ASX Release

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Sigma Healthcare – Chairman and CEO address

Chairman's address

Good afternoon. My name is Michael Sammells and, as Chairman of the Board of Sigma Healthcare Limited, I would like to welcome you to today's AGM, including those joining us online for this hybrid meeting.

This is only our second AGM as a merged entity, and a lot has been achieved in that relatively short timeframe, which we will talk about shortly.

First, I wish to acknowledge the Wurundjeri people of the Kulin Nation, the Traditional Custodians of the land on which we are gathered today. We pay our respects to their Elders past and present.

I formally declare the 2026 Annual General Meeting of Sigma Healthcare open. All presentations and a recording of today's meeting will be available on our website for later viewing.

Voting in today's meeting will be conducted by a poll. All polls will remain open until the conclusion of today's meeting. As we move through the items of business, I will respond to questions from shareholders and proxies.

As this is a hybrid meeting, we will provide opportunities for questions from those in the room and those participating online. For online participants, instructions on how to ask a question are set out in the online guide provided to shareholders and available on our website.

Agenda

Today's agenda comprises six items of business covering 11 resolutions, as outlined in our Notice of Meeting:

- the Chairman's and CEO's addresses;
- the Financial Statements and Reports;
- the Remuneration Report;
- the re-election of Directors; and
- several resolutions concerning remuneration arrangements for certain key executives.

Board of Directors

Before we proceed, I would like to introduce the members of the Sigma Board and management who are present today. Starting from your left:

Dr Chris Roberts is Chair of the Risk, Compliance and Sustainability Committee and a member of the Audit Committee.

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Danielle Di Pilla is an Executive Director and our Chief People Officer. Dani is a member of the Risk, Compliance and Sustainability Committee and is also a qualified pharmacist.

Jack Gance is a member of the Nomination and Remuneration Committee, the Audit Committee, and the Risk, Compliance and Sustainability Committee. Jack is a qualified pharmacist and a co-founder of the Chemist Warehouse Group.

Annette Carey is Chair of the Nomination and Remuneration Committee and a member of both the Risk, Compliance and Sustainability Committee and the Related Party Independent Board Committee.

Neville Mitchell is Chair of the Audit Committee and a member of both the Nomination and Remuneration Committee and the Related Party Independent Board Committee.

Damien Gance is a member of the Risk, Compliance and Sustainability Committee and is a qualified pharmacist.

Mario Verrocchi is an Executive Director and serves in the critical role of CEO – Retail, as well as being a member of the Risk, Compliance and Sustainability Committee. Mario is a qualified pharmacist and a co-founder of the Chemist Warehouse Group.

Vikesh Ramsunder, our Managing Director and Chief Executive Officer, whom you will hear from shortly; and

Kara McGowan, who is our Chief Legal Officer & Company Secretary.

We are also joined by our senior executives, who will be available to speak with shareholders at the conclusion of the meeting, as well as Alison Milner from the company's auditor, PricewaterhouseCoopers, and representatives of our share registrar, MUFG.

The first item of business is effectively an overview of the past twelve months and a general business update, which I will cover now before introducing Vikesh.

Financial Highlights for the year

FY26 was a defining year for Sigma.

It was our first full 12-month period operating as a merged group, and the results demonstrate both the strategic logic of bringing Sigma and Chemist Warehouse Group together and the strength of the platform we are building.

We have combined leading retail, brand, merchandising and marketing capability with national wholesale, distribution and logistics expertise to create an integrated healthcare business of significant scale, reach and resilience.

Group revenue increased by 15.5 per cent to $10.8 billion, while normalised EBIT rose by 20.6 per cent to $1.09 billion. To put that in context, the prospectus released ahead of the merger disclosed pro forma EBIT for FY24 of $605 million, demonstrating the strategic logic of the merger.

Importantly, this performance was delivered with balance sheet discipline: net debt of $663 million represented a conservative 0.57 times normalised EBITDA at year end. We also paid fully franked dividends totalling 4 cents per share for the year.

Operational execution

Turning to our operational execution, we are clear on our strategic priorities.

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First, we will sustain growth in Australia through network expansion, like-for-like sales growth and stronger performance across the Chemist Warehouse, Amcal and Discount Drug Stores brands.

Second, we will expand internationally with discipline, applying our proven capabilities selectively in markets where we see attractive long-term returns.

Third, we will continue to differentiate our brands and selectively grow our own and exclusive label portfolio.

Finally, we will unlock further operating leverage through integration, synergy benefits and the scale of our distribution network.

The results achieved during the year speak to the execution of our strategy.

We continue to grow store numbers in Australia and New Zealand. Store numbers in Ireland are growing and performance is improving. In May this year we announced our measured entry into the United Kingdom through a joint venture with Greenlight Pharmacy. We expect to open two stores in London before Christmas, with a further three planned for 2027. And we are progressively closing our physical presence in China.

