# ASX Release

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## Chairman and CEO address

### Chairman's address

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.

**Governance**

The first thing I wish to acknowledge is the Board that are here before you today. At the EGM in January this year where shareholders approved the merger with Chemist Warehouse, shareholders also endorsed the appointments of Jack, Mario, Damien and Dani to the Sigma board, subject to the merger completing.

They are here before you today as officers of the company. I do need to acknowledge that the current board composition does not fit the target objectives of many shareholders in terms of independence and diversity. While I understand this, I also need to confirm that this is the right board to lead your company given the uniqueness of the merger transaction, and the skills and experience required to deliver on the next steps of integration and continued growth.

Since this board first convened in February this year it has been very committed to ensuring good governance is in place at all times. This is while recognising many of these governance practices as an ASX listed entity are new to the way Chemist Warehouse historically operated its business as a private company, and I thank them for the way they have openly embraced and adopted these changes.

**Transformation**

2025 marked a pivotal moment in Sigma and Chemist Warehouse Group's long and proud history, defined by the transformative merger we completed in February.

As I said at the outset, this is our first AGM as a merged business, so I think it is important to quickly remind everyone of the merits of the merger going into the transaction.

The strategic intent in combining the logistics and warehousing expertise of Sigma and the retail and marketing expertise of Chemist Warehouse was clear. The merger was designed to create a leading Australian retail pharmacy franchisor and full-line pharmaceutical wholesaler. It also presented Chemist Warehouse to the ASX enabling institutional and retail shareholders the opportunity to invest in this outstanding business that has been built by its founders over the past decades.

The modelling ahead of the merger pointed to the opportunity to make Sigma a stronger more sustainable business, to bring greater retail expertise and value to franchisees, better product choice and pricing to the end consumer, and create value for all shareholders. It also provides Chemist Warehouse with better and more efficient access to capital markets to enhance its growth prospects over the course of time.

**FY25 transformation progress**

It has only been 252 days since our merger was completed, and the reality since merger is that it has so far delivered everything we anticipated and more.

The first thing I would say about the transformation is that it will take time. Sigma and Chemist Warehouse are very different businesses. Different origins, culture and different ways of working. Our challenge is to understand and protect what has made each company successful, while merging the two into one. This is being done in a very measured way in order to maximise the value of the merged Sigma entity.

The pre-merger documentation pointed to a combined market capitalisation of the merged group of around $8.8 billion. This week, with the Sigma share price up over 400% over the last two years, our market value is around $35 billion, placing Sigma in the top 20 companies on the ASX.

This is an outcome of the strong global investor interest in the merged group, which is off the back of the strategic execution and strong financial and operational performance of the business, which Vikesh will talk to shortly.

The merger prospectus pointed to our ability to extract synergies of around $60 million per annum. With the benefit of being able to share information and conduct more detailed analysis, we have upgraded that synergy target to $100 million per annum.

In the merger prospectus we also forecast net debt of around $1 to $1.3 billion. With strong operational performance and cash flow generation, net debt was $752 million at year end. With a 3-year $1.5 billion debt facility in place, we have significant headroom to pursue growth ambitions should the right opportunity emerge.

The reduction in debt has been aided by the strong cash generation capability of the merged group and the relatively low capital investment requirements. And as we progress through our integration, particularly the integration of distribution centres and inventory, we will bring more rigour to improving working capital management. The Board will in due course consider the appropriate level of debt and use of capital to continuously optimise shareholder returns.

We rewarded shareholders with a 1.3 cents per share dividend fully franked, consistent with our stated dividend payout ratio of 50 – 70% of NPAT.

And going into the merger, we were very cognisant of the need to introduce first-class governance policies, processes and practices to provide the necessary assurance to shareholders around ongoing related party transactions and overall fairness. This has been functioning as intended.

**Related party framework**

As we outlined at our merger EGM, we implemented a strong Related Party Governance Framework that is designed to overlay all related party transactions.

This has been in place since day one of the merger. We established the Related Party Independent Board Committee which I personally Chair, with Neville and Annette as the other independent members. This committee provides the governance overlay and direction, and is supported by the Related Party Working Group, which manages the everyday arrangements at the direction of the Independent Board Committee.

Since its establishment, we have had four IBC meetings and five Related Party Working Group meetings, as well as ad-hoc catch up.

Provided related party transactions fall into the category of certain pre-approved agreements, the working group has a delegation to approve and report these to the Board Committee for formal ratification, so we don't slow down progress. Any proposed related party transaction that is not within the standard pre-approved agreement terms must come to the Board Committee for review and approval.

Reassuringly, the process has been operating in line with expectations.

**ESG update**

Lastly on ESG.

In the year just completed, we had a major focus on the cultural integration that comes with bringing together the two businesses. It was important to not only bring together the best expertise and experience, but to embrace the entrepreneurial "can do" spirit of the Chemist Warehouse team with the governance overlay from the Sigma team.

Whilst merging our two support centres into the Preston office has resulted in some departures from the business, being together is an important step in our integration.  For those team members who have left the business, we thank them for their service.

As a result of our change of year end and Sigma releasing a Sustainability Report in May this year, we did not release a new Sustainability Report with our first merged Annual Report.

We have, however, made strong progress in advancing our sustainability efforts.

The new Risk, Compliance and Sustainability Committee has been formed, chaired by Chris Roberts.  Importantly, we have made inroads in preparing our merged entity for the upcoming changes with the introduction of mandatory climate reporting that will take effect in 2026.  This includes having the appropriate governance structures in place and better understanding and being audit ready with the calculation of our baseline Scope 1 and Scope 2 emissions and preparing for the introduction of scope 3 emissions reporting.

