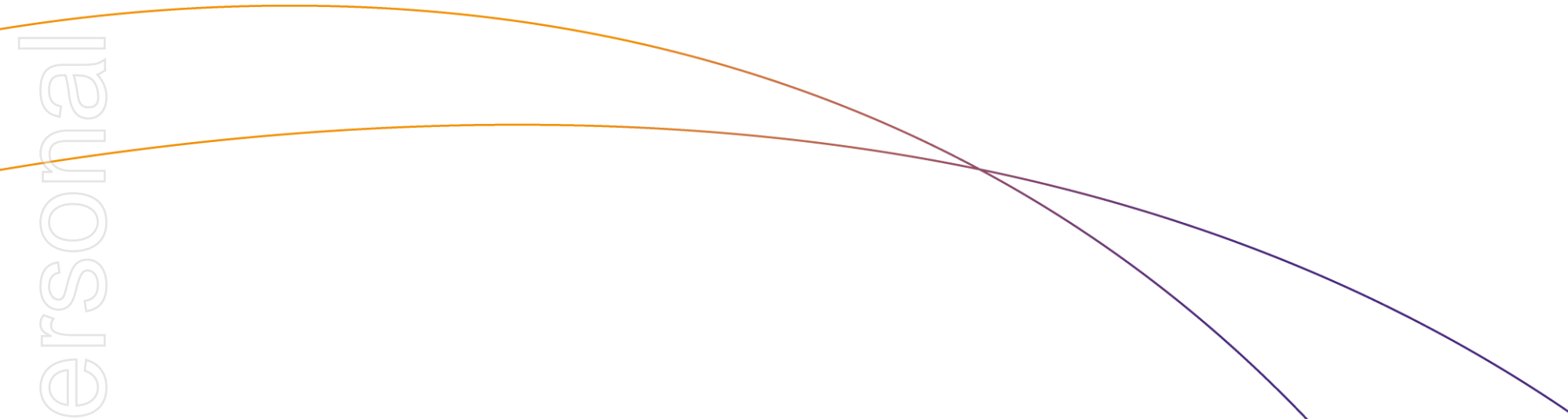
# Entitlement Offer Timetable

Event	Date
Announcement of Entitlement Offer (with voluntary suspension of Sigma shares to continue)	Monday, 11 December 2023
Institutional Entitlement Offer opens	Monday, 11 December 2023
Institutional Entitlement Offer closes	Tuesday, 12 December 2023
Announcement of results of Institutional Entitlement Offer	Wednesday, 13 December 2023
Voluntary suspension lifted and Sigma shares recommence trading	Wednesday, 13 December 2023
Entitlement Offer Record Date (7:00pm AEDT)	Wednesday, 13 December 2023
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet made available	Monday, 18 December 2023
Settlement of New Shares issued under the Institutional Entitlement Offer	Tuesday, 19 December 2023
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	Wednesday, 20 December 2023
Retail Entitlement Offer closes (5:00pm AEDT)	Friday, 19 January 2024
Announcement of results of Retail Entitlement Offer	Wednesday, 24 January 2024
Settlement of New Shares issued under the Retail Entitlement Offer	Thursday, 25 January 2024
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 29 January 2024
Normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 30 January 2024
Holding statements dispatched in respect of New Shares issued under the Retail Entitlement Offer	Tuesday, 30 January 2024



**Appendix B:  
Supporting Information on  
Proposed Merger**

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# Impact of the Transactions on Key Sigma Metrics

A	B	C	D	E	F	G	H
Particulars	Before transaction	Increase due to Entitlement Offer	After Entitlement Offer	Increase due to the Proposed Merger	After the Proposed Merger	Percentage change due to Entitlement Offer and the Proposed Merger	Percentage change due to the Proposed Merger
<i>Actual increase due to transaction</i>							
<i>Method of calculation</i>	<i>From latest reviewed Sigma figures<sup>1</sup></i>	<i>Actual change due to Entitlement Offer<sup>2</sup></i>	<i>B + C</i>	<i>Actual change due to the Proposed Merger<sup>3</sup></i>	<i>D + E<sup>4</sup></i>	<i>(F-B)/B</i>	<i>(F-D)/D</i>
Total Consolidated Assets (A\$m)	1,092.9	400.0	1,492.9	2,232.0	3,724.9	241%	150%
Total Equity Interests (A\$m)	485.4	400.0	885.4	379.7	1,265.1	161%	43%
Total Securities on Issue (fully diluted) (m) <sup>5</sup>	1,075.2	572.6	1,647.8	9,908.1	11,555.9	975%	601%
<i>Aggregate increase due to transaction</i>							
Historical Consolidated EBITDA (A\$m) <sup>6</sup>	65.7	-	65.7	555.3	621.0	846%	846%
Historical Consolidated EBIT (A\$m) <sup>7</sup>	36.3	-	36.3	459.8	496.1	1,268%	1,268%
Historical Consolidated Annual Profit Before Tax (A\$m)	20.5	-	20.5	429.4	449.8	2,098%	2,098%
Historical Consolidated Annual Expenditure (A\$m) <sup>8</sup>	3,545.0	-	3,545.0	2,566.4	6,111.4	72%	72%
Historical Consolidated Annual Revenue (A\$m) <sup>9</sup>	3,610.7	-	3,610.7	3,108.7	6,719.4	86%	86%

Notes: All financial information is presented based on a statutory reported basis, reflecting the respective accounting policies, assumptions, judgements and reporting periods of both Sigma and CWG. No adjustments have been made in respect of the alignment of accounting policies or reporting periods. 1. Financial information for Sigma is presented on a last twelve-month (LTM) basis up to 31 July 2023, based on 2H23A and 1H24A. 1H24A is based on Sigma's Reviewed Appendix 4D Half Year Financial Statements for the half year ended 31 July 2023 and 2H23A has been derived from Sigma's Audited Appendix 4E Full Year Financial Statements for the year ended 31 January 2023 and Reviewed Appendix 4D Half Year Financial Statements for the half year ended 31 July 2022. 2. Presented based on gross proceeds prior to transaction costs and based on approximate Entitlement Offer size of \$400m. Actual offer size is \$400.8m. 3. Financial information for CWG is presented on a financial year (FY) basis for the financial year ended 30 June 2023 and is based on CWG's Audited Annual Financial Statements for the year ended 30 June 2023. 4. Combined financial information reflects the aggregation of the reported financial information for Sigma and CWG. No adjustments have been made to eliminate the impact of any transactions between Sigma and CWG, noting that in the LTM to 31 July 2023 period Sigma recorded sales revenue of \$1,151m from CWG. Other than the issuance of the Sigma shares to CWG relating to the Proposed Merger, the financial information does not reflect any potential acquisition accounting-related adjustments as is required for business combinations in accordance with the requirements of AASB 3 Business Combinations. 5. Refer to page 43 for further detail on Sigma's capital structure. 6. EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation. Sigma's EBITDA represents statutory EBITDA as disclosed within Sigma's 31 July 2022 Half Year (reviewed), 31 July 2023 Half Year (reviewed) and 31 January 2023 Full Year (audited) Financial Statements. CWG's EBITDA has been derived by adding back (i) net finance costs and (ii) depreciation and amortisation expenses to profit before tax as disclosed in CWG's Audited 30 June 2023 Annual Financial Statements. 7. EBIT is defined as earnings before interest and taxes. Sigma's EBIT represents statutory EBIT as disclosed within Sigma's 31 July 2022 Half Year (reviewed), 31 July 2023 Half Year (reviewed) and 31 January 2023 Full Year (audited) Financial Statements. CWG's EBIT has been derived by adding back net finance costs to profit before tax as disclosed in CWG's Audited 30 June 2023 Annual Financial Statements. 8. Annual expenditure is defined as all expenses including costs of goods sold but excluding: (i) depreciation and amortisation expenses, (ii) net finance costs and (iii) income tax expense. 9. Revenue for Sigma represents reported sales revenue and other revenue. Revenue for CWG represents reported revenue and other income and does not include share of profits in associates accounted for using the equity method

# Impact of the Transactions on Sigma's Capital Structure

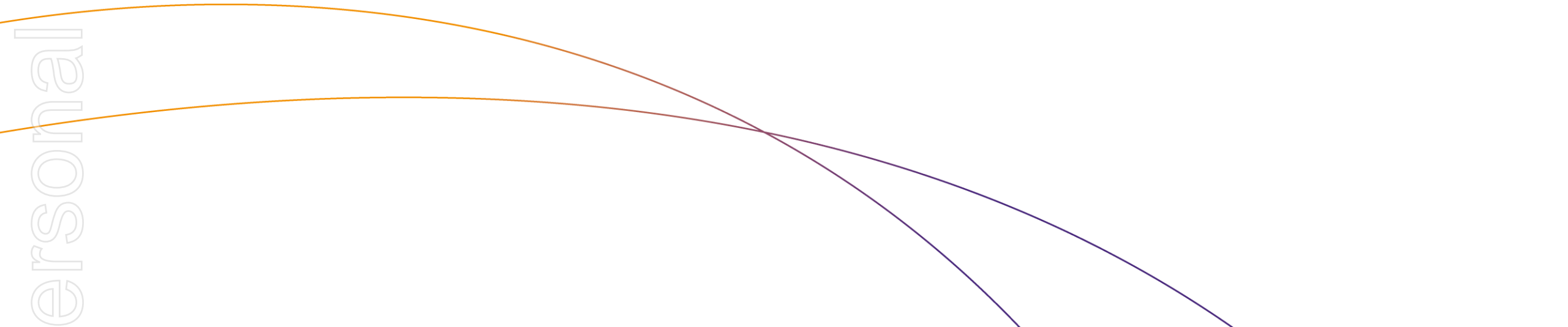
Equity security	Before transaction <sup>1</sup>	Change due to Entitlement Offer	After Entitlement Offer	Change due to the Proposed Merger <sup>2</sup>	After the Proposed Merger
Shares	1,059,276,416	572,581,847	1,631,858,263	9,920,258,142 <sup>3</sup>	11,552,116,405
Rights <sup>5</sup>	15,939,941	-	15,939,941	(12,160,471) <sup>4</sup>	3,779,470 <sup>6</sup>
<b>Total Securities on Issue (fully diluted)</b>	<b>1,075,216,357</b>	<b>572,581,847</b>	<b>1,647,798,204</b>	<b>9,908,097,671</b>	<b>11,555,895,875</b>

## Notes:

1. Represents Sigma's capital structure as at the date of this presentation
2. This does not include the impact of: (i) other than described on this page including these notes, any other issuances or cancellations of equity securities by Sigma prior to or on completion of the Proposed Merger (e.g., any new awards granted under an employee equity incentive scheme, or the conversion or lapsing of any existing rights granted under these schemes in their ordinary course). In conjunction with entering into the MIA, Sigma and CWG have agreed to defer the issuance of the Placement Shares already agreed to be issued to CWG in conjunction with the CWG supply agreement due to commence on 1 July 2024 while the MIA remains on foot. If the Proposed Merger completes, these Placement Shares will not be issued. If the MIA is terminated, the Placement Shares will be issued to CWG (or a subsidiary of CWG) the later of 1 July 2024 and 20 business days post termination of the MIA
3. Includes 4,560,178 Sigma shares issued on conversion of EEG Rights as described in note 4 below
4. Rights granted under the 2023 Executive Equity Grant Plan (**EEG Rights**) will be subject to the following treatment as a result of the Proposed Merger: (i) a cash payment equal to the value of 25% of the EEG Rights (being the service based component of the grant) be made upon the 'normal' retention date in the plan (being 31 January 2026) and the corresponding EEG Rights lapsing, (ii) a cash payment equal to the value of 37.5% of the EEG rights be made upon the Proposed Merger completing and the corresponding EEG Rights lapsing, and (iii) 37.5% of the EEG Rights converting to ordinary shares in Sigma as at completion of the Proposed Merger that are then held in escrow until 31 January 2026
5. Includes an additional grant of 403,918 rights to be issued to Sigma management (non-KMP) following the date of this presentation but prior to implementation of the Proposed Merger, which will be subject to the treatment set out in note 4 above
6. This does not take into account any other vesting of rights (and exercise of rights) that might occur by implementation of the Proposed Merger in the ordinary course of the operation of Sigma's employee incentive plans

# Appendix C: Further Detail on CWG

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# Growth in the Retail Network

Australia <sup>1</sup>	2020	2021	2022	2023	Store growth (2020 – 2023)	
					#	%
Victoria	209	213	219	231	<b>22</b>	<b>11%</b>
New South Wales	119	122	123	125	<b>6</b>	<b>5%</b>
Queensland	79	86	91	94	<b>15</b>	<b>19%</b>
Western Australia	29	34	35	37	<b>8</b>	<b>28%</b>
South Australia	28	29	29	30	<b>2</b>	<b>7%</b>
Tasmania	18	18	18	18	-	-
Australian Capital Territory	4	6	6	6	<b>2</b>	<b>50%</b>
Northern Territory	9	8	8	8	<b>(1)</b>	<b>(11)%</b>
<b>Total</b>	<b>495</b>	<b>516</b>	<b>529</b>	<b>549</b>	<b>54</b>	<b>11%</b>

International <sup>1</sup>	2020	2021	2022	2023	Store growth (2020 – 2023)	
					#	%
New Zealand	14	24	35	42	<b>28</b>	<b>200%</b>
China <sup>2</sup>	1	4	5	6	<b>5</b>	<b>500%</b>
Ireland	-	2	4	6	<b>6</b>	<b>n/a</b>
<b>Total</b>	<b>15</b>	<b>30</b>	<b>44</b>	<b>54</b>	<b>39</b>	<b>260%</b>

- ✓ **Significant growth opportunities remain across Australia**
- ✓ **New Zealand has achieved overwhelming success since entering the market in 2017**
- ✓ **Other international markets offer considerable long term growth options**

# Chemist Warehouse Store Format and Product Strategy



- ✓ ~540 sqm store size (on average)
- ✓ 21,000 SKUs (on average) stocked in-store, with more available online
- ✓ Discount / promotional pricing strategy on front-of-store products, with low prices
- ✓ Competitive pricing on prescription products
- ✓ Retail theatre and excellence
- ✓ High footfall store locations with economic rent

# Extensive Product Offering Including a Range of Owned, Private Label and Exclusive Brands

Core branded product offering focused on...