As publicly reported, we participated in due diligence regarding the potential acquisition of the Boots business. As the largest pharmacy group in the United Kingdom, it was prudent for us to participate in the structured sale process. However, following a disciplined assessment, we made the commercially driven decision not to proceed. A business like Boots rarely comes to market so we felt obliged to have a look at it and regardless of where that may have taken us, it also provided an interesting insight into the UK market.

We are pursuing growth, but not growth at any cost. New investment will be supported by a clear strategic rationale, disciplined execution and an appropriate return on capital.

At the same time, we will continue strengthening our core domestic platform, integrating systems and processes, and investing in the capacity, resilience and efficiency of our supply chain.

It has been only 18 months since the merger, but the Board is pleased with our operational progress, strategic execution and the effectiveness of our governance processes.

Governance

Strong governance is fundamental to delivering our strategy.

Throughout FY26, the Board continued to oversee the integration of governance frameworks across the combined Group, with a focus on integrity, transparency, accountability and disciplined decision-making.

From the outset, the Board put in place robust safeguards: all Board committees are chaired by independent non-executive directors, clear protocols govern conflicts and related-party matters, and the Related Party Independent Board Committee, which I personally chair, provides dedicated independent oversight.

We also continue to operate within the regulatory framework established through the merger approval process, including compliance with the ACCC undertakings and reporting requirements.

Related-party transactions are a significant and distinctive feature of our business and have contributed to the historical growth and success of Chemist Warehouse. We intend to preserve these benefits while maintaining strong governance, oversight and financial rigour.

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From my own perspective, these governance practices are delivering as expected.

From my experience chairing the IBC, I would make the following observations:

The IBC has no materiality threshold. Any related-party transaction that departs from the agreed standard commercial terms offered to non-related parties requires IBC consideration and approval. All new arrangements considered post-merger have been on the same consistent terms for related and non-related parties.

Our franchise agreements are standardised – there are no preferential agreements in place for founders.

Any property lease arrangements with related parties are supported by independent valuation reports.

Finally, the Board, including related-party directors, is aligned in its commitment to growing our business and network for the benefit of all shareholders. Achieving our stated goal of 900 Chemist Warehouse stores across Australia will require an increase in non-related-party franchisees. Accordingly, we expect the proportion of related-party transactions will decline over time as the network grows.

ESG

Focusing further on ESG, FY26 marked Sigma's first mandatory climate-related financial disclosures under AASB S2.

The Board retains overall accountability for sustainability strategy and climate-related risks and opportunities, supported by the Risk, Compliance and Sustainability Committee, chaired by Chris Roberts, and the Audit Committee, chaired by Neville Mitchell. Climate risks are considered within our enterprise risk management framework and inform strategy and decision-making.

I continue to receive a range of questions as to the composition of the Board, and acknowledge that a majority of directors are not currently independent and that we do not yet meet gender diversity expectations of some. However, what I do have to say is that the current board is the result of a shareholder vote at the Sigma EGM in February 2025, just some 20 months ago. We consider that we are still a relatively new board and it remains early days in the merger of Sigma and Chemist Warehouse. I remain confident that the current Board brings the skills, expertise, experience and knowledge required at this stage of our journey. As the business evolves, there will be appropriate opportunities to consider changes to the Board's balance and composition.

Our ESG approach is also reflected in practical outcomes. During FY26, our Australian operations diverted 5,570 tonnes of waste from landfill, which is over 80% of the waste generated.

We maintained our commitment to the Australian Packaging Covenant, strengthened modern slavery risk assessment and supplier engagement, and invested more than $7.5 million across Australia and New Zealand in supporting the communities we serve.

We remain equally focused on our people. A safe, inclusive and capable workforce is central to reliable execution and sustainable performance. Health and safety measures form part of executive performance assessment, alongside core operational delivery and merger synergies, reinforcing the connection between performance and the care for our people.

Looking ahead

Looking ahead, Sigma enters FY27 with stronger foundations, a larger operating platform and a clear pathway for growth. The Board's priorities are to capture the remaining integration benefits, sustain domestic momentum, expand internationally in a measured way and maintain financial discipline.

We will invest where returns are compelling, preserve balance sheet strength and uphold the governance standards expected of a leading ASX-listed healthcare company.

On behalf of the Board, I thank Vikesh, the executive team and all Sigma team members for their commitment and professionalism throughout a demanding and successful year. I also thank our pharmacy partners, suppliers, customers and communities for their trust, and our shareholders for their continued support.

I also need to thank my fellow board members for the hard work, expertise and experience that has played an important role in our achievements thus far.

