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Post-COVID blues: Punished by the market, long-serving CEO to step down

Company/ASX Code	**Sonic Healthcare/SHL**
AGM time and date	**10:00am AEDT on Thursday, 20 November 2025**
Location	The Heritage Ballroom, The Fullerton Hotel, 1 Martin Place, Sydney NSW
Registry	Computershare
Type of meeting	Hybrid
Monitor	Michael Batchelor and Greg Franzini with Lewis Gomes
Pre-AGM Meeting	Yes, with Mark Compton (Chair), Kate Spargo (Chair Remuneration) and Paul Alexander (Co Sec)

Monitor Shareholding: The individuals involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	Voting
1	**Financial Statements**	
2	**Re-election of Prof Christine Bennett as a Non-executive director**	For
3	**Re-election of Dr Katharine Giles as a Non-executive director**	For
4	**Election of Ms Nicola Wakefield Evans as a Non-executive director**	For
5	**Adoption of the Remuneration Report**	Against
6	**Approval of long-term incentives to Dr Jim Newcombe, incoming CEO**	Against
7	**Approval of long-term incentives to Mr Chris Wilks, CFO**	Against

2. Summary of Issues and Voting Intentions for AGM/EGM

FY25 Overview

FY25 represented a reset year for Sonic Healthcare. The company delivered record revenue but lower margins as pandemic-related earnings normalised. Growth in Europe and Australia offset a weaker performance in the United States, where contract losses, cost pressures and operational disruptions constrained profitability. While management emphasised stability and cost discipline, earnings quality remains under pressure and the 100% dividend payout ratio raises sustainability concerns.

While just outside the FY25 reporting period (July 2025), the year also set the stage for the company's largest-ever acquisition — the LADR Laboratory Group in Germany. The deal, valued at approximately €423 million and funded through 13.8 million SHL shares and €200 million of debt, substantially increases Sonic's scale but heightens integration, debt, and execution risk across multiple jurisdictions. Realising expected synergies from LADR—together with improved U.S. performance—will be critical to restoring earnings momentum and investor confidence.

The FY25 results, released on 21 August 2025, reported approximately 8% revenue and EBITDA growth, a 21% growth in generated cash, a 6% growth in EPS and a modest 40bps margin improvement. However, Sonic's share price, which was $28.93 on 19 August, fell around 17% in the days following, reflecting investor disappointment with flat EPS, subdued organic growth and continued reliance on acquisitions. By early November, the share price had fallen to $20.70 or 28% below the price just prior to the announcement. The full Annual Report, released on 24 September 2025, framed the results more optimistically, emphasising cost efficiencies and future margin recovery. Sonic also announced it expected "even stronger performance" in FY26 "with EPS growth of up to 19%". At the ASA meeting, the Chairman advised that Sonic expects its debt and gearing would improve from its FY25 levels. The critical question is: will Sonic achieve this forecast growth which, at face value, seems rather heroic and will it bring its debt and interest expense back to more acceptable levels?

On 25 September 2025, when the share price was around $24, Sonic unexpectedly announced that long-serving CEO Dr Colin Goldschmidt would retire at the November AGM, with Dr Jim Newcombe appointed as his successor and Evangelos Kotsopoulos to become Group COO. This announcement was not foreshadowed to the market and represents a significant leadership transition for FY26. It is not clear if Dr Gildschmidt's retirement was linked to the share price falls but further falls have since occurred.

The critical concern to the ASA is Sonic's seemingly perpetual appetite for expensive acquisitions which appear to be shareholder dilutive by adversely impacting financial performance, increasing debt and goodwill on the balance sheet and reducing shareholder returns. In addition, we now have a new CEO and COO with the current CEO finishing at the end of the upcoming AGM, hence very little handover or transitioning opportunities for the new leadership. At least Dr Newcombe has a long history with Sonic and should be able to take over the top job fairly quickly but why the unseemly haste?

Perhaps fortunately, no further Board changes have been announced since year-end with long-serving Executive Director and CFO Chris Wilks remaining on the board.

During FY25, Sonic focused on integrating its major Swiss acquisitions and completed several smaller bolt-on deals in Germany and Australia. In FY26, the group moved to a more expansionary phase with the acquisition of LADR in Germany and Cairo Diagnostics in the USA. These transactions broaden Sonic's geographic reach and specialist testing capabilities but also raise execution, integration, and debt management risks. The success of these acquisitions will be pivotal to delivering the forecast recovery in EPS and restoring investor confidence.

At the pre-AGM meeting, Sonic confirmed that it continuously looks at many potential acquisitions and relatively few get through to settlement. It also confirmed that some $4B of its growth to a forecast $11B (FY2026) enterprise value to be organic. Nevertheless, the ASA is strongly of the view that Sonic should focus the next few years on integrating its recent acquisitions and improving the rather disparate financial performances of these acquisitions and, in turn, that of the company.