Innovation



Quality



Affordability



Customer centric

...complemented by owned, private label and exclusive brands, which provide strong margin and profit upside

Fully / partly owned brands<sup>1</sup> / private label / licensed brands



Key statistics

- \$157m of Total Network Sales in FY23<sup>3</sup>
- Represented ~2% of Total Network Sales in FY23, with potential to further increase this penetration rate in the future

Exclusive brands



Key statistics

- \$520m of Total Network Sales in FY23
- Represented ~7% of Total Network Sales in FY23, with potential to further increase this penetration rate in the future

Notes:

1. CWG has varying ownership levels across a number of the brands shown, in addition to exclusive rights to import, manufacture and / or distribute certain brands shown. CWG also has exclusive licensing and distribution rights over brands / products (such as Messi fragrances and skincare lines) through the CWG licensed product development entity, Game On Product Group
2. In the process of being acquired. Expected to complete prior to the completion of the Proposed Merger
3. Represents Total Network Sales from fully owned or licensed brands

# Innovative Marketing Strategy Across Multiple Mediums

Annual investment of over \$200m<sup>1</sup> in media and marketing in Australia, positioning Chemist Warehouse as one of the most visible and recognised brands in the country

## Catalogues



80m+ catalogues distributed annually across Chemist Warehouse and My Chemist<sup>3</sup>

## In-store and online advertising



A leading portfolio of assets across in-store, digital and social media

## House of Wellness



Weekly TV program reaching 175k Australians<sup>2</sup>

57m magazines produced annually<sup>3</sup>

## TV, radio, newspaper and out-of-home



"What's on in the Warehouse" commercials reach >1.3m Australians each week<sup>4</sup>

## Sponsorships



AFL, NRL, NBL, Australian Open and Athletics Australia (amongst others)

### Notes:

1. Represents CWG in FY23
2. Oztam (average across CY23 YTD Nov)
3. IVE Group (2023)
4. Oztam (2023)



# Growing Online Platform Offering a True Omnichannel Experience

ChemistWarehouse.com.au is a highly successful online store

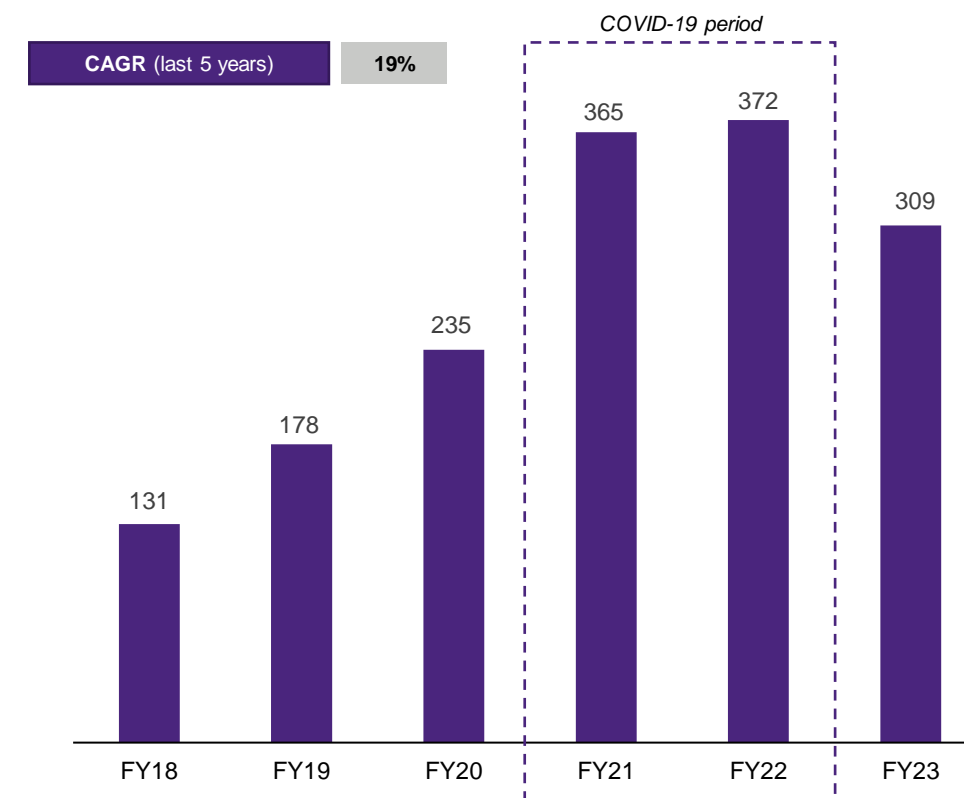
**14.5 million**  
monthly visits in FY23<sup>1</sup>

**4 million**  
online transactions  
in FY23<sup>1</sup>

**19% CAGR**  
last 5 years' online sales<sup>2</sup>

- CWG's highly successful online store maintains brand awareness and engagement, delivering a seamless omnichannel experience to customers
- The website supports in-store trading, including via Click & Collect and Fast Delivery purchases which are fulfilled by franchisees
- CWG fulfils orders for certain consumer goods from its highly automated, 10,000 sqm fulfilment centre in Melbourne
- Online sales accelerated through the COVID-19 impacted period in FY21-22, however remain significantly above pre-COVID-19 levels
- CWG has made significant investments in systems and infrastructure to enhance operational efficiency and improve overall service levels for end customers

Online sales in Australia (\$m)<sup>2</sup>



Notes:

1. Google Analytics
2. Any online sales in Australia involving scheduled medicines, or where the consumer selects Click & Collect or Fast Delivery, are directed to and fulfilled by franchisees. Where an online order relates only to consumer goods, the products are generally delivered to the customer direct from a CWG distribution centre, but may instead be directed to a franchisee for fulfilment if the distribution centre is unable to fulfil the order. Online sales figures shown represent a combination of CWG revenue and Australian Network Sales

# Historical Financial Profile

## Material non-recurring COVID related and other items benefited FY22

CWG (A\$m)	FY22	FY23
Sales revenue <sup>1</sup>	2,195	2,257
Fees revenue <sup>2</sup>	85	147
Franchise and related revenue <sup>3</sup>	74	82
Marketing, advertising and other revenue <sup>4</sup>	638	604
<b>Total revenue</b>	<b>2,993</b>	<b>3,091</b>
Gross profit	1,072	918
<b>EBITDA<sup>5</sup></b>	<b>722</b>	<b>555</b>
Depreciation & amortisation	(136)	(96)
<b>EBIT<sup>6</sup></b>	<b>586</b>	<b>460</b>
Net finance costs	(36)	(30)
<b>Profit before tax</b>	<b>550</b>	<b>429</b>

### Commentary

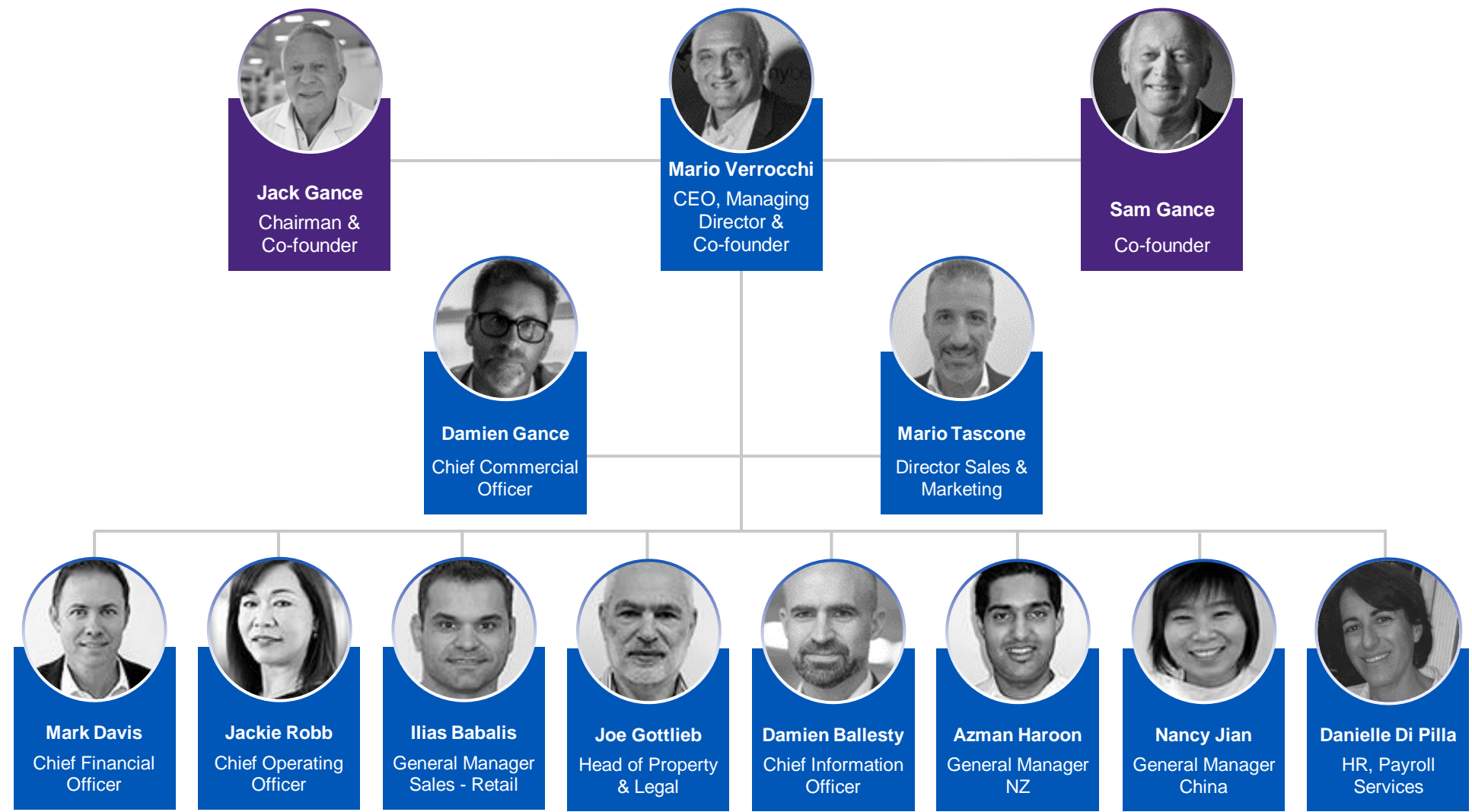
#### Financials for CWG represent statutory audited results prior to any normalisations or management adjustments

- Year-on-year results across FY22 and FY23 are not directly comparable due to the following reasons:
  - Material non-recurring COVID related and other items benefiting FY22 (~\$105m adverse impact to FY23 EBIT)
  - One-time non-cash accounting policy change related to recognition of marketing income (~\$16m adverse impact to FY23 EBIT)
  - Effective from 1 February 2023, CWG implemented certain changes to its commercial arrangements which do not impact profit before tax, but do impact comparability of individual profit and loss line items

#### Notes:

1. Comprises wholesale sales delivered through distribution centres and retail sales undertaken directly by CWG, including certain online sales
2. Comprises wholesale sales delivered directly by suppliers that are accounted for as the net amount of consideration that CWG retains after paying the external party for the goods and includes other services in connection with franchisee inventory purchases
3. Comprises fees for support services provided to franchisees and other non-franchisee stores
4. Includes marketing services, promotional, advertising and other supplier revenue
5. EBITDA is a non IFRS measure of financial performance and has been derived by adding back (i) net finance costs and (ii) depreciation and amortisation expenses to profit before tax as disclosed in CWG's audited statutory accounts
6. EBIT is non IFRS measure of financial performance and has been derived by adding back net finance costs to profit before tax as disclosed in CWG's audited statutory accounts