FY26 has shown what the combined Sigma can achieve. Our task now is to build on that progress with focus, discipline and a clear commitment to sustainable value creation.

Thank you, and I will now hand over to Vikesh.

Michael Sammells
Chairman

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Managing Director and CEO's address

Thank you, Michael, and good afternoon, everyone.

Michael has already outlined our financial results for the year, so I will focus on our operational performance and progress with our synergy program, before providing a trading update for the current year.

Operational achievements

During the year we made significant progress in simplifying the combined business, growing and expanding our network, lifting supply-chain productivity and converting greater scale into stronger returns.

We also expanded our global pharmacy network, which now exceeds 950 stores.

Australia remains our core market, with 561 Chemist Warehouse stores at 30 June, and continues to deliver above-market growth. During the year, our domestic Chemist Warehouse network added 24 stores and refurbished a further 18. We also reinvigorated the Amcal and Discount Drug Stores brands, positioning them for growth in FY27.

We achieved sales growth of 16 per cent in Chemist Warehouse, as more customers purchased more products, with further support from the enduring GLP-1 tailwind. Chemist Warehouse has consistently delivered above-market growth, achieving a compound annual growth rate of 11 per cent over the past 10 years.

Our international business continued to expand. Sales increased by 23 per cent and we added 20 stores, with New Zealand leading the growth. We intensified our efforts in Ireland, which is now profitable and better positioned to accelerate growth, as we prepare to launch in the United Kingdom.

Our supply chain underpins our operations. In Australia, we distributed more than 579 million units—35 million more than in the prior year. While each additional unit carries a cost, our automation capability and scale provide operating leverage that will continue to flow through in earnings.

Synergies

Turning now to synergies, we achieved $32 million in annualised synergy benefits during the year, at a one-off cost of $26 million, in line with expectations.

We consolidated our support centres in Preston and closed the standalone e-commerce distribution centre, to now deliver from stores.

In Western Australia we consolidated distribution centres with volume being absorbed into our Canning Vale DC and since year end, we have also transferred South Australian volumes into Sigma's Pooraka DC. This represents tangible progress in streamlining our supply chain.

While some financial benefits have already been realised, we expect further benefits to flow through on an annualised basis.

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Importantly, this is not just about consolidation. We have mapped the change management required to deliver our integrated technology solution.

We are rationalising technology applications and integrating them into Sigma's established SAP platform, an important enabler of faster decision-making and the next phase of synergies. Importantly, this work does not affect store systems.

While still at an early stage, we are slowly introducing AI capabilities across the business to support decision-making and drive further efficiencies.

Trading update

Trading this financial year to date has been solid across our Chemist Warehouse branded stores in Australia and international markets.

Our Australian Chemist Warehouse stores have maintained strong momentum with sales up 12.1% to 16 October, which is above our 10-year CAGR growth of 11.3%. Like-for-like sales for the same period are up almost 10.0%.

Consistent with our FY26 results presentation, some discretionary categories such as ladies fragrances, vitamins and supplements are experiencing softness as consumers adjust their buying behaviors in line with cost-of-living pressures.

Our business model however is very defensive and resilient. Chemist Warehouse, with the breadth and depth of its discount offer, provides increased opportunities through the cycle. This is seen in strong performances in other less discretionary categories, such as beauty, healthcare, and GLP-1 supporting products.

Growth is encouraging as we have now cycled the initial structural uplift from the introduction of GLP-1 sales.

We anticipate oral GLP-1 formulations to enter the market in the second half of the 2027 financial year to further enhance accessibility for patients and sales growth for our network.

Our international growth has also maintained good momentum, with sales for the three months to 30 September up 30.2% and like-for-like sales up 15.8%.

We also continue to execute our growth strategy, strengthen our global network and drive further operational efficiencies.

Importantly, our market position continues to strengthen. The global pharmacy network is approaching 1,000 stores, while the Australian Chemist Warehouse network still represents less than 10 per cent of the country's more than 5,900 community pharmacy licences.

Together with the revitalisation of Amcal and Discount Drug Stores, there is a meaningful runway for domestic growth.

In the first half, we remain on track to onboard 14 Chemist Warehouse stores and 42 Amcal and Discount Drug Stores in Australia, together with a further 19 stores internationally.

We now enter the important Christmas trading period, and our retail network is well prepared to execute with excellence.

For the balance of the first half, we expect Chemist Warehouse branded store sales to deliver double digit sales growth consistent with this trading update.

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We have a clear plan, strong momentum, and significant opportunities still ahead. Our job is to keep executing our strategy, and to turn that execution into sustainable value for shareholders.

Thank you.

Vikesh Ramsunder
Managing Director and CEO

This announcement is authorised by order of the Board of Sigma Healthcare Limited.

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