The FY25 Remuneration Report demonstrates a notable uplift in clarity and transparency. ASA's prior criticisms of complexity have been partly addressed through clearer links between company performance and executive reward, inclusion of sustainability metrics, and stronger governance disclosure. Although the underlying framework remains largely unchanged, the enhanced reporting quality improves Sonic's broader governance credibility.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

While top-line growth at Sonic has been significant, bottom-line growth has been at best modest due to falling margins and increasing debt and interest costs. The Covid surge in cash and profits makes longer term comparisons difficult but over the last 5 years debt has increased from $940 million to $2,818 million at the end of FY25 while total assets have grown from $11.76 billion to $16.05 billion and return on equity has fallen from 21.6% to 6.2%. Cash flow peaked in FY21 at $2.04 billion, fell to $1.07 billion in FY24 and has since recovered to $1.30 billion. Over the last 2 years, the dividends declared equated to around 100% of EPS so future increases in dividends will require increased further growth in EPS.

The impact of the many acquisitions can be seen in the increasing value of goodwill and intangibles on the balance sheet, totalling $9.77 billion at the end of FY25, up from $9.13 billion for FY24. This has led the NTA to fall to ($2.69) per share, although Sonic has operated with a negative NTA for most of the last 5 years. Notwithstanding the marked increase in debt, Sonic's gearing is around industry averages at 25% and is well within its debt facility covenants as described on Page 17 of the Annual Report.

Financial performance

(As at FYE)	2025	2024	2023	2022	2021
NPAT ($m)	514	511	685	1,461	1,315
Operating cash flow($m)	1,297	1,072	1,471	2,226	2,043
Share price ($)	27.45	26.30	35.57	33.01	38.40
Dividend (cents)	107	106	104	100	91
Simple TSR (%)	8.9	(23.1)	10.9	(10.8)	29.1
EPS (cents)	107	107	145	303	273
CEO total remuneration, statutory ($m)	6.399	5.162	5.969	7.685	6.733

Simple TSR is calculated by dividing change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year. It should be noted that Sonic does not provide actual remuneration figures, only statutory remuneration. Given the complexity of its remuneration, being a mix of cash, share rights and options, the “actual” remuneration could be rather meaningless.

Governance and culture

Sonic Healthcare operates through a **Medical Leadership culture** and **federated model** that empower local clinical leaders while maintaining group alignment. Each practice retains operational autonomy and its own identity, ensuring decisions are made close to patients and referring clinicians. This decentralised structure promotes accountability, quality, and innovation, supported by central governance, systems, and shared values. The model combines the agility of local leadership with the stability and efficiency of a globally integrated healthcare network. We understand the genesis of this model as a start-up style business rapidly growing through acquisition, but with slowing growth and falling margins, a high degree of local autonomy can lead to operational duplication and slower implementation of group-wide efficiency or technology initiatives.

For shareholders, it is difficult to assess the performances of the main sectors and acquisitions of Sonic’s businesses. Individual reporting is limited to describing the revenue of its laboratories by geographical region (ANZ, USA and Europe) and its radiology arm in Australia (Page 15 of the Annual Report). The “federated model” certainly gives local units more responsibility and flexibility in operations but makes it very difficult for shareholders to “look under the bonnet”.

The Annual Report provides very little information by way of a skills matrix on director skills and experience beyond the usual brief summaries. Refer to Pages 55 and 56 of the Annual Report for details.

Key board and management changes

- The Board currently comprises 9 directors: 2 executives and 7 independent non-executives.

- Dr Colin Goldschmidt (CEO, 32 years) and Mr Chris Wilks (CFO, 35 years) have held executive roles for an unusually long tenure. CEO succession has now been addressed with the appointment of Dr Jim Newcombe, but CFO succession remains unresolved.
- Several non-executive directors hold multiple ASX-listed directorships or significant external roles (e.g., Spargo, Wakefield Evans, Bennett, Crowe), which raises questions about workload and focus.
- Positive developments include recent Board refreshment with the appointments of Prof. Bennett (2022), Dr Giles (2022), and Ms Wakefield Evans (2025).
- Ms Spargo has advised that she will permanently retire from the Board by the end of her current 3-year term (in 2027). The Board intends to conduct a process to recruit one, and perhaps two, new independent Non-executive Directors during 2026.
- In terms of its medical leadership culture, of the 9 directors, 5 have medical backgrounds (including the chairman and CEO) while 4 (including the CFO) have legal or financial backgrounds.
- The Chair, Mark Compton, advised that he had been asked by the board to consider standing again at the end of his current term at the end of 2026 to provide stability through the transition to the new CEO.

Key successes

- Resumption of organic revenue growth and margin stabilisation post-COVID.
- European and Radiology divisions showing consistent performance.
- Improved cash conversion and balance sheet flexibility.
- Incremental transparency improvements in 2025 reporting and risk disclosure.
- Continued dividend growth supported by strong underlying cash flows.
- At the pre-AGM meeting Sonic outlined progress with its AI initiatives across pathology and imaging achieving quality and productivity advances.