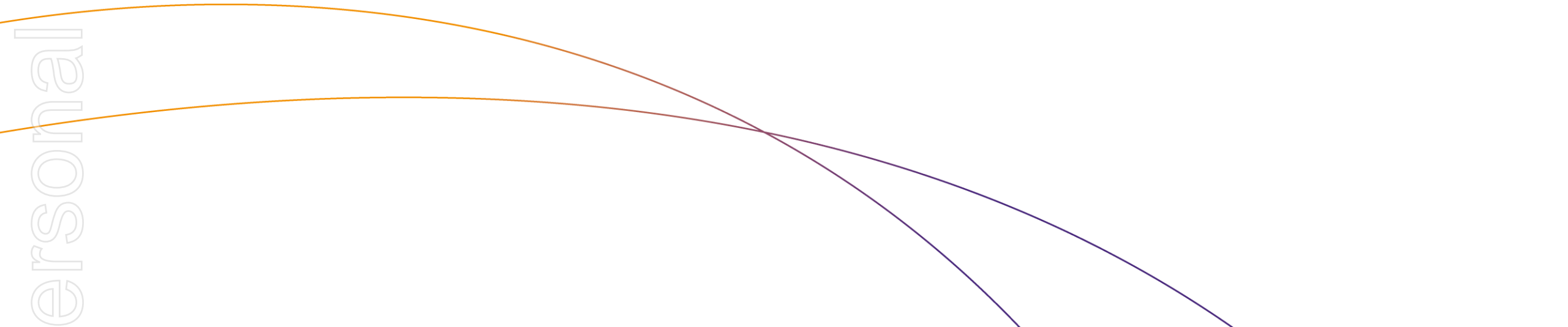
# Key Management of CWG



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# Appendix D: MergeCo Board Experience

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# MergeCo Board CVs

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## **Michael Sammells – Independent Non-Executive Chair**

Michael has 35 years of experience in finance, corporate services and has held operational roles with expertise in finance, accounting, investor relations, M&A and IPOs. Michael is a former CFO of Healthscope and Medibank and is currently a Director at AMP and GMHBA.

## **Annette Carey – Independent Non-Executive Director**

Annette brings technical expertise, as well as a legal, strategic, and commercial intellect from over 20 years' experience in supply chain, logistics and cross-border ecommerce. Annette is a current Director of National Intermodal Corporation and Kinetic and is an Advisory Board Member of Orizontas.

## **Neville Mitchell – Independent Non-Executive Director**

Neville has had a career spanning 27 years with Cochlear, with 22 of those years as CFO and Company Secretary. Neville is currently a Director of Sonic Healthcare, Fisher & Paykel Healthcare and QBiotics.

## **Dr. Chris Roberts AO – Independent Non-Executive Director**

Chris has more than 40 years' experience in the medical device industry, including as the CEO of Cochlear for more than a decade. He is currently a Non-Executive Director of HealthCo Healthcare and Wellness REIT (ASX: HCW), HMC Capital Partners Fund 1, Clarity Pharmaceuticals, Nutromics, Atmo Biosciences and the Cochlear Foundation Board.

## **Vikesh Ramsunder – CEO and Managing Director**

Vikesh has extensive experience in wholesaling, logistics, pharmacy, and retail, being the previous Group CEO of the Clicks Group in South Africa, representing the culmination of a 28-year career with the business.

## **Jack Gance – Executive Director**

Jack is a qualified pharmacist who co-founded Chemist Warehouse with Sam Gance and Mario Verrocchi and is the Chairman of CWG. Jack opened his first pharmacy in 1972. Jack graduated with a Diploma of Pharmacy from the Victorian College of Pharmacy, and later a Master of Business Administration from Monash University and the Stern School of Business, New York University.

## **Mario Verrocchi – Executive Director**

Mario is a qualified pharmacist who co-founded Chemist Warehouse with Jack and Sam Gance. He is currently CEO and Managing Director of CWG. Mario graduated with a degree in pharmacy from the University of South Australia.

## **Damien Gance – Executive Director**

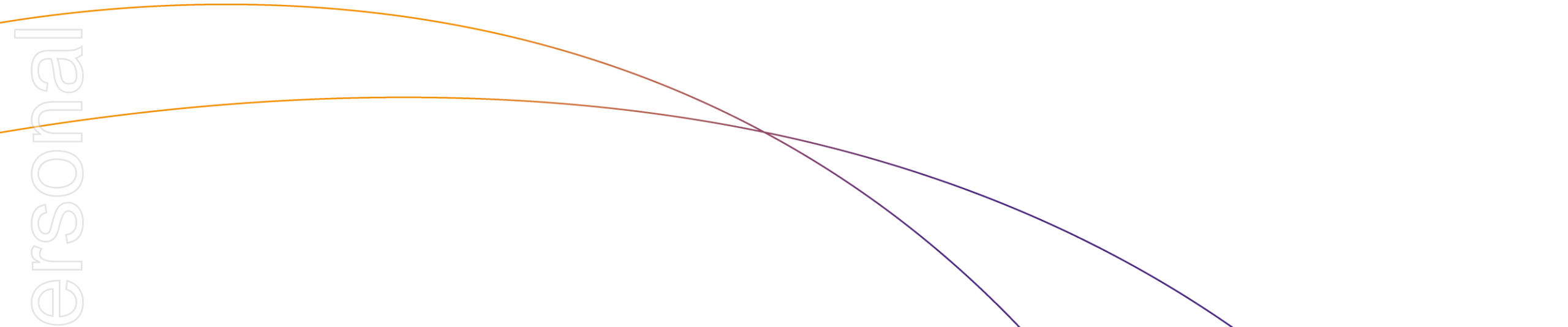
Damien is a qualified pharmacist who joined CWG in 1998. He is currently the Chief Commercial Officer of CWG. Damien graduated with a Bachelor in Pharmacy from Monash University, and later a Master of Business Administration from The University of Melbourne.

## **Danielle Di Pilla – Executive Director**

Danielle is currently the Chief People Officer of CWG which covers people & culture, payroll, workplace health & safety, learning & development, hospital services and pharmacy services, overseeing a workforce of over 24,000 professional and retail employees. Danielle is also a CWG franchisee. In addition, she is the founder of DPP Pharmaceuticals which was established in 2000. She also has an active interest in mental health, serving on the Board of GOTCHA4LIFE since 2023.

# Appendix E: Key Risks

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# Key Risks

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## Introduction

- Before investing in Sigma, you should be aware that several risks and uncertainties, which are both specific to Sigma and/or CWG, and of a more general nature, may affect the future operating and financial performance of Sigma and the value of Sigma's shares.
- Before investing in Sigma's shares, you should carefully consider the risk factors and your personal circumstances. Potential investors should consider publicly available information on Sigma (such as that available on the ASX website) and seek professional advice from an adviser who is licensed by ASIC to give that advice before making an investment decision.
- The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Sigma.
- Any of the risks below could impact market sentiment and negatively impact Sigma's share price.

# Key Risks – Risks that are Common to Both Sigma and CWG

Whilst the majority of the following risks affect both Sigma and CWG (each a **Merger Party** for the purposes of the risks in Appendix E), certain elements of the risks, should they eventuate, would affect each standalone business differently, and not necessarily in a proportionately equivalent way.

Key Risk	Summary
<p><b>Operating in a regulated environment, regulatory reform and other legislative changes</b></p>	<p>Both Merger Parties may be affected by changes to government policies and legislation, including those relating to the pharmaceutical industry (including in relation to the PBS or, for Sigma, community service obligations (<b>CSO</b>)), the community pharmacy sector (to which the Merger Parties supply products and services), taxation, the regulation of trade practices, competition, franchisees or other legal or regulatory changes which could impact the structure and/or operations of each Merger Party's business.</p> <p>As a pharmaceutical wholesaler, any adverse changes to the PBS generally or in relation to PBS medicines sold by Sigma could lead to lower prices being paid for medicines which may lead to a lower regulated distribution margin. Sigma has no control over any PBS price adjustments. Furthermore, any changes to the pharmacy location rules, or which reduce the PBS revenue available to community pharmacies, may negatively impact the viability of some community pharmacies (which are wholesale customers of Sigma or franchisees to which the Merger Parties supply), and which may reduce demand for the products and services supplied by a Merger Party.</p> <p>Under an agreement between the Commonwealth Government, the Pharmacy Guild of Australia and the Pharmaceutical Society of Australia, the Federal Government established a CSO funding pool in recognition of the costs faced by pharmaceutical distributors such as Sigma in providing the full range of PBS medicines to pharmacies, particularly when distributing to remote geographic regions. The CSO arrangements are highly regulated under Deeds of Agreement between the Commonwealth Government and CSO wholesalers, including Sigma. There is no guarantee that the CSO funding pool will continue to be available or will not be reduced over time, that there will be no changes to the way in which payments to eligible beneficiaries are calculated, that Sigma will be able to meet any changing criteria to be eligible to access the funding pool, or that future community pharmacy agreements may not bring about other changes that impact Sigma's pharmaceutical distribution business and potentially make it less profitable. In this case, Sigma may need to reconsider its business model and determine whether being a signatory to the CSO deed continues to be commercially viable.</p> <p>There is the possibility of other changes to pharmaceutical industry regulation or government policy, which may impact the respective businesses of the Merger Parties. For example, changes which increase the range of pharmaceuticals which can be sold in general retail outlets rather than only in pharmacies, will reduce sales of such goods by community pharmacies and therefore reduce wholesale demand from pharmaceutical wholesalers and pharmacy distributors.</p> <p>Other regulatory changes that reduce the need for end customers to visit community pharmacies (e.g. recent regulatory changes in Australia that extended the maximum allowable supply of certain prescription medications from 30 days to 60 days), may result in reduced PBS contributions or margins for community pharmacies for a variety of reasons including increased pack size, and may also reduce footfall in pharmacy customers of the Merger Parties and therefore also reduce sales of "front of store" products. Any of these changes could have a material adverse effect on a Merger Party's financial performance.</p> <p>Given both Merger Parties operate in a highly regulated environment, the Merger Parties are inherently exposed to the risk of non-compliance with applicable laws and regulations (which may be inadvertent), including in their respective capacities as a sponsor of TGA registrations for Pharmaceuticals, wholesaler, distributor, importer, franchisor, advertiser, employer, lender and recipient of personal and health information (e.g. through their respective websites). The failure of a Merger Party to comply with any applicable laws and regulations may lead to negative publicity, claims by third parties, enforcement actions by regulators (including regulatory and judicial orders that may lead to a cessation or curtailing of operations) and potential civil or criminal fines or penalties, as well as, in Sigma's case, loss of access to the CSO funding pool. This may require changes to a Merger Party's business model or operations which may increase cost or impact on their ability to generate revenue.</p> <p>If any of the above were to occur, it could result in a material adverse effect on a Merger Party's operations and financial performance, reputation or competitive position.</p>



# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<p><b>Changes to competitive landscape and operating performance of retail pharmacies</b></p>	<p>The Merger Parties operate in highly competitive environments and which could become more competitive in the future including from actions from both new and existing competitors. Competition which may impact the Merger Parties includes, in relation to Sigma, the wholesaling of pharmaceuticals (prescription, pharmacist only and pharmacy-only) and consumer products and in relation to Chemist Warehouse, as a distributor of consumer products to its franchisees and as an online retailer of consumer goods to end customers. The Merger Parties, as franchisors, will also be impacted by competition from other franchisors and pharmacy buying groups as well as a range of other providers offering services to community pharmacies. In addition, competition at the retail level which impacts the Merger Parties' franchisees or, in the case of Sigma, its wholesale pharmacy customers, indirectly impacts the Merger Parties. Competition at the retail level includes other pharmacy franchisees, supermarkets and other health and beauty retailers, including online and bricks and mortar suppliers.</p> <p>The risks posed to the Merger Parties' businesses include:</p> <ul style="list-style-type: none"> <li>• in relation to Sigma the development of platforms linking pharmacists directly to pharmaceutical and other suppliers (and the corresponding de-linking of Sigma's wholesale business from the supply chain);</li> <li>• in relation to Sigma customers bypassing wholesalers like Sigma for their fast-moving consumer goods (FMCG) product distribution and instead adopting "direct to store" models or investing in warehouse infrastructure; and</li> <li>• competitors pursuing a strategy of further vertical integration with suppliers.</li> </ul> <p>Increased competition in the retail space may make it harder for the Merger Parties to compete and win new franchisees for its banner group, as well as retain existing franchisees. This could impact on the Merger Parties' ability to generate sales, lead to a loss of market share and cause a decline in profitability. This could also affect the Merger Parties' ability to negotiate favourable contract terms with customers and existing franchisees.</p> <p>Franchisees of the Merger Parties (as well as other community pharmacies) compete at a retail level based on a number of factors, including price, location, the quality and variety of their products and services, reputation, in-store experience and brand recognition. The desirability of the IP, goods and services supplied by the Merger Parties to their respective franchisees is impacted by the effectiveness of this offering in the view of those customers both generally and compared to competitors of each Merger Party, including other wholesalers and franchisors (or the option of operating as an unbranded community pharmacy). Additionally, the market for non-pharmacy only products such as vitamins, personal care, beauty and wellness products is highly price competitive at all levels of the supply chain and at the retail level. If the Merger Parties are not able to wholesale or distribute consumer goods to community pharmacy customers at competitive prices, or if community pharmacy customers do not offer such goods to end customers at competitive prices, demand for such goods supplied by the Merger Parties will reduce. Any deterioration in a Merger Party's or its associated community pharmacy franchisees or wholesale customers' competitive position and operating performance, or increased competition from new and existing competitors, could affect the relevant Merger Party's ability to generate sales, lead to a loss of market share, and cause a decline in profitability.</p> <p>Any future deregulation of pharmacy in Australia, so that non-pharmacists are permitted to own pharmacy businesses, would have a significant impact on the competitive dynamics in the pharmacy sector, most likely resulting in the vertical integration of wholesaler/franchisors with retail pharmacy businesses. Deregulation could also see the current prohibition on supermarket chains or other large retailers (including online retailers) from owning pharmacies removed. If this were to occur, supermarket chains and other large retailers would be able to compete directly with the Merger Parties' retail pharmacy franchisees for the sale of prescription, pharmacy-only or pharmacist-only medicines, including online, which could have consequential negative impacts on either Merger Party's wholesale sales and profitability as well as impacting demand for services from their franchisor businesses. Although both of the Merger Parties consider that they are well-positioned to respond to such a change, the impact is unpredictable for both Merger Parties and their community pharmacy customers.</p>

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# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<b>Inadequate or poor inventory management</b>	<p>Each Merger Party relies on its data analytics, human analysis and inventory management system to manage its business; in particular its stock levels and stock purchasing. If a Merger Party's inventory management system or data analytics fail or use inaccurate information or assumptions, there could be errors in order fulfillment, delayed shipments, and increased administrative costs.</p> <p>If a Merger Party's demand planning is inaccurate, then this could lead to stock imbalances. Excess inventory could tie up capital, lead to higher holding costs, including occupying excess warehouse space and increasing the risk of obsolete stock. In the event of insufficient stock, delayed order fulfillments might mean loss of sales (for both the Merger Party, their franchisees and wholesale community pharmacies, and loss of customers. In the case of Sigma, it could also mean that Sigma is unable to meet its obligations for supplying PBS medicines under the CSO Deed. The consequences for Sigma being unable to meet its supply obligations under the CSO Deed, include financial or non-financial sanctions, and potentially, exclusion from the CSO funding pool or termination of the CSO Deed by the Commonwealth.</p> <p>If a Merger Party fails to achieve appropriate stock holdings, including efficiently managing stock return arrangements, this could adversely impact their financial position via a build-up of stock, an increase in write-offs, increased working capital requirements, inefficient use of capital and decreased productivity, any of which could have a material adverse effect on that Merger Party's financial and operating performance.</p> <p>Sigma's Supply Agreement with CWG will involve a significant inventory build-up by Sigma (or, if the Proposed Merger completes, by the combined group), to ensure operational readiness when supply to CWG franchisees under the contract commences on 1 July 2024. In addition to increased inventory levels, a smooth transition also requires the consideration of new risks such as the onboarding of new suppliers, appropriate warehouse infrastructure capacity (e.g. increased slots to efficiently process increased volume), IT infrastructure capacity (increased transaction volume), increased labour and optimised route commitments (both inbound and outbound). Failure to manage these risks effectively may impact the operations of Sigma and its revenue and profitability.</p>
<b>Impact of the need for community pharmacy customers to obtain approvals from State pharmacy regulators</b>	<p>Although wholesaler, franchisor, lessor and/or business lender relationships between non-pharmacists and pharmacists are well-established and accepted in Australia, the laws preventing non-pharmacists from holding a 'financial', 'ownership' or 'proprietary' interest in a pharmacy (depending on the jurisdiction) impact the commercial terms which can be agreed between the Merger Parties and their pharmacy customers. These laws may also make certain provisions in agreements between suppliers and pharmacies void.</p> <p>In States and Territories other than Queensland (where the law is proposed to be changed to align with other States), a franchisee of a Merger Party cannot open a new pharmacy, relocate or undergo a change of ownership without obtaining approval from the pharmacy regulator. If the regulator considers that the documents submitted with the application will give a non-pharmacist (e.g. a franchisor) an impermissible interest in the applicant pharmacy, the application may be rejected or the regulator may require changes to be made to the documents before the application will be approved. The pharmacy and the franchisor or other suppliers may in practice need to make the required changes even if they disagree with the regulator's position, to avoid a delay which adversely affects the pharmacy, which may impact financial performance of a Merger Party.</p> <p>A Merger Party could also be subject to regulatory action if a regulator considers that the Merger Party's arrangements with a pharmacy give a Merger Party an impermissible interest in the pharmacy or undue influence or control. The consequences were this to occur could include the imposition of criminal penalties or the possibility that the arrangements are declared void. Although some agreements, including franchise agreements, are reviewed by State and Territory pharmacy regulators when approvals are obtained, a risk of regulatory action may arise if the regulator considers that it was not aware of the full import of the arrangements between the Merger Party and a franchisee, or forms the view that the in-practice arrangements differ from the documents which were reviewed.</p>
<b>Impact of Australia's pharmacy ownership laws and stakeholder activism</b>	<p>Historically pharmacy stakeholders have been known to oppose proposed changes to Australia's pharmacy ownership laws and of agitating for regulatory intervention where a business model emerges (or is speculated) that they perceive as insufficiently protective of the interests of pharmacists, notwithstanding that some pharmacists may wish to participate in that business model.</p> <p>It is possible that pharmacy stakeholders may seek to disrupt the relevant Merger Party's or their community pharmacy franchisees' or wholesaler customers' growth or expansion into new areas or new activities, and/or to encourage regulators to do so. Pharmacy stakeholders may seek to argue in the public domain or in representations to government that aspects of a Merger Party's arrangements are or should be prohibited or void. If a Merger Party's compliance with (and support for) the pharmacist-owned community pharmacy model becomes a matter of public contention, confidence in the Merger Party's revenue base may be negatively impacted until the issues are resolved. Pharmacy stakeholders may also seek to argue for additional regulatory restrictions to be enacted which would negatively impact the Merger Parties and/or their franchisees or wholesale pharmacy customers compared to their respective competitors.</p>

# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<b>CWG is currently working to determine an acceptable form of franchise agreement for use in NSW which will support approvals by the NSW pharmacy regulator</b>	<p><i>The following relates to CWG only.</i></p> <p>NSW has the most restrictive laws in Australia relating to pharmacy ownership. The NSW laws are broadly expressed, of uncertain scope and subject to differing interpretations. To date, CWG franchisees in New South Wales which have required an approval have been unable to obtain such approval from the New South Wales regulator based on CWG's standard suite of franchise and related documents (which apply elsewhere in Australia). Instead they have needed to base approvals on alternative agreements, which do not reflect the desired arrangements between CWG and the relevant franchisee.</p> <p>If CWG continues to be unable to identify a form of pro forma franchise agreement and related documents which delivers an optimal and mutually-acceptable commercial outcome for both CWG and the franchisee, and which will reliably support timely approvals in NSW, franchisees may be impacted by rejections or delayed approvals, and CWG and its pharmacy customers may need to enter into sub-optimal arrangements in NSW in order for the relevant pharmacy to secure an approval, which may impact the Merger Party's operations.</p>
<b>Inadequate or poor liquidity management or failure to raise funding when required</b>	<p>Effective liquidity management is imperative to meet the Merger Parties' ongoing funding requirements, manage working capital and execute their overall individual business strategies. Poor or inefficient management of its liquidity risk could adversely affect a Merger Party's operations and financial performance.</p> <p>In the future, a Merger Party may require new or additional debt facilities (and it is proposed that Sigma will fund the cash consideration payable under the Proposed Merger from a substantial new debt facility as described on page 29 of this Presentation). A Merger Party's ability to secure funding at the appropriate time will depend on the amount of funding required, the performance and future prospects of its business, and a number of other factors prevailing at that time (e.g. interest rates, and economic and debt market conditions). There is no assurance that the required funding will be secured at all or on acceptable terms and in the timeframe required, which may constrain the relevant Merger Party's business operations (for example by preventing investment in growth or to respond to competitive pressures).</p> <p>Other potential risks to a Merger Party associated with financing arrangements include breaching debt covenants, incurring increased borrowing costs (for example, if interest rates rise) or not being able to meet financial commitments when they fall due, as well as the detrimental financial impact on their business from the sub-optimal use of capital and the potential adverse reputational impact from suppliers or creditors.</p> <p>In addition, poor liquidity management may impact upon a Merger Party's strategic flexibility – for example, the Merger Party's ability to execute on its strategic goals by taking advantage of favourable opportunities as they arise, or its ability to adapt to changing market conditions, invest in innovation, or pivot in response to competitive pressures. This lack of strategic flexibility can hinder long-term growth and competitiveness.</p>
<b>Loss of a material customer or customer group or customer default</b>	<p>There is a risk that a Merger Party may lose a material individual customer or material customer group, which could negatively impact that Merger Party's revenue, result in a lower customer base for the Merger Party's retail and healthcare programs, lead to weaker buying power from a decrease in volume of product purchased, and a significant change to revenue scale could mean the Merger Party may be unable to support its fixed cost base. An individual customer or a buying group may default in a payment to a Merger Party or suffer an insolvency event. This could lead to a negative working capital impact due to overdue debts and increased borrowing costs and increased legal and debt recovery costs. Any of these could have a material adverse effect on a Merger Party's operations or financial performance.</p> <p>Both Merger Parties are parties to a number of contracts and agreements with a broad range of suppliers and service providers. Some contract counterparties have a right to terminate contracts in certain circumstances, including where a change of control provision is triggered or where the Merger Party is in material breach of the contract. In addition, some contracts contain a right for the counterparty to terminate for convenience at any time during the contract terms. Some of the Merger Parties' material contracts are undocumented, have expired or will expire in the next 12 months and there is a risk that a Merger Party will not be able to renew them on favourable terms or at all.</p>

# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<b>Inability to acquire products at competitive prices and exposure to third parties' supply chain vulnerabilities</b>	<p>Each Merger Party's ability to wholesale or supply products at a competitive prices to their respective franchisees or community pharmacy customers and in the case of CWG, online customers for consumer goods, is highly dependent on securing competitively priced arrangements from third party suppliers. A Merger Party may be unable to source products from key suppliers, or may experience delays in transportation and may therefore be unable to service its customers' needs. Furthermore, if a third party supplier does not allocate enough stock to a Merger Party relative to its anticipated demand for that product, or there is a wide-scale shortage of a particular type of medicine (e.g. as is currently occurring with semaglutide), this would have an impact on that Merger Party's revenue and cash flow. A Merger Party may be materially and adversely affected if any of these suppliers are not willing or not able to supply products as contracted (including as a result of delay or disruption), or if that Merger Party is unable to continue to negotiate favourable terms with suppliers (including in relation to the wholesale cost of the products) or find suitable replacement suppliers.</p> <p>Both Merger Parties are to varying degrees subject to supply chain vulnerabilities of global pharmaceutical and FMCG manufacturers (including direct suppliers to the Merger Parties, upstream suppliers or logistics suppliers). The pharmaceutical industry experiences varying levels of 'temporarily out of supply' and 'manufacturer can't supply' events for particular medicines and FMCG product from suppliers. These levels fluctuate depending on the respective supply chain vulnerabilities of the manufacturer. Furthermore, environmental factors, including those related to climate change, can contribute to supply chain disruptions and fluctuations in demand. Extreme weather events, natural disasters, or environmental policy changes may impact transportation infrastructure, disrupt production facilities, and lead to delays in the delivery of pharmaceutical and FMCG products alike.</p> <p>Any impacts to a Merger Party's supply chain could not only affect the availability of inventory, but also increase operational costs associated with sourcing alternative supply chain routes or contingency plans. Should a Merger Party's supply chain be disrupted, it could lead to a loss of sales resulting in lower revenue, a loss of market share and have the potential to materially impact that Merger Party's financial performance, operational efficiency, reputation and overall business continuity. Where the disruption impacts exclusive or own brands, there may also be flow-on negative impacts to margins able to be achieved by that Merger Party. If this were to occur, there could be a material adverse effect on the Merger Party's financial performance.</p>
<b>Occupational health and safety incident or breach</b>	<p>Notwithstanding any preventative measures, due to the nature of the Mergers Parties' operations, both businesses are exposed to a risk of workplace accidents or unsafe operations. A health and safety incident could lead to harm or injury to a Merger Party's employees, contractors or other parties (including the public).</p> <p>The Merger Parties' respective wholesale and distribution operations are characterised by a labour-intensive workforce in warehouses and distribution centres. The nature of work involves manual, repetitive tasks, use of machinery, working at heights and includes order picking, packing and transportation, which pose inherent risks to the safety and well-being of a Merger Party's employees and contractors. The nature of the Merger Parties' workforces may lead to challenges in managing occupational health and safety effectively.</p> <p>A Merger Party's safety protocols may not be implemented consistently or strictly adhered to across that Merger Party's operations. If a Merger Party's safety measures are ineffective, this could result in loss of life or work-related injuries, impacting the emotional and physical health of that Merger Party's employees or contractors and leading to increased absenteeism, decreased productivity, compensation payments, fines and other legal liability. Other consequences could include regulatory scrutiny, litigation, fines and increased compliance costs (including increased insurance premiums), loss of business and reputational damage. Any of these could have a material adverse effect on a Merger Party's financial or operating performance.</p>
<b>Impact of adverse economic conditions, negative consumer sentiment or unfavourable market and consumer trends</b>	<p>Adverse economic conditions, including unfavourable interest rates, unemployment rates or inflation rates, negative consumer and business sentiment as well as geographical and political events may affect a Merger Party's business.</p> <p>These adverse economic conditions are outside of the Merger Parties' control, but may have a negative impact on the discretionary spending habits of retail customers of franchisees or wholesale customers (which in turn may impact demand for consumer goods from that Merger Party) or of direct customers of the Merger Party itself. This may result in a significant decrease in demand for and revenue generated by the Merger Party's products and services, or impact the success of the franchisees or Merger Party's growth plans.</p> <p>Both Merger Parties are also exposed to the risk that market and consumer trends and demand in relation to products or services supplied by them (including in the case of CWG, demand from suppliers for advertising and marketing services) may change. A Merger Party may be slow or unable to anticipate changing trends and respond in a timely fashion; they may not optimise their product offerings by stocking too wide a range, or stocking products which could be costly to service. Any unanticipated changes or fluctuations in market and consumer behaviour and trends, or inadequate responses to them, may result in a reduction in a Merger Party's revenue and the number of franchisees it attracts and retains, which may have a material adverse effect on its financial performance and financial position.</p>

# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<p><b>Failure to achieve expected growth in store roll-outs</b></p>	<p>Each Merger Party has identified a number of growth strategies to continue to drive sales which includes for CWG, growing its store network in Australia and overseas. There is a risk CWG may not be able to successfully execute its growth plans or that doing so may take longer or cost more than anticipated, which will impact its future financial prospects and position. For example, CWG’s store roll-out plan may be impacted by a number of factors, including the availability of new franchisees, suitable sites in target locations and regulatory restrictions.</p> <p>If a Merger Party fails to execute on its growth strategies, including for CWG to achieve the expected growth in store roll-outs, and associated expected increase in consumer goods sales and other revenue, it may experience adverse financial impacts, potential reputational damage, and the risk that the impacted Merger Party becomes uncompetitive in the market. Any of these could have an adverse effect on a Merger Party’s financial performance.</p> <p>Sigma is already pursuing a consolidation of its banner brands to focus on its Amcal and DDS brands and to grow the number of pharmacies under each brand. In seeking to transition pharmacy franchisees under other of Sigma’s banner brands to Amcal and DDS, there is a risk that Sigma may not be successful in transitioning all franchisees (who may move to competing franchisors or alternative service providers), or that doing so will take longer or cost more than anticipated, which will impact revenue and sales.</p> <p>There is also a risk that Sigma may lose franchisee pharmacies whose arrangements have expired or are being held over, including to competing franchisors or alternative service providers.</p>
<p><b>Inadequate IT infrastructure and systems</b></p>	<p>Both Merger Parties rely heavily on IT infrastructure and systems to manage their respective businesses, including their compliance with various regulatory, legal and tax requirements. These systems include inventory management software, enterprise resource planning systems, supply chain and distribution systems, data analytics, e-commerce systems, computer systems and hardware, network and telecommunications equipment and systems, and financial and document management systems. Any failure to successfully maintain adequate systems, or implement updates or changes across business operations without disruptions, may negatively impact a Merger Party’s business and performance.</p> <p>Both Merger Parties rely on third party providers for various services, including IT software. There is a risk that any disruption or interference with the operations of any of the relevant Merger Party’s third party providers may restrict, interrupt or adversely affect that Merger Party’s business.</p> <p>In addition, either Merger Party could be subject to various IT system damage or failures, corruption, network disruptions, cybersecurity attacks (discussed further below), loss of data or, breaches in data security, and other malicious or non-malicious disruptions and incidents, any of which may interrupt or otherwise have a material adverse effect on that Merger Party’s operations, financial condition and operating results. A failure may be caused by various factors including equipment failure, information technology failure, stock handling procedures breakdowns, labour shortages or work stoppages, events that impede transportation of products, failure of third parties or malicious activities.</p>
<p><b>Cyber risk</b></p>	<p>Given the Merger Parties’ dependence on IT systems and infrastructure, each of them is vulnerable to cyber-attacks (including state-sponsored attacks), ransomware attacks, computer viruses or data breaches. This is particularly the case given the increasing frequency and sophistication of attacks. If a Merger Party were to experience a significant cyber security incident, this could result in financial loss, operational disruption or reputational damage.</p> <p>A security breach or cyber-attack could result in significant business disruption and cost, misappropriation of funds, the unavailability of core business systems, loss of intellectual property and disclosure of sensitive business information or personal data. Other consequences could include legal or regulatory liability (or increased regulatory scrutiny), loss of business and reputational damage or adverse effects on customer relations. In addition, a Merger Party may incur significant costs to investigate and rectify the incidents, including identifying system vulnerabilities or introducing additional safeguards to minimise the risk of future events. Any of these could have a material adverse effect on that Merger Party’s financial performance.</p>

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# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<b>Loss of critical infrastructure</b>	<p>If a Merger Party were to lose critical infrastructure, this could cause significant business interruption. The loss of a critical site, such as a wholesale distribution centre, permanently or for a sustained period could be as a result of a number of unforeseen factors, including a climate-related event such as a flood, or bushfire, or a pandemic. There could also be an unforeseen outage due to a cyber-attack (refer to the risk factor titled “Cyber risk”) for more further information). There is an associated risk that a Merger Party’s business continuity plans are not effective or are not followed properly in the event of a disaster.</p> <p>The impact of such a loss could include the need for increased short-term or contract labour, inventory replacement costs, data loss, significant disruptions for customers (and the consequential reputational damage to the Merger Party), the need for capital expenditure or repair costs. It could also impact on the affected Merger Party’s ability to deliver products in full and on time to its customers, which could result in lost sales, contractual or regulatory breaches, or negatively impact upon that Merger Party’s competitive position. Any of these could have a material adverse effect on the affected Merger Party’s financial operations or performance.</p>
<b>Risks inherent in franchise arrangements, including protections under franchising laws and Australian and international pharmacy ownership laws</b>	<p>A Merger Party’s financial performance is dependent to varying degrees on the success of its franchisees. Pharmacies which operate under a Merger Party’s licensed brand operate within competitive environments and there is a risk that franchisees do not operate their franchise effectively, or in accordance with their franchise agreement. It is not guaranteed that franchised pharmacies will be operated to a uniformly-high standard, nor that end-customers will experience a uniform in-store experience, and this could have adverse implications for their Merger Party franchisor, including reputational damage, regulatory investigation or sanction or reduced revenue from franchise fees or wholesale purchases.</p> <p>Although Merger Party franchisees are or may be incentivised to acquire certain products or volumes from their relevant Merger Party franchisor, there is no legal obligation on them to do so. There is a risk that franchisee pharmacies may reduce or cease their level of ordering of products or services provided by their respective Merger Party, prompted by a pharmacist’s desire for change or by the performance, service or offerings of the Merger Party. This could have a material adverse effect on that Merger Party’s financial performance.</p> <p>In addition, if a franchisor has a significant degree of influence or control over a franchisee entity’s employment and payroll-related affairs and the franchisee breaches a civil remedy provision under the <i>Fair Work Act 2009</i> (Cth) (<b>Fair Work Act</b>) (such as failing to pay wages correctly, contravening a modern award or enterprise agreement, misrepresenting independent contractor arrangements, etc), then the franchisor (in this case, being a Merger Party with respect to its franchisees) may be exposed to penalties for breaching the Fair Work Act and ordered to pay compensation (such as unpaid wages) to the franchisee’s employees, unless the franchisor can prove they have taken reasonable steps to prevent the contravention by the franchisee.</p> <p>As franchisees, these pharmacies have certain statutory protections under the Franchising Code of Conduct (<b>Franchising Code</b>) which is a mandatory industry code under the <i>Competition and Consumer Act 2010</i> (Cth). The Franchising Code prohibits certain terms being included in franchise agreements and imposes substantial disclosure regimes, as well as imposing a general obligation on franchisors and franchisees to act towards each other in good faith. The franchisor (in this case, being a Merger Party with respect to its franchisees) may be exposed to regulatory action and substantial penalties for breaching the Franchising Code.</p> <p>Additionally, pharmacy franchisees may seek to argue that elements of their agreements with their franchisor and / or supplier are illegal or void under Australia’s pharmacy ownership laws, and therefore unenforceable (which may involve a claim by pharmacy franchisees that certain historical fees received under franchise or other arrangements should be repayable or that future fees should be reduced). If a Merger Party is in a dispute with a franchisee, the position adopted by the franchisee may include additional claims under pharmacy ownership laws (which may not be available to non-pharmacy franchisees), which may make the dispute more protracted or difficult to resolve in a manner satisfactory to the relevant Merger Party.</p>

# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<p><b>Attracting and retaining key talent</b></p>	<p>Each Merger Party relies on the experience, expertise and knowledge of specific individuals and the unexpected departure of key team members from their respective business could significantly impact that business' operations, strategic decision-making and overall performance.</p> <p>Existing management personnel have extensive experience in, and knowledge of, the pharmacy industry, as well as knowledge of the relevant Merger Party's business and relationships with its respective franchisees and key suppliers. As such, the loss or absence of key individuals could potentially lead to disruptions in supplier relationships, regulatory knowledge, customer interactions and day-to-day management, potentially affecting the relevant Merger Party's ability to adapt to market changes and capitalise on opportunities. Whilst each Merger Party has succession planning measures in place, including talent development, there can be no assurance that appropriately skilled personnel would be identified and retained in a timely fashion (particularly as competition for personnel and key talent is high in this landscape), nor that the transition to new leadership would be without disruption to the business. Furthermore, the success of a Merger Party is linked to the success of its franchisees, such that similar considerations exist with respect of their retention and ability to attract key employees.</p> <p>Outside of key management, the Merger Parties' businesses are labour intensive and require a significant number of personnel to operate efficiently (including in relation to the respective wholesaling, marketing, logistics, franchising and in the case of CWG, the online retail aspects of their businesses). Given the tight labour market conditions in Australia and the high level of demand for employees, there is a risk that a Merger Party could be unable to secure the staff that it requires, which may have adverse impacts on that Merger Party's operational stability and performance. In addition, the geographic location of some of the Merger Parties' operations have small labour pools with heightened competition from other local businesses, which can make it more difficult to attract and retain labour.</p> <p>If a Merger Party is unable to attract and retain a sufficient number of qualified employees at reasonable costs, its business and operations could be negatively affected. There can be no assurance that a Merger Party will be able to retain employees in key positions or recruit a significant number of new employees with appropriate technical qualifications to compensate for the loss of employees or to accommodate its future growth. The ability to meet labour needs while controlling costs associated with hiring and training new employees is subject to external factors including the actions of other businesses, unemployment rates, prevailing wage legislation (including applicable awards), the industrial relations landscape and changing demographics. There is a risk that adverse changes in these factors may occur which would inhibit a Merger Party or its franchisees' ability to hire and retain employees or increase the cost of employing them.</p> <p>The consequences for the Merger Parties include financial loss, business continuity issues, increased costs associated with recruiting and training, and increased health and safety risks, any of which could adversely impact the Merger Parties' competitive position, financial performance or reputation.</p>

