

ASX Release

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API Merger Proposal

Sigma Healthcare Limited (Sigma) announces that it will not proceed with its current proposal to merge with Australian Pharmaceutical Industries Limited (API). This follows the non-binding proposal lodged by Sigma on 27 September 2021 to merge with API.

Whilst the Board of Sigma remains of the view that Sigma's merger proposal with API is a very strong proposal for all stakeholders, particularly given the \$45 million of operational synergies per annum that it believes would likely have been created for API and Sigma shareholders, the Sigma Board has put an end to the process.

Sigma Chairman Ray Gunston commented: "Sigma believed it made economic, commercial and strategic sense to pursue the merger proposal between Sigma and API on the terms we presented. However, after further assessment, and in the context of the competitive bid process with its changing transaction and economic considerations, Sigma has made the decision not to proceed with this current proposal."

"Sigma remains confident of our growth prospects without a merger with API and the Board and management have continued to focus on longer term growth in our core operations. The Sigma team will keep on working to finalise the completion of our infrastructure upgrade, including our ERP project, and to remain focused on leveraging our infrastructure to create greater shareholder value," he said.

"Notwithstanding some short-term challenges in the current year, we believe the Sigma business base provides a positive longer-term outlook. Sigma's investments in its operations, and its strong balance sheet and future cash generation, underpin the future strategic directions that will be shaped under the leadership of our new CEO Vikesh Ramsunder from February 2022." Mr Gunston concluded.

This announcement is authorised by order of the Board.

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