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## Mega Sigma prepares for its future as a healthcare giant

| | |
|---|---|
| **Company/ASX Code** | Sigma Healthcare / SIG |
| **AGM time and date** | 2pm on Wednesday, 22 October 2025 |
| **Location** | Sofitel on Collins, Melbourne |
| **Registry** | MUFG |
| **Type of meeting** | Hybrid |
| **Monitor** | Mike Robey, Peter Rae |
| **Pre-AGM Meeting** | Yes, with Chair Michael Sammells and Rem subcommittee chair, Annette Carey, Investor Relations Manager Gary Woodford |

Monitor Shareholding: An individual (or his associates) involved in the preparation of this voting intention has a shareholding in this company.

# 1. How we intend to vote

| No. | Resolution description | |
|---|---|---|
| 3.1 | Adoption of first remuneration report | For |
| 3.2 | Adoption of second remuneration report | For |
| 4.1 | Re-election of Mr Neville Mitchell | For |
| 4.2 | Re-election of Ms Annette Carey | For |
| 5.1 | Grant of rights to managing director and chief executive officer under the company's 2025 long term incentive plan | For |
| 5.2 | Grant of performance shares to MD and CEO under the company's 2025 equity deferral plan | For |
| 5.3 | Potential retirement benefits to MD and CEO of Sigma | For |
| 6.1 | Grant of rights for CEO retail under the company's 2025 LTI plan | For |
| 6.2 | Potential retirement benefits for CEO retail | For |
| 7.1 | Grant of rights to the Chief People Officer of Sigma under the company's 2025 LTI plan | For |
| 7.2 | Potential retirement benefits for the Chief People Officer of Sigma | For |
| 8 | Ratification of appointment of auditor | For |
| 9.1 | Conditional spill resolution in relation to the first remuneration report | Against |
| 9.2 | Conditional spill resolution in relation to the second remuneration report | Against |

## 2. Summary of Issues and Voting Intentions for AGM

- We raised the issue of founder directorships and founder relative executive positions, which makes a candid and thorough director skills matrix all the more necessary in order to give shareholders assurance that their board has adequate breadth. We provided the best practice example from an ASX-listed company as one for Sigma to emulate.
- We had voted against all remuneration related resolutions in the 2024 AGM, as they were both too generous and contained unnecessary retention bonuses amounting to $1.5m. The remuneration report received the first strike.
- We also raised the matter of future capital raising and our strong preference for the non-dilutive PAITREO model, which wasn't used in the 2024 one. In this capital raising only 53% of retail shareholders took it up, leaving the balance of 47% initially significantly diluted.
- Because two of the Chemist Warehouse founders/family of founders have significant shareholdings and are also senior executives in the merged entity, Sigma is obliged to put resolutions to the AGM for their remuneration and retirement benefits. The positions are CEO retail and Chief People Officer, filled by Mr Verocchi and Ms Di Pilla.
- We had concerns about using absolute TSR instead of rTSR in the prior year and also the undeclared target for EPS. The former has changed to rTSR in the 2026 structure and EPS is now over the full 3 years of the LTI plan. Pleasingly they did reveal the prior year's EPS target in the current Annual report (1.3c). So, all these issues have been addressed.

## 3. Matters Considered

**Financial performance**

| (As at FYE) | **2025** | **2024** | **2023** | **2022** | **2021** |
|---|---|---|---|---|---|
| NPAT ($m) | 530 | 4.5 | 1.81 | (7.24) | 9.76 |
| UPAT ($m) | 579 | | | | |
| Share price ($) | 3.133 | 0.963 | 0.607 | 0.468 | 0.684 |
| Dividend (cents) | 0.5 | 1.0 | 1.0 | 1.5 | 2.0 |
| Simple TSR (%) | 198 | 70.3 | 45.0 | (28.5) | 10.0 |
| EPS (cents) | 5.1 | 0.4 | 0.2 | (0.7) | 6.1 |
| CEO total remuneration, actual ($m) | 5.706 | 3.384 | 3.150 | 1.440 | 3.893 |

Note. The 2025 data include the considerable contribution from the Chemist Warehouse group, so are not like-for-like.

**Governance and culture**

Sigma has a board which reflects the majority ownership by a few key shareholders, namely the Gance family, Mr Verocchi and Ms Di Pilla. It has an equal number of independent and non-independent directors and comprises 30% females. Given the founder-led nature of the transformed company this is a reasonable outcome for retail shareholders, as the chair is an experienced independent. We stated our desire for a detailed skills matrix and would expect any change of directors to move to majority of independent as the new Sigma matures.

Culture is in the very early stages of formation, with the chair stating that they have had very little time to develop a corporate culture, given the legal requirements surrounding the merger. Time will tell how the culture forms.

### Key events and board and management changes

The merger scheme was implemented in Feb 2025 which led to a substantial increase in all financial metrics as the Chemist Warehouse numbers rolled in. This also led to the stepping down of Kate Spargo as director and appointment of four new directors, the Gance brothers, Mr Verocchi and Ms Di Pilla.

Since the end of the 2025 financial year, Sigma has announced a number of executive changes including the resignation of Group CFO Mark Davis. It is interesting to see that he is departing given the key role he plays as the former CFO of Chemist Warehouse. He is to remain at Sigma to assist in the orderly transition pending a new CFO appointment.

Also, Mr Mark Conway, former Sigma CFO, has now been appointed Chief Strategy and Business Development Officer of the merged entity. He is replacing Damien Gance who is stepping down from executive duties but will remain on the Board as a non-executive director.

Given the blend of personnel and cultures from two very different businesses, time will tell how the merged teams work to integrate the two business into a successful and growth-driven new entity.

### Sustainability/ESG

The new Sigma has not yet published a sustainability report, but the expectation is that the creditable former Sigma report will form the bones of a report that covers the merged company. Measures for safety are already built into the STI for the CEO.

### ASA focus issues

The board skills matrix requires more detail, as described above. We were assured that they would ‘look’ at this.

We also got a similar response about PAITREO as our strongly recommended capital raising method, since this avoids retail shareholders dilution.

Sigma has taken on an additional $1.5bn in debt, but it’s overall debt burden is modest.

## 4. Rationale for Voting Intentions

### Resolution 3.1. Adoption of first remuneration report (for)

This remuneration report was for a partial year and in large part follows ASA guidelines, so we have no problems in supporting it.

### Resolution 3.2. Adoption of second remuneration report (for)

This remuneration report covers the time after merger, along the same guidelines as outlined above but pro-rated. Again, the minor differences with ASA guidelines do not warrant a vote against.

**Resolution 4.1 Re-election of Mr Neville Mitchell (for)**

Mr Mitchell has an extensive CFO background with Cochlear and chair of Sonic Healthcare. His experience in the wider healthcare industry will be an asset to Sigma. He has 30,295 shares and is obliged to accrue shares to the minimum under the Sigma share scheme, namely 100% of fixed remuneration after 5 years. He is not overloaded with other directorships.

We therefore support his re-election.

**Resolution 4.2 Re-election of Ms Annette Carey (for)**

Ms Carey has a legal background as well as extensive experience in logistics and supply chains including Australia Post and the Linfox Group of companies. This experience will be an asset to both the traditional Sigma distribution business and the Chemist Warehouse distribution needs. She has 21,212 shares and is obliged to accrue shares to the minimum under the Sigma share scheme, namely 100% of fixed remuneration after 5 years. She is not overloaded with other directorships.

We therefore support her re-election.

**Resolution 5.1 Grant of rights to managing director and chief executive officer under the company's long term incentive plan (for)**

As discussed above, while this remuneration structure differs from our guidelines (absolute TSR, not rTSR, and annual EPS, not 3 year), these are minor, and we therefore support the computed issue of rights under the LTI plan.

**Resolution 5.2 Grant of performance shares to MD and CEO the company's 2025 equity deferral plan (for)**

We support this for the same reasons given above.

**Resolution 5.3 Potential retirement benefits to MD and CEO of Sigma (for)**

This resolution enables payout of a portion of LTI which remains in train, in the event of forced or other retirement mid-term. Whilst there is no clarity on all the conditions for this, it is fair in principle, so we support this.

**Resolution 6.1 Grant of rights for CEO retail under the company's 2025 LTI plan (for)**

As for the CEO, we support this. Quantum is as per published plan.

**Resolution 6.2 Potential retirement benefits for CEO retail (for)**

As for the CEO, we support this.

**Resolution 7.1 Grant of rights to the Chief People Officer of Sigma under the company's 2025 LTI plan (for)**

As for Resolution 6.1. We support this resolution.

**Resolution 7.2 Potential retirement benefits for the Chief People Officer of Sigma (for)**

As for Resolution 6.2. We support this resolution.

**Resolution 8. Ratification of appointment of auditor (for)**

Given the advancement of Sigma into the major ASX- listed companies with an international footprint, it is encouraging that they have appointed an auditor with global experience. We therefore support this appointment.

### Resolution 9.1 Conditional spill resolution in relation to the first remuneration report (against)

We believe that it is imprudent to spill a board which has demonstrably attempted to take on board feedback from us and others on improving its remuneration structure. We will vote against this resolution.

### Resolution 9.2 Conditional spill resolution in relation to the second remuneration report (against)

As for Resolution 9.1

## Appendix 1
## Remuneration framework detail

| CEO rem. Framework for FY2026 | Target* $m | % of Total | Max. Opportunity $m | % of Total |
|---|---|---|---|---|
| Fixed Remuneration | 1.60 | 25.5 | 1.6 | 21.6 |
| STI - Cash | 1.133 | 18.1 | 1.7 | 23.0 |
| STI - Equity | 1.133 | 18.1 | 1.7 | 23.0 |
| LTI | 2.4 | 38.3 | 2.4 | 32.4 |
| Total | 6.267 | 100.0% | 7.4 | 100% |

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.