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# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<b>Risks associated with related parties</b>	<p><i>The following risk relates to CWG only.</i></p> <p>Key individuals within the management team at, or on the board of, CWG, including Mario Verrocchi, Jack Gance, Damien Gance and Danielle Di Pilla (who will be directors of MergeCo following completion of the Proposed Merger) are also key franchisees of CWG. Together with Sam Gance (who will be a substantial shareholder of MergeCo following completion), these individuals (or entities associated with them) have an interest in 158 of the CWG franchisee pharmacies (of which there are 578 in total), and these pharmacies make a significant contribution to CWG's revenue (in FY23 they contributed more than \$800 million in revenue to CWG). Other members of management of CWG may also be significant franchisees, and it is also the case that currently, the majority of CWG franchisees hold shares in CWG (and therefore will become shareholders in MergeCo following completion of the Proposed Merger).</p> <p>Furthermore, certain directors and members of management of CWG have other relationships with the CWG, for example through interests in properties leased by the group or as suppliers to the group (the persons mentioned above have property interests under which they received rents of approximately \$32 million in aggregate from CWG in FY23, and an entity in which Danielle Di Pilla is expected to have a 40% interest in at completion of the Proposed Merger sold approximately \$28 million in goods to CWG in FY23).</p> <p>There are a number of risks associated with these interrelationships, including:</p> <ul style="list-style-type: none"> <li>• if the strength of the alignment between CWG and its franchises diminishes as a result of the Proposed Merger or for other reasons (for example, due to sales of MergeCo shares by the relevant franchisees) this may impact on the success of CWG and its franchisees;</li> <li>• the loss of key individuals (for example due to illness or retirement) may impact CWG both directly and indirectly through impacts to its franchisees. Any inability to replace key franchisees with suitable candidates may impact CWG and any replacement franchisees may not have the same alignment of interest with CWG as the outgoing franchisee. This may lead to loss of franchisees or a reduction in the performance of franchisees, which would in turn impact the financial performance of CWG; and</li> <li>• following completion of the Proposed Merger, the related parties mentioned above are expected to hold a substantial portion of MergeCo shares on issue, and CWG shareholders, the majority of whom are also franchisees, will hold approximately 85.75% of the MergeCo Shares on issue. As such, these shareholders may be in a position to exercise influence over matters requiring the approval of MergeCo shareholders (including but not limited to the election of directors and the approval of significant activities of MergeCo). The interests of these shareholders may differ from the interests of other MergeCo shareholders and this may adversely affect those other shareholders.</li> </ul> <p>Finally, it is expected that following completion of the Proposed Merger c.49% of the MergeCo Shares, being the Shares held by Jack Gance, Mario Verrocchi and Sam Gance (or entities associated with them) will be subject to escrow arrangements described on page 14 of this presentation. These arrangements may cause, or at least contribute to limited liquidity of the shares and impact their market price. Furthermore, the prospect of sell downs by these individuals following completion of the Proposed Merger, or the prospect of sell downs by them following the end of the escrow period could adversely affect the price of MergeCo Shares.</p>
<b>Delivery of strategic initiatives (projects / acquisitions)</b>	<p>Both Merger Parties evaluate strategic initiatives, including acquisitions, from time-to-time. There is no guarantee that the strategic initiatives will be implemented, or if they are, that the anticipated benefits of any such strategic opportunities or acquisitions will be fully realised or realised in a timely manner. If this occurs, then the expected revenue increases, costs savings or additional operational improvements or synergies may not be achieved or may be delayed.</p> <p>Where a Merger Party acquires another business, that acquired business may not perform as anticipated (including in relation to product or service quality issues) or may be exposed to latent, future or otherwise unknown claims or liabilities that the relevant Merger Party is not indemnified for, or there may be features of the acquired business' model that the acquiring Merger Party is less experienced with or that the Merger Party intends to amend.</p> <p>The consequences for the Merger Party if it fails to deliver on its key strategic projects and integrate its acquisitions successfully include inefficiencies, adverse financial impacts, potential reputational damage, and the risk that the impacted Merger Party becomes uncompetitive in the market. Any of these could have an adverse effect on a Merger Party's financial performance.</p>



# Key Risks – Risks that are Common to Both Sigma and CWG

Key Risk	Summary
<b>Changes in consumer perception and consumer confidence</b>	<p>The success of each of the Merger Parties’ businesses and the businesses of community pharmacies which carry their licensed brands relies on positive consumer perception and consumer confidence in that Merger Party and its brand. The Merger Parties’ reputations and their potential profitability may be adversely affected by negative publicity or adverse commentary on product or service safety or suitability.</p> <p>For example, any potential inconsistencies in the quality of services in a Merger Party’s franchisee pharmacies, adverse media coverage, product recalls or liability claims, unavailability of products or other issues may lead to consumers having compromised experiences. This in turn may have a detrimental effect on customer confidence and loyalty.</p> <p>Any damage to a Merger Party’s reputation could have an adverse effect on its ability to maintain its market share, financial performance and future prospects.</p>
<b>Exposure to litigation, claims and disputes</b>	<p>Either Merger Party may be subject to litigation and other claims and disputes in the course of its business, including but not limited to employment disputes (including strikes or industrial action), contractual disputes (including outstanding trade debts or, indemnity claims), product liability claims, personal injury claims, privacy breaches, intellectual property, debt recovery, regulatory compliance, occupational health and safety claims, or criminal or civil proceedings.</p> <p>There is a risk that any such litigation, claims and disputes could materially and adversely affect the Merger Party’s business, operations and financial position, performance and prospects, including as a result of the costs of bringing, defending or settling such claims, as well as that Merger Party’s reputation and customer relations. Litigation may also distract management’s attention from operating and growing the relevant Merger Party’s business, impacting that Merger Party’s prospects and profitability.</p>
<b>Force majeure events</b>	<p>Events beyond the control of the Merger Parties may impact their operations and future profitability. These events include (but are not limited to) fire, flood, earthquake, other natural disaster, pandemics, civil unrest, war, terrorist attack and/or industrial action.</p>
<b>Exposure to changes in tax rules and their interpretation</b>	<p>Changes in tax laws and policies, standards and practices in Australia may impact on the operation of either Merger Party and their management. Tax laws in Australia are complex and are subject to change, as is their interpretation by the courts and the tax authorities. Legal reforms and proposals for further reforms, as well as new and evolving interpretations of existing laws, may give rise to uncertainty.</p>

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# Key Risks – General Investment Risks and Risks Associated with the Entitlement Offer

Key Risk	Summary
<b>Non-renounceable entitlement offer and future dilution risk</b>	<p>Entitlements cannot be traded on ASX or privately transferred. Eligible shareholders who do not take up all of their entitlements under the Entitlement Offer will have their percentage shareholdings in Sigma diluted.</p> <p>Shareholders may also have their investment diluted by future capital raisings by Sigma. While Sigma will be subject to the constraints of ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), shareholders may be diluted as a result of such fundraisings and may experience a loss in value of their equity as a result of such issues of shares and fundraisings.</p>
<b>Share price and liquidity</b>	<p>Sigma is subject to the general market risks inherent in all securities traded on a stock exchange. The market price for Sigma's shares may fluctuate over time as a result of a number of factors, including its financial performance and prospects, prevailing market conditions, commodity prices and foreign exchange movements, general investor sentiment, inflation, geo-political conditions, fiscal policy and interest rate rises, as well as the liquidity and volume of the shares being bought or sold at any point in time.</p> <p>Sigma's shares may therefore rise above or below the current share price, or the Offer Price, depending on its financial performance and various other factors which are outside of its control.</p>
<b>Underwriting risk</b>	<p>The Entitlement Offer is fully underwritten by Goldman Sachs Australia Pty Ltd (<b>Underwriter</b>) pursuant to the terms of the underwriting agreement between Sigma and the Underwriter summarised in Appendix G of this presentation (<b>Underwriting Agreement</b>). Under the Underwriting Agreement, the Underwriter has agreed to manage and underwrite the Entitlement Offer, subject to the terms and conditions of that agreement. If certain conditions are not satisfied or certain customary termination events occur, the Underwriter may terminate the underwriting agreement. Those termination events are summarised in Appendix G of this presentation. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the underwritten components of the Entitlement Offer or result in the Entitlement Offer not proceeding at all.</p> <p>If the Underwriting Agreement is terminated, this could result in Sigma not having access to sufficient capital to fund its near term working capital requirements or its business initiatives. In this event, Sigma would need to seek alternative sources of funding, which may result in Sigma incurring additional costs (for example, by way of interest payments on debt) and/or restrictions being imposed on the manner in which Sigma conducts its business and deals with its assets (for example, by way of restrictive covenants binding upon Sigma). There is no guarantee that alternative funding could be sourced on terms satisfactory to Sigma or at all. Failure to source alternative funding could result in Sigma being unable to perform its obligations under the CWG Supply Agreement. Any of these outcomes could have a material adverse impact on Sigma's financial position, prospects and reputation.</p>

# Key Risks – Risks Relating to the Proposed Merger

After completion of the Proposed Merger, existing Sigma shareholders will be exposed to additional risks relating to CWG and certain additional risks relating to MergeCo and integration of the two businesses. While the businesses are complementary, and aspects of the operations of Sigma and CWG are similar in a number of ways, there will be differences between the size, capital structure, infrastructure and customers of MergeCo and Sigma currently.

Key Risk	Summary
<b>Completion risk</b>	<p>Completion of the Proposed Merger is conditional on various matters including obtaining regulatory approval from the Australian Competition and Consumer Commission (<b>ACCC</b>), approval from the New Zealand Overseas Investment Office (<b>OIO</b>) (if required), CWG shareholder approval and Sigma shareholder approval, including under ASX Listing Rules 7.1, 10.1 and 11.1.2, and under Sigma's constitution to appoint the CWG nominees to the board as well as a resolution of Sigma shareholders under Part 2J.3 of the Corporations Act in relation to the proposed new debt facility. Refer to the ASX announcement in relation to the Proposed Merger and the Entitlement Offer released by Sigma to ASX on the same date as this presentation for further information regarding the material conditions for the Proposed Merger. There can be no certainty, nor can Sigma provide any assurance or guarantee, that these conditions will be satisfied or waived or, if satisfied or waived, when that will occur. The satisfaction of a number of the conditions is outside the control of Sigma and CWG including, but not limited to, the ACCC and shareholder approvals mentioned above.</p> <p>There is a risk that the regulatory approvals required to satisfy one or more conditions may not be obtained, or may be obtained subject to conditions which adversely affect the MergeCo, or are not acceptable to the Merger Parties. In particular, it is the Merger Parties' intention to seek clearance from the ACCC after announcement to comply with the condition for ACCC clearance. There is a risk that the ACCC will refuse to grant this clearance, will not indicate it does not intend to oppose (grant clearance) by the time completion is required or that it will only grant clearance subject to conditions, including the provision of structural undertakings requiring divestments and other relief. Any undertakings required to be given including divestments that are required to be made, are likely to have an adverse effect on the MergeCo, including, but not limited to, reducing the number of franchisees in the group's retail network from that contemplated in this presentation, impacting its sales, revenue and financial performance and adversely affecting the ability of MergeCo to achieve the expected cost synergies.</p> <p>If for any reason any of the conditions are not satisfied or waived (where capable of being waived) by the time required, completion of the Proposed Merger (<b>Completion</b>) may be delayed or may not occur on the current terms or at all. Sigma will have incurred significant transaction costs in relation to the Proposed Merger even if it does not proceed and these costs may include a reverse break fee of \$10m payable by Sigma in certain circumstances to CWG. There is a risk that the transaction costs associated with the Proposed Merger (whether it completes or not) results in Sigma not achieving the earnings guidance it has previously provided to the market.</p> <p>There may be other adverse consequences for Sigma and Sigma shareholders if Completion does not occur, including that the trading price of Sigma's shares may be materially adversely affected and the anticipated synergies and other benefits that Sigma expects to achieve from the Proposed Merger will not be realised. If Completion is delayed, Sigma may incur additional costs and it may take longer than anticipated for MergeCo to realise the benefits of the Proposed Merger. Any failure to complete or delay in completing the Proposed Merger could materially and adversely affect the price of Sigma's shares.</p>
<b>Scrip component of merger consideration</b>	<p>As part of the Proposed Merger, CWG shareholders will receive consideration in the form of fully paid ordinary shares in Sigma. Existing Sigma shareholders and new investors who take up shares under the Entitlement Offer will have their shareholding significantly diluted by the issue of the shares to the CWG shareholders.</p> <p>Immediately after Completion, it is expected that existing Sigma shareholders will own 14.25% of the shares in MergeCo whereas CWG shareholders will own approximately 85.75% of the shares in MergeCo (on a fully diluted basis).</p> <p>In addition, there is a risk that a significant sale of shares by CWG shareholders after implementation of the Proposed Merger (in relation to shares which will not be escrowed) or the end of the escrow restrictions (in relation to the escrowed shares), or the perception that such a sale might occur, could adversely impact the price of Sigma shares. For further information on the escrow arrangements that will be in place post-implementation of the Proposed Merger, refer to Page 14 of this Presentation.</p>

# Key Risks – Risks Relating to the Proposed Merger

Key Risk	Summary
<b>Reliance on information provided</b>	<p>Sigma undertook a due diligence process in respect of the Proposed Merger, which relied in part on legal, financial, taxation, synergies and operational due diligence on information provided by or on behalf of CWG. If any such information provided to, and relied upon by, Sigma in its due diligence, and in its preparation of this presentation and other materials given to ASX, proves to be incorrect, incomplete or misleading, or if any of those due diligence enquiries failed to identify potential issues, there is a risk that the actual financial position and performance of CWG may be materially different to Sigma's understanding, or the realisable synergies from the Proposed Merger will be less than anticipated including those reflected in this presentation. Either of these could have a material adverse effect on MergeCo's financial condition or performance.</p> <p>There is also a risk that the due diligence conducted has not identified issues that would have been material to the decision to enter into the Proposed Merger. A material adverse issue that was not identified prior to entry into the Proposed Merger (or an issue that later proves to be more material than first anticipated) could have an adverse impact on the reputation, financial performance or operations of Sigma (for example, Sigma may later discover CWG liabilities or defects which were not identified through due diligence, are more than initially identified through due diligence, or for which there is no contractual protection). Due diligence cannot uncover all potential issues or historical non-compliance by a merger partner, and reliance has, by necessity, been placed by those undertaking due diligence on the accuracy of information and confirmations provided by CWG and its representatives.</p> <p>Further, as is usual in undertaking mergers and acquisitions, the due diligence process undertaken identified a number of risks associated with CWG, which Sigma had to evaluate and manage. Certain risks cannot be avoided or managed appropriately and the mechanisms used to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Sigma may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated or unforeseen or for which there is no contractual protection, and hence they may have a material adverse impact on Sigma's operations, earnings and financial position.</p>
<b>Integration risk and realisation of synergies</b>	<p>The integration of two businesses of the size and nature of Sigma and CWG carries risk, including potential delays or costs in implementing necessary changes and difficulties in integrating various operations and systems. The success of the Proposed Merger, and the ability to realise the expected benefits of the Proposed Merger outlined in this presentation, is dependent on the effective and timely integration of the Sigma and CWG businesses following Completion. There is a risk that integration could take longer, be more complex or cost more than expected, encounter unexpected challenges or issues (including differences in corporate culture loss of, or reduction in, key personnel, expert capability or employee productivity, or failure to procure or retain employees of CWG, require changes to operating models, or loss of existing Sigma franchisees), or divert the attention of management, which impact on the integration process (which in turn could cause the anticipated benefits and synergies of the integration of Sigma and CWG being less than estimated).</p> <p>A failure to integrate the businesses in the time and manner contemplated by Sigma or a failure to achieve the targeted synergies of integration may impact on the financial performance, operation and position of Sigma. Furthermore, CWG will be the most material part of MergeCo's business upon acquisition. If the CWG business does not perform as expected, this could have a material adverse impact Sigma's financial position and performance.</p>
<b>Potential loss of Sigma's franchisees from Proposed Merger</b>	<p>There is a risk that the announcement or implementation of the Proposed Merger may result in a loss of certain of its franchisees, whether because of the franchisees' negative sentiment towards CWG in the market, or otherwise. If there are losses of franchisees, there could be a reduction in expected growth of the combined group, which could have a material adverse effect on MergeCo's financial performance or position.</p>

# Key Risks – Risks Relating to the Proposed Merger

Key Risk	Summary
<b>Historical liabilities of CWG</b>	<p>If the Proposed Merger completes, Sigma may become directly or indirectly exposed to liabilities that CWG may have incurred or is liable for in the past as a result of prior acts or omissions, including liabilities which were not identified during the due diligence enquiries or which are greater than expected, or for which were accepted as a tolerable risk. Such liabilities may adversely affect the financial performance or position of Sigma after the Proposed Merger.</p> <p>CWG has its own corporate, tax, regulatory and risks frameworks. Following an initial period, MergeCo will make an election as to the most appropriate corporate, tax, regulatory and risk frameworks to adopt. However, there is a risk that CWG's existing frameworks were inadequate. For example, if CWG's tax and regulatory frameworks were inadequate, there is a risk that CWG has not properly identified and responded to changes in tax laws or other laws and regulations which apply to it.</p> <p>There is a risk that CWG could be exposed to unexpected liabilities resulting from past non-compliances by CWG with applicable laws or regulations, which may impact on the financial performance or position of Sigma. It may also have other impacts, such as attracting greater scrutiny from regulators or cause reputational damage.</p>
<b>Analysis of merger opportunity</b>	<p>Sigma has undertaken financial, tax, legal, commercial and technical analysis of CWG in order to determine its attractiveness to Sigma and whether to proceed with the Proposed Merger. It is possible that despite such analysis and the best estimate assumptions made by Sigma, the conclusions drawn are inaccurate or are not realised. To the extent that the actual results achieved by the Proposed Merger are different to those indicated by Sigma's analysis, there is a risk that the performance of Sigma following the Proposed Merger may be different (including in a materially adverse way) from what is reflected in this presentation. There is also a risk that Sigma's assessment of matters such as the taxation consequences of the Proposed Merger is challenged by revenue authorities, which can involve future expenditure to consider and defend such challenges or to meet any additional costs or claims.</p>
<b>Risks associated with existing contractual arrangements</b>	<p>A number of material customer and supplier contracts to which CWG is a party contain provisions which will give the counterparty a right to terminate the contract because of the change in control of CWG which will occur at Completion. Contracts may also be terminable for convenience on short notice or at will.</p> <p>Whilst the MIA includes obligations for the Merger Parties to seek the consent of the relevant counterparties to the change of control for certain contracts deemed material as agreed between Sigma and CWG, there is a risk that either CWG or Sigma has not identified all contracts which are material to their respective businesses and Sigma is not entitled to terminate the MIA for failure to obtain those consents. Investors should note that, generally, supply contracts with franchisee pharmacies do not include minimum purchase obligations, such that a customer may, at any time, decrease the volume of goods and services procured from or provided to the Merger Party, or cease to procure or provide any goods or services at all, regardless of any change of control provision. There is a risk that, as a result of the Proposed Merger, customers and suppliers of CWG may choose to decrease the volume of goods and services procured from or provided to CWG, or cease procuring from or providing any goods or services to CWG. Customers and suppliers may also choose not to renew their contracts with CWG after their term, as a result of the Proposed Merger. The breach, termination or non-renewal of material contracts or loss of business could have adverse consequences for MergeCo, including adverse effects on MergeCo's operational and financial performance.</p>
<b>Funding</b>	<p>As described on page 29 of the presentation, it is intended that the cash component of the consideration for the Proposed Merger (<b>Cash Consideration</b>) will be funded through of the proceeds of a new debt facility (<b>Debt Facility</b>).</p> <p>To that end, Sigma has received a credit approved commitment letter from Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) and National Australia Bank Limited (ABN 12 004 044 937) for a new \$1.0 billion debt facility to fund the cash consideration required under the transaction and refinance existing CWG indebtedness.</p> <p>If the Debt Facility is terminated, this could result in Sigma not having access to sufficient capital to fund the Proposed Merger. The debt commitment letters received by Sigma contain conditions precedent to drawdown on customary terms including the lenders are satisfied of each of the due diligence reports prepared in connection with the Proposed Merger including vendor due diligence on Sigma, and successful completion of the Entitlement Offer (which would not be satisfied if the Underwriting Agreement were terminated). In this event, Sigma would need to seek alternative sources of funding, which may result in Sigma incurring additional costs (for example, by way of interest payments on debt) and/or restrictions being imposed on the manner in which Sigma conducts its business and deals with its assets (for example, by way of restrictive covenants binding upon Sigma). There is no guarantee that alternative funding could be sourced on terms satisfactory to Sigma or at all. Any of these outcomes could have a material adverse impact on Sigma's financial position, prospects and reputation.</p>

# Key Risks – Risks Relating to the Proposed Merger

Key Risk	Summary
<b>Increased leverage of Sigma as a result of the Proposed Merger</b>	<p>Sigma intends to fund the cash component of the consideration payable to CWG shareholders under the Proposed Merger by drawing down on the proposed Debt Facility. This will result in an increase to Sigma's gearing ratio, which creates a level of financial risk. An increase in leverage creates a risk that Sigma could have its credit rating downgraded, which could adversely affect the Sigma Group's cost of funds and related margins, competitive position and its access to capital and funding markets.</p> <p>Further, should Sigma experience a decrease in its revenue or profitability in the future, it may be forced to lower the amount of dividends to shareholders (or cease paying dividends), issue new shares or sell assets to reduce its debts and avoid being in breach of its financing arrangements (including financial covenants).</p>
<b>Integration of accounting policies and methods</b>	<p>Sigma and CWG, as standalone entities, have particular accounting policies and methods which are fundamental to how they record and report their financial position and results of operations. Sigma and CWG may have exercised judgment in selecting accounting policies or methods, which might have been reasonable in the circumstances yet might have resulted in reporting materially different outcomes than would have been reported under the other company's policies and methods. The integration of CWG and Sigma's accounting functions may lead to revisions of these accounting policies, which may adversely impact MergeCo's reported results of operations and/or financial position and performance. Year-end reporting periods will be aligned post implementation of the Proposed Merger.</p>
<b>Alignment of year ends and acquisition accounting</b>	<p>Sigma and CWG have different year end reporting periods with Sigma reporting on a year ended 31 January basis and CWG using 30 June. There has been no alignment of the financial year ends of Sigma and CWG to present MergeCo's reported results or financial position.</p> <p>In addition the financial information presented in the Investor Presentation does not reflect any potential acquisition accounting-related adjustments as is required for business combinations in accordance with the requirements of AASB 3 Business Combinations. The application of acquisition accounting and the alignment of financial year ends will likely impact MergeCo's reported results of operations and/or financial position and performance.</p>
<b>Foreign exchange risk and foreign regulations</b>	<p>The Proposed Merger includes the acquisition of controlling interests in overseas entities that operate in New Zealand and Ireland and also the acquisition of Chinese operations. These entities transact in the local currencies of the countries in which they are domiciled. The value of a financial asset, liability, commitment or earnings held or transacted in foreign currency may be impacted by changes in currency exchange rates.</p> <p>The overseas operations of CWG are also subject to the laws of those countries and could be adversely impacted by changes to laws or regulations in those countries in the future.</p>

# Appendix F: International Offer Restrictions

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# International Offer Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of Sigma Healthcare Limited (ACN 088 417 403) (**Company**) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Bermuda

No offer or invitation to subscribe for New Shares may be made to the public in Bermuda or in any manner that would constitute engaging in business in or from within Bermuda. In addition, no invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

## Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are “accredited investors” within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

*Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser’s Province for particulars of these rights or consult with a legal adviser.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

## Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

## European Union (excluding Austria)

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).



# International Offer Restrictions

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## Japan

The New Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors.

Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to “professional clients” (as defined in the Norwegian Securities Trading Act).

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for

subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

# International Offer Restrictions

## United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (**SCA**) or any other authority in the UAE.

No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This document may be distributed in the UAE only to “professional investors” (as defined in the SCA Board of Directors’ Decision No.13/RM of 2021, as amended).

No offer of New Shares will be made to, and no subscription for New Shares will be permitted from, any person in the Abu Dhabi Global Market or the Dubai International Financial Centre.

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in

the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (**relevant persons**). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

# Appendix G: Underwriting Agreement Summary

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# Underwriting Agreement Summary

Sigma has appointed Goldman Sachs Australia Pty Ltd (**Underwriter**) to act as lead manager, underwriter and bookrunner in relation to the Entitlement Offer, subject to the terms and conditions of the underwriting agreement (**Underwriting Agreement**). The Underwriting Agreement includes certain conditions precedent that are customary for a transaction of this nature. If those conditions are not satisfied or if certain events occur, the Underwriter may terminate the Underwriting Agreement.

## Termination events

The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- a) **(misleading disclosure)** a statement contained in the materials issued to the market in connection with the Entitlement Offer or Proposed Merger (**Offer Materials**) (including any estimate, expression of belief or intention, or statement relating to future matters) is or becomes misleading or deceptive or likely to mislead or deceive in a material respect or a material matter required to be included is omitted from Offer Materials, or there are no reasonable grounds for the making of any material statement in the Offer Materials relating to future matters including in relation to the Proposed Merger;
- b) **\*(information)** the due diligence committee report for the Entitlement Offer, the due diligence reports prepared in connection with the Proposed Merger or any information supplied by or on behalf of Sigma or CWG to the Underwriter for the purposes of due diligence investigations, the Offer Materials, the Proposed Merger or the Entitlement Offer, is misleading or deceptive (including by omission);
- c) **(Entitlement Offer cleansing statement)** the Entitlement Offer cleansing statement is defective, or a corrective statement is required to be issued under the Corporations Act;
- d) **\*(adverse change)** any adverse change, or development (including but not limited to any regulatory change) or event involving a prospective change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business, operations, management, profits, losses or prospects of Sigma, any member of the Sigma group or the CWG group or their respective underlying investments occurs;
- e) **\*(new circumstance)** a new circumstance arises which, in the reasonable opinion of the Underwriter, is a matter adverse to investors in New Shares

and which would have been required by the Corporations Act to be included in the Offer Materials had the new circumstance arisen before the Offer Materials were given to ASX;

- f) **\*(change of law)** there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement), any of which does or is likely to prohibit or regulate the Entitlement Offer;
- g) **(unable to proceed)**
  - i. Sigma is or will be prevented from conducting or completing the Entitlement Offer (including granting entitlements or issuing the New Shares) by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction or there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any government authority which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Entitlement Offer; or
  - ii. \*a third party applied to a court of competent jurisdiction seeking order to prevent, or which will have the effect of preventing any of the things listed in paragraph (g)(i) above
- h) **(ASIC determination)** ASIC makes a determination, exemption or order which would prevent Sigma from making the Entitlement Offer under section 708AA of the Corporations Act, including a determination under section 708AA(3) of the Corporations Act;
- i) **(listing):**
  - i. Sigma ceases to be admitted to the official list of ASX
  - ii. Sigma's shares cease trading or are suspended from official quotation or cease to be quoted on the ASX (other than pursuant to the existing voluntary suspension granted in connection with the Entitlement Offer), including because the announcement in connection with the Entitlement Offer does not contain information required by ASX; or
  - iii. ASX makes any official statement to any person, or indicates to Sigma or the Underwriter that it will not grant permission for the

- j) official quotation of the New Shares under the Entitlement Offer;
- k) **\*(no misleading or deceptive conduct)** Sigma engages in conduct that is misleading or deceptive or which is likely to mislead or deceive in connection with the making of the Entitlement Offer;
- l) **\*(market disruption)** either of the following occurs:
  - i. a general moratorium on commercial banking activities in Australia is declared by the relevant central banking authority in that country, or there is a material disruption in commercial banking or security settlement or clearance services in that country; or
  - ii. trading in all securities quoted or listed on ASX is suspended or limited in a material respect for one date or a substantial part of one day on which that exchange is open for trading;
- m) **\*(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States or the United Kingdom, Russia, the People's Republic of China or Israel, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military or political establishment of any of those countries elsewhere in the world or chemical, nuclear or biological weapons of any sort are used in connection with (or the military of any member state of NATO becomes directly involved in) the Ukraine conflict that is ongoing as at the date of the Underwriting Agreement;
- n) **\*(warranties)** a warranty contained in the Underwriting Agreement on the part of Sigma is untrue or incorrect when given or taken to be given or becomes untrue or incorrect;
- o) **\*(certificate)** a certificate which is required to be furnished by Sigma under the Underwriting Agreement is untrue, incorrect or misleading;
- p) **(delay)** any event specified in the Entitlement Offer timetable under the Underwriting Agreement:
  - i. up to and including the institutional settlement date is delayed by 1 business day or more, or
  - ii. from after the institutional settlement date up to and including the retail settlement date is delayed by more than two business days, without the prior written consent of the Underwriter;

# Underwriting Agreement Summary

- p) \* **(breach)** Sigma fails to perform or observe any of its obligations under Underwriting Agreement;
- q) \* **(change in management)** a change in the positions of Sigma's CEO or CFO or the board of directors of Sigma occurs or is announced (other than as disclosed in the Offer Materials);
- r) **(notifications):**
- i. an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer Materials or the Entitlement Offer and any such application become public or is not withdrawn within 3 business days after being made or before the institutional settlement date or retail settlement date;
  - ii. ASIC commences, or gives notice of an intention to hold, any investigation or hearing in relation to the Entitlement Offer or any of the Offer Materials and any such steps become public or are not withdrawn within 3 business days after being made, or before the institutional settlement date or retail settlement date; or
  - iii. ASIC prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against Sigma in relation to the Entitlement Offer and any such proceedings become public or are not withdrawn within 3 business days after being made, or before the institutional settlement date or retail settlement date;
- s) **(prosecution)** \* any of the following occurs:
- i. a director or proposed director of Sigma is charged with an indictable offence in relation to any financial or corporate matter;
  - ii. any government agency commences any proceedings against Sigma or any director in their capacity as a director of Sigma, or announces that it intends to take such action and any such proceedings become public or are not withdrawn within 3 business days after being made, or before the institutional settlement date or retail settlement date; or
  - iii. any director or proposed director of Sigma is disqualified from managing a corporation under any applicable law;
- t) \* **(insolvency of a Sigma group member)** an insolvency event occurs in respect of a member of the Sigma group (excluding Sigma) or there is an act which has occurred or any omission made which would result in an insolvency event occurring in respect of member of the Sigma group

(excluding Sigma);

- u) **(insolvency of Sigma)** an insolvency event occurs in respect of Sigma or there is an act which has occurred or any omission made which would result in an insolvency event occurring in respect of Sigma;
- v) **(withdrawal)** Sigma withdraws the Entitlement Offer or any part of the Entitlement Offer, or indicates that it does not intend to, or is unable to proceed with, the Entitlement Offer or any part of it;
- w) **(MIA):**
- i. \* there is a material amendment to the MIA, or a condition precedent to performance of the parties' obligations under the MIA becomes incapable of being satisfied and is not waived in accordance with the terms of the MIA;
  - ii. any party to the MIA does terminate or rescind the MIA; or
  - iii. the MIA becomes void or unenforceable or becomes incapable of, or will not, complete in accordance with its terms;
- x) **(debt commitment letter):**
- i. \* there is:
    - A. an amendment to the debt commitment letter that is materially adverse to an investor in the Entitlement Offer; or
    - B. a condition becomes or is likely to become incapable of being satisfied in the reasonable opinion of the Underwriter (and which is not waived by the relevant person under the debt commitment letter),
 in each case, other than with the consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
  - ii. any party to the debt commitment letter does terminate or rescind the debt commitment letter; or
  - iii. the debt commitment letter becomes void or unenforceable.

The ability of an Underwriter to terminate the Underwriting Agreement in respect of the above termination events denoted with an asterisk (\*) will depend on whether, the Underwriter has reasonable and bona fide grounds to believe, that the event (i) will or could be reasonably expected to give rise to a liability of the Underwriter or an affiliate of it under, or will or could be reasonably expected to give rise to the Underwriter contravening, or being considered to be in contravention of, any applicable law has; or (ii) has had or could be reasonably expected to have a material adverse effect on the marketing, settlement or

outcome of the Entitlement Offer (or a component of it), or the willingness of investors to apply for, or to settle obligations to subscribe for, New Shares under the Entitlement Offer.

If the Underwriter terminates its obligations under the Underwriting Agreement, the Underwriter will be discharged from any of its obligations that remain to be performed under the Underwriting Agreement. Termination of the Underwriting Agreement by the Underwriter could have an adverse impact on proceeds raised under the Entitlement Offer.

## *Representations, warranties and undertakings*

Sigma gives customary representations and warranties in connection with (among other things) the Entitlement Offer. Sigma gives customary undertakings to the Underwriter, including that (subject to certain exceptions) it will not issue further equity securities and will conduct its business in the ordinary course for a period of time following completion of the Entitlement Offer.

## *Indemnity and release*

Subject to certain customary exclusions (including fraud, wilful misconduct or gross negligence), Sigma has agreed to indemnify the Underwriter and certain related persons (each an Indemnified Party) from losses suffered or incurred by an Indemnified Party in connection with the Entitlement Offer or the Underwriting Agreement.

Sigma also releases each Indemnified Party against claims made by Sigma in relation to the Entitlement Offer or the Underwriting Agreement except to the extent of certain agreed carve outs related to the Underwriter's culpability for the loss.

## *Underwriter fees*

The Underwriter will be paid the underwriting fees disclosed in the Appendix 3B lodged by Sigma today. Sigma must also reimburse the Underwriter for certain expenses (including legal expenses) incurred in connection with its role as Underwriter.

# Appendix H: Disclaimer of Liability

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# Disclaimer of Liability

No party other than Sigma has authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation or makes or purports to make any statement in this Presentation. Goldman Sachs Australia Pty Ltd (ACN 006 797 897) (**Underwriter** or **Goldman Sachs**) is acting as the sole lead manager, bookrunner and underwriter to the Offer. A summary of the key terms of the Underwriting Agreement is included in the "Underwriting Agreement summary" section in Appendix G of this Presentation. Goldman Sachs is also acting as financial adviser to Sigma in connection with the proposed acquisition of CWG. Goldman Sachs, together with its affiliates may be reimbursed for expenses and benefit from indemnification in connection with acting in these capacities.

To the maximum extent permitted by law, each of Sigma, CWG, the Underwriter, their respective affiliates or related bodies corporate, and each of their respective advisers, directors, representatives, officers, partners, employees and agents (each a **Limited Party**):

- expressly exclude and disclaim all responsibility and liability, including, without limitation, for negligence or in respect of any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by way of negligence or otherwise; and
- make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Presentation or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns (or any event or results expressed or implied in any forward-looking statement) contained in, implied by, the information in this Presentation or any part of it, or that this Presentation contains all material information about Sigma, CWG, the Offer or that a prospective investor or purchaser may require in evaluating a possible investment in Sigma or acquisition of New Shares.

The Underwriter and the other Limited Parties make no recommendations as to whether you or your related parties should participate in the Offer, nor do they make any representations or warranties to you concerning this Presentation or the Offer. None of the Underwriter or the Underwriter's Limited Parties have authorised, permitted or caused the issue or provision of this Presentation and there is no statement in this Presentation which is made or verified by the Underwriter or the Underwriter's Limited Parties or is based on any statement by

the Underwriter or the Underwriter's Limited Parties. The Underwriter has been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's length basis with Sigma. You represent, warrant and agree that you have not relied on any statements made by the Underwriter or other Limited Parties in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of Sigma, the Underwriter or any Limited Party.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the New Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Underwriter (or its affiliates) may, for its own account, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire shares in Sigma in connection with the writing of such derivative transactions in the Offer and/or the secondary market. As a result of such transactions, the Underwriter (or its affiliates) may be allocated, subscribe for or acquire New Shares or shares of Sigma in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such shares. These transactions may, together with other Shares in Sigma acquired by the Underwriter or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Underwriter or its affiliates disclosing a substantial holding and earning fees.

The Underwriter, together with its affiliates and related bodies corporate, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, marketing making, market lending, brokerage and other financial and non-financial activities and services including for which it has received or may receive customary fees and expenses or other transaction consideration. The Underwriter (and/or its affiliates and bodies corporate) in its ordinary course of these activities, may at any time have performed, and may perform, other financial or advisory services for Sigma, and/or may have other interests in or relationships with Sigma and its related entities or other entities mentioned in this Presentation (including that they may at any time for their own account and for the accounts of their clients make or hold investments in the equity securities or other financial products of Sigma or their affiliates) for which they have received or may receive customary fees and expenses or other transaction consideration in respect of such activities. Without limitation, in the ordinary course of their various business activities, the

Underwriter and other Limited Parties may have interests in the securities of Sigma, including being directors of, or providing investment banking services to, Sigma. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriter may receive fees for acting in its capacity as lead manager, bookrunner and underwriter to the Offer.

The Underwriter has entered into an Underwriting Agreement in respect of the Entitlement Offer to which only the Underwriter and the Company are a party (refer to Appendix G). The Underwriting Agreement provides that the Underwriter will not be issued any shares that would cause them to breach the 20% takeover threshold contained in Chapter 6 of the Corporations Act 2001 (Cth). If the Underwriter was required to take up shares on issue which would otherwise cause them to breach the takeover threshold, then for the purposes of ASIC Report 612 (March 2019): (i) it will still fund the entire underwritten proceeds in accordance with and subject to the terms of the Underwriting Agreement by the Entitlement Offer completion date, (ii) the number of excess shortfall shares would be up to the number of shares offered under the Entitlement Offer less the number of shares that have been subscribed for and the number of shares that the Underwriter is able to take up without causing it to breach the takeover threshold when aggregated with any additional interests the Underwriter and its affiliates hold at the relevant settlement dates other than through its underwriting commitment, and (iii) it would enter into an arrangement for any excess shortfall shares to be issued to it, or to third party investors, after completion of the Entitlement Offer at the same price as the Entitlement Offer price. No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement under the Entitlement Offer where there is an excess shortfall.

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and share registry constraints and the discretion of Sigma and/or the Underwriter. Each of Sigma and the Underwriter and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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Thank you

