

Chairman's Report



Mr Michael Sammells
Chairman

Our vision is clear – to be a leading pharmacy franchisor, wholesaler and distribution business in Australia and internationally.

Net Debt

\$752.2m

0.85x Normalised EBITDA

Dividend Policy

50%–70%

Dividend Payout Ratio

Dear Shareholders,

I am pleased to present this Chairman's Report for Sigma Healthcare Limited, the first following our transformational merger with the Chemist Warehouse Group (CWG) in February 2025 that sees the emergence of a new Sigma – one with scale, capability, and market reach.

A Defining Merger

On 12 February 2025, Sigma completed its merger with CWG, creating Australia's largest retail pharmacy franchisor and full-line pharmaceutical wholesaler and distributor. This merger brings together CWG's sustained track record of retail excellence with Sigma's proud history and well-invested supply chain and wholesale infrastructure and expertise.

The merged group now supports:

- **Almost 900 Australian franchise network stores** across three brands – Chemist Warehouse, Amcal and Discount Drug Stores.
- **Over 80 international stores** across four countries.
- **Around 3,000 wholesale pharmacy customers.**
- **14 distribution centres across Australia.**
- **Over 530 million units distributed across Australia over the last 12-months.**

Our scale and proven expertise provide a powerful platform for sustainable growth in Australia, operational efficiency across our supply chain, and emerging growth in international markets.

Strategic Direction

Sigma's transformation program is underway but is underpinned by decades of work by CWG and Sigma independently building complementary operational strengths in retail and supply chain management. Now combined, Sigma's strategy is focused on building a resilient, agile, and customer-centric healthcare business, that will deliver tangible benefits through brand differentiation, operational efficiency, and service excellence both in Australia and abroad.

Our vision is clear – to be a leading pharmacy franchisor, wholesaler and distribution business in Australia and internationally.

We are committed to expanding our footprint in retail pharmacy services both in Australia and internationally. This encompasses continuing our proven track record of growing the Chemist Warehouse network both in Australia and abroad, as well as enhancing and growing the Amcal and Discount Drug Store brands in Australia, benefiting from the expertise within the merged group.

In FY25, we continued to invest in our core wholesale and distribution capability to improve service delivery and reduce costs of doing business. Importantly we helped negotiate a new industry agreement, the first Pharmaceutical Wholesaler Agreement (1PWA), to secure a five-year funding envelope to help underpin medicine distribution in Australia. We also signed a new Community Service Obligation (CSO) Deed, enshrining Sigma's commitment to servicing the community.

Through our broader business base, we now have the opportunity to further deepen our strategic partnerships with pharmacy groups and healthcare providers and continue to position Sigma as a trusted partner in the evolving healthcare ecosystem.

Governance and Leadership

As we embark on our journey as a merged business, I am confident that the board composition and senior executive team represent strong continuity of leadership from both the Sigma and CWG businesses.

We have effectively combined the previous Sigma and CWG Boards, to provide the essential skills and expertise to lead the organisation. The CWG Directors have been fundamental to the growth and success of CWG over its history. They bring deep retail and pharmacy expertise to the Board that is complementary and invaluable as we integrate and grow the merged business. I would like to thank Kate Spargo, our outgoing director, for her significant service and contribution to Sigma during her long tenure.

Strong corporate governance remains the cornerstone for Sigma's long-term success. Our Board is committed to maintaining high standards of integrity, transparency, and accountability. We have a diverse group of experienced professionals who bring differing skills, independent judgement and a wealth of expertise across healthcare, finance, retail, logistics and technology. Whilst our Board is not considered independent, it is the right Board providing the right mix of skills to guide the newly merged group. Importantly, all Board committees are chaired by independent non-executive directors. This structure ensures robust oversight and helps mitigate potential conflicts of interest. The Related Party Independent Board Committee overseeing related party transactions is an important pillar of our governance program and is chaired by myself and comprised solely of independent Board members.

We continue to oversee and execute actions that are consistent with the ACCC Undertakings that we provided as part of the merger approval process. Our actions are tightly governed and audited to ensure strict compliance with the requirements. This helps give our customers flexibility and comfort our data is protected with regular compliance reports provided to the ACCC.

Environmental, Social, and Governance (ESG)

We recognise that our responsibilities extend beyond financial performance to include our impact on the environment, our people, and the communities we serve.

At the heart of Sigma's success is our people. Our culture is built on collaboration, accountability, and a shared commitment to improving health outcomes across Australia.

Immediately following the merger, a key focus for the Board and management was to ensure a seamless integration of the two cultures, to embrace the entrepreneurial "can do" culture of CWG with the Sigma governance and oversight.

And we play an important role in supporting the communities in which we operate. During the 12-months to 30 June 2025, we provided over \$8 million of support for not-for-profit causes such as Liptember, Save Our Sons, Gotcha4Life, Fight MND and FoodBank, to name a few. This is something we should all be proud of.

In FY25, we published our last Sigma standalone Sustainability Report, which outlines our progress in key areas such as ethical sourcing, modern slavery prevention, governance, energy efficiency, waste diversion, and diversity and inclusion.

With our merger complete, Sustainability now falls within the remit of the newly formed Risk, Compliance and Sustainability Committee as we now enter a phase of re-affirming our key priority areas for our next Sustainability report in FY26 and preparing our business for the mandatory climate reporting regime that commences next year.

Dividend Policy and Capital Management

Sigma remains committed to delivering consistent and sustainable returns to shareholders. Our dividend policy, with our payout ratio of 50% to 70% of NPAT, is designed to balance the need for reinvestment in growth initiatives with the importance of rewarding shareholders for their continued support.

For FY25, we declared a final dividend of 1.3 cents per share, fully franked, reflecting our strong financial performance and prudent capital management. This represents a payout ratio aligned with our long-term target range.

We continue to maintain a strong balance sheet, with disciplined working capital management and a conservative approach to debt. This financial strength provides us with the flexibility to pursue strategic opportunities while safeguarding shareholder value.

At 30 June 2025, Sigma reported a **net debt position of \$752.2 million, reflecting 0.85x EBITDA**. Operating cash flow was \$599 million, reflecting the strong cash generating capabilities of our business moving forward.

In FY25, we entered a **\$1.5 billion syndicated debt facility**, maturing in February 2028. This provides the flexibility to support integration, working capital, and strategic investments.

With the benefit of the DC infrastructure investment over the past decade, and a low cost and low risk international expansion model, our ongoing BAU capital investment requirements are relatively low in the range of \$50 to \$60 million.

Closing Remarks

On behalf of the Board, I extend my thanks to our shareholders, pharmacy customers, suppliers, and employees. Your support has enabled us to think boldly, act decisively, and deliver on our commitments.

As we look to the future, Sigma is well-positioned to navigate the challenges and opportunities of large-scale integration whilst ensuring our commitment to delivering strong governance, sustainability, customer service excellence and shareholder returns remains unwavering.

Sigma is stronger, more agile, and better positioned than ever.



Mr Michael Sammells
Chairman