CHAIRMAN'S REPORT

In the short time since merging, our governance practices are proving effective and there has been significant progress in our focus areas. We have set strong foundations for the next phase of growth, efficiency, and enhancing value for shareholders.

Michael Sammells
Chairman

Dear Shareholders,

I am pleased to present the Sigma Healthcare Limited Chairman's Report for the year ended 30 June 2026.

This year marked Sigma's first full year following the transformational merger with the Chemist Warehouse Group in February 2025, and the strategic logic behind the decision to merge is very clear.

Bringing together Sigma's wholesale, distribution and logistics capability with Chemist Warehouse's leading retail, brand and marketing expertise, has created a larger and more diversified healthcare business. We now have enhanced scale, broader growth options, strong governance and the financial strength and discipline to deliver sustainable shareholder returns.

Strategic Progress and Execution

The Board's priority has been to ensure we convert our enhanced scale into sustainable performance and shareholder value. Our strategy is focused on profitable growth, built from the defensive strengths of pharmacy, and the combined Group's differentiated position across retail pharmacy, wholesale distribution, logistics and products.

The Chemist Warehouse brand is well known and the Australian network has been built over decades. As a Board, we are now supportive of extending that retail and pharmacy expertise and execution capability to the benefit of our Amcal and Discount Drug Stores networks.

Internationally, the Board is committed to our expansion strategy and building a disciplined growth platform. Execution has delivered meaningful growth in New Zealand, providing a proof point of the model. Our investment in the Ireland market has now reached profitability and a critical juncture where we can accelerate our expansion.

The Board also recognised the challenges in building a substantial presence in the China market, leading to the decision to close our physical stores and focus on the online market. Meanwhile, the UAE is now showing early promise, and more recently we announced plans for a staged entry of the Chemist Warehouse brand into the UK market.

Financial Performance and Shareholder Returns

The Group delivered strong growth across key financial and operating metrics, with revenue exceeding $10.8 billion, Normalised EBIT of $1,090.0 million and net debt reducing from $752.2 million to $663.2 million at year end.

This reflects the opportunity the merged model has created, with the resilience of Australian operations and the growing contribution from international markets.

Normalised* Net Profit After Tax

$732.3m

Up 22.3%

Dividend Policy

50%–70%

Dividend Payout Ratio

The Board remains focused on multiple growth pathways with appropriate risk settings and a continued emphasis on disciplined capital management, cash generation, and shareholder returns.

This approach has seen leverage improve with Net Debt to Normalised EBITDA at 0.57x at 30 June 2026, providing balance sheet strength and financial flexibility to fund growth options.

Our dividend policy remains unchanged, targeting a payout ratio of 50% to 70% of NPAT. The Board declared an interim dividend of 2.0 cents per share, fully franked, which was paid in March 2026, and declared a final dividend of 2.0 cents per share, payable in September 2026, reflecting confidence in Sigma's outlook and commitment to shareholder returns.

* Normalised for one-off merger, integration and other costs. FY25 comparison period is based on pro-forma assuming Sigma and Chemist Warehouse Group (CWG) were merged from 1 July 2024.

Integration and Synergy Delivery

From the outset, the Board has overseen integration in a way that preserves the strengths of Sigma and Chemist Warehouse while unlocking the benefits of operating as one business.

Integration of this scale is complex and not without risk, and we continue to maintain close oversight. While good progress has been made, disciplined execution, clear accountability and careful management of people, systems and processes remain essential.

The Board is encouraged by progress achieved and the early delivery of $32.6 million in synergy benefits in FY26. One-off costs of $25.9 million to achieve the synergies are in line with expectations.

The targeted $100 million per annum in synergies by FY29 remains on track. These benefits will be delivered through scale efficiencies, improved procurement outcomes, operational optimisation, shared capability and stronger execution across the combined business.

Ultimately, these integration synergies are expected to strengthen efficiency, support pharmacy partners, deliver better customer value and generate sustainable returns for shareholders.

Governance, Sustainability and Risk Oversight

Strong governance remains central to Sigma's long-term success. During the year, the Board continued to oversee the integration of governance frameworks across the Group, with a focus on integrity, transparency and disciplined decision making.

While the Board, which first met in February 2025, is functioning well, we acknowledge that it does not currently comprise a majority of independent directors. Recognising the importance of independent oversight, all Board committees are chaired by independent non-executive directors, supported by clearly defined protocols for managing conflicts and related-party matters.

The Related Party Independent Board Committee, which I chair, continues to provide independent oversight of related party matters, while Sigma operates within the regulatory frameworks established through the merger approval process, including compliance with ACCC undertakings.

This year marks Sigma's first mandatory climate-related financial reporting prepared in accordance with AASB S2 *Climate-related Disclosures* and the Corporations Act, strengthening our sustainability governance and reporting. Further information is provided on Sustainability at Sigma from pages 68 to 86. More broadly, our FY26 Sustainability Report, which will be available on our website, discusses the ways in which our business supports the communities in which we operate.

Looking Ahead

Sigma enters the year ahead with stronger foundations, a larger operating platform and a clear strategy for growth.

FY26 has demonstrated the strategic logic of the merger. The Board's priorities for FY27 remain focused on integration benefits, domestic growth, measured international expansion, and financial discipline. We will continue to invest where returns are attractive while preserving the balance sheet strength and governance standards expected of a leading ASX-listed healthcare business.

The opportunity before Sigma is significant. The Board's focus now is to ensure the scale, capability, brands, infrastructure and leadership are converted into sustained earnings and long-term shareholder value.

On behalf of the Board, I thank our shareholders for their continued support, our customers and pharmacy partners for their trust, and our team members for their commitment through a period of significant transformation.

Michael Sammells
Chairman