And as reported in our Annual Report, our community engagement is strong.  As a CSO wholesaler, serving the community is at the heart of what we do every day.  But further, we also supported the community through our giving programs, with over $8 million in support provided during the year to organizations such as Liptember, Save Our Sons, Gotcha4Life, Fight MND and FoodBank to name a few.

Before I hand over to Vikesh I would just like to thank my fellow board members for their hard work, diligence and support as we navigated a transformational year.  As a newly constructed Board, we have the spread of skills and experience to provide the oversight as we seek to execute our strategic objectives.

I also wish to thank Vikesh for his exceptional leadership, the executive team for the outstanding progress and achievements, and all Sigma and Chemist Warehouse team members for their resilience through what is a challenging period of change.

With those comments, I thank our shareholders for your support of Sigma and will now hand over to Vikesh.

**Michael Sammells**
**Chairman**

## CEO’s address

Thank you, Michael, and I also extend my welcome to everyone in the room and those joining online.

FY25 marks the first set of results for Sigma as a combined business. These results demonstrate the strength of the merger and the growth opportunities that it brings. Our company is now a stronger, more integrated healthcare business with enhanced scale, capabilities, and long-term growth pathways.

### Sigma today

Sigma and Chemist Warehouse have united as Australia’s leading retail pharmacy franchisor and full line pharmaceutical wholesaler, recognised by the inclusion in the leading financial market indices. And for the 2025-year, research and data company Fonto recognised Chemist Warehouse in the top 10 fastest growing consumer brands in Australia.

We have world class distribution infrastructure coupled with unparalleled franchise and marketing expertise.

Today Sigma supports almost 900 Australian franchise network stores across three brands: Chemist Warehouse, Amcal and Discount Drug Stores. We have around 3,000 wholesale pharmacy customers serviced by 14 distribution centres across Australia distributing over 530 million units last financial year. We cover the entire country with over 99% of orders delivered in full. Our domestic strength and ongoing growth runway provides the opportunity to carefully expand our international footprint with 77 stores at year end in four countries.

And whilst we will remain a house of brands, we have also grown our own and exclusive label product ranges to expand categories, provide customer choice and enhance margin.

Most importantly, we have the infrastructure, expertise, capabilities, and capital to drive long-term growth across all our major markets. It is clearly an exciting time to be at Sigma.

### Financial highlights

In FY25 we delivered promising results with strong growth. Revenue for the year was up 82% to $6 billion, reflecting a combination of market share growth as well as the inclusion of the Sigma wholesale business from February 2025.

Normalised EBIT was $835 million, up 41%, and Normalised net profit after tax increased by 40% to $579 million.

We also reported pro-forma results for the year. Pro-forma assumes the merger took place for the full period commencing from 1 July 2024 with the same Normalisation adjustments.

Proforma EBIT for FY25 was $903 million, which is the base from which we expect to grow in FY26.

In terms of some key highlights – the Chemist Warehouse network achieved over 11% like-for-like sales growth, we opened 35 new Chemist Warehouse stores, we launched the Wagner generics medicines range, and our distribution centers delivered 29% more product whilst costs per unit reduced by 11%. The achievements from this year provide some insight into what is possible.

Most pleasingly for me, is that we have a highly scalable, capital-light business model, and the balance sheet strength to deliver enduring long-term growth.

**Progress on integration**

2025 was a busy and productive year for the team. We delivered these results while making good progress bringing together two complementary businesses.
We have unified our leadership structure and took some key decisions to strengthen the business. We established a dedicated integration management office to plan and coordinate the activities. We combined our support centres into Preston, and we converted most of the "My Chemist" stores to Amcal and DDS.

Recently, we announced the closure of our ePharmacy DC in Victoria and CW DCs in Port Adelaide in South Australia, and South Guildford in Western Australia. The volumes in SA and WA will be absorbed into the Sigma DCs in Pooraka and Canning Vale. These changes are expected to be fully implemented by the end of calendar year 2026.

We have also completed a deep dive to validate our integration opportunities. This resulted in us upgrading the expected synergy benefits of the merger from $60m to $100m by year 4. Whilst realisation of synergies will be weighted towards the back end of the four-year target period, savings will be incrementally delivered to further support EBIT margins.

**Trading update**

Looking ahead, we have a positive long-term outlook, and our execution priorities are clear.

We will continue to roll out new stores domestically and internationally with an objective to achieve network growth in line with historical patterns. We are opening new network stores in under-penetrated local and offshore markets, while revitalising Amcal and DDS.

Own and exclusive products will continue to be rolled out to support margin and differentiation, but we will always remain a house of brands.

Meanwhile, ensuring a seamless integration of the businesses will remain a top priority for the years ahead.

Pleasingly, the strong momentum the business delivered in the fourth quarter of FY25 continued into FY26. For the first quarter of FY26 Total Chemist Warehouse Network sales were up 17.9% and like-for-like sales were up 14.7%.

First quarter FY26 sales reflect a strong performance across key product categories and a stronger contribution from GLP1 sales.

I do call out that in FY25, GLP1 sales did not start to gather meaningful momentum until the second quarter. This has led to the elevated sales growth in the first quarter of FY26.

As we enter the important Christmas trading period, our retail network is well prepared to execute with excellence.

Finally, I would like to personally thank the Board for their support and guidance, the management team and all team members for their valued contributions throughout the year and of course our franchisees, supply partners and customers for their trust and collaboration.

**Vikesh Ramsunder**
**CEO and Managing Director**

*This announcement is authorised by order of the Company Secretary of Sigma Healthcare Limited.*

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