Key concerns and risks

- Flat EPS and limited genuine profit growth despite rising revenue.
- Rising debt and higher interest costs potentially constrain future flexibility.
- The 100 % dividend payout ratio limits financial flexibility for reinvestment and debt reduction.
- Ongoing weakness in the US operations, with soft organic growth and cyber disruption.
- The new Hertfordshire & West Essex (HWE) outsource contract in the UK commenced with start-up losses. At the pre-AGM meeting the Chair advised Sonic expected it to be profitable in FY26 and that more outsource contracts were expected in the UK.
- Acquisition integration risk remains high with heavy goodwill levels and low early returns.
- At the pre-AGM meeting the Chair confirmed that it had little interest in expanding into geographies such as Asia where it didn’t understand payment systems and other cultural/business risks. The ASA can only be hopeful that this will remain the case.
- While the management tone is optimistic, the underlying earnings quality is mixed and the EPS growth forecast “of up to 19%” appears to be very optimistic.

- The practice of issuing new shares, rather than buying on-market, to grant equity-based awards is dilutive.

Sustainability/ESG

Sonic continues to advance its ESG performance through responsible environmental management, employee wellbeing, and governance oversight. The company has committed to reducing Scope 1 and 2 greenhouse gas emissions by 43% by 2030 (from a 2021 baseline) and to achieving net zero by 2050. Sonic maintains MSCI AA and ISS Prime (B–) ESG ratings. A detailed FY2025 Sustainability Report, expected in November 2025, will provide further quantitative disclosure on emissions, waste, and energy efficiency outcomes. Given the nature of its operations (mainly laboratories), Sonic's emissions footprint is quite small with perhaps air travel being the main contributor.

Sonic has a healthy gender balance overall at 72% female with many women employed in blood collection, testing centres and laboratories. At board level the female component is 71% for NED's and 56% overall. The executive staff is 39% female and overall senior leadership level at 51%.

Share dilution through options and performance rights

Sonic's long-term incentive structure relies heavily on equity-based awards. At 30 June 2025, there were approximately 31.8 million unlisted options and 0.27 million performance rights outstanding — equivalent to around 6.7% of issued capital if all vested and converted. While not all awards will vest, this represents a material potential dilution for existing shareholders. The FY25 Remuneration Report notes that no LTI tranche vested during the year, reflecting the tougher post-COVID earnings environment. However, the overall volume of equity awards remains high relative to peer companies.

The Company Secretary at the pre-AGM meeting, advised that rights were typically purchased on market and options were awarded through share issues. Executive incentives were around 50% rights and 50% options. Sonic had a different view to ASA and felt that its model meant executives incentives were aligned with shareholders and would continue.

4. Rationale for Voting Intentions

Resolution 1: Re-election of Professor Christine Bennett AO as a director (For)

Christine Bennett is a specialist paediatrician with over 40 years of healthcare industry experience across the private, public and not-for-profit sectors. She was first appointed to the board in September 2022 and is a member of the Risk Management Committee. Refer to the Notice of Meeting for further details.

Dr Bennett meets the medical leadership objective of Sonic as well as having extensive management experience within the health sector. She holds 8,200 shares. The ASA will vote all undirected proxies in favour of this resolution.

Resolution 2: Re-election of Dr Katharine Giles as a director (For)

Dr Giles is a registered medical practitioner with extensive experience in medical innovation and the commercialisation of medical technology through various venture capital organisations. She was first appointed to the board in September 2022. She does not appear to be a member of any of the board committees. Further details are given in the Notice of Meeting.

Dr Giles meets the medical leadership objectives of Sonic and brings technology and venture capital experience to the board. She holds 5,600 shares. The ASA will vote all undirected proxies in favour of this resolution.

Resolution 3: Election of Ms Nicola Wakefield Evans as a director (For)

Ms Wakefield Evans is a lawyer by training and has considerable experience in a broad range of commercial, business management, strategy and legal experience in the financial services, health energy and infrastructure sectors. She has an extensive track record as a non-executive director on many major publicly listed companies. She was appointed to the board in February 2025. Refer to the Notice of Meeting for further details.

Ms Wakefield Evans will provide valuable commercial experience to the Sonic board which will hopefully be directed at providing more rigour to Sonic's many acquisition activities. She currently holds 4,000 shares. The ASA will vote all undirected proxies in favour of this resolution.

Resolution 4: Remuneration Report (Against)

While the remuneration reporting for Sonic has improved, it still makes for confusing reading compared with most other major listed companies. Part of the problem is the awarding of options in addition to share rights as part of its incentive programmes. The valuing of options relies on the rather opaque Black and Scholes methodology which is commonly used for start-ups and technology companies but is now rarely used by major listed companies. Sonic has moved well beyond its start-up phase and is now a very mature (if not slightly declining) ASX listed company. The ASA argues that the use of options is no longer appropriate for Sonic and it makes the remuneration arrangement difficult for most shareholders to comprehend.

The remuneration framework for Sonic, as shown in Appendix 1 for both the current CEO and the new CEO, is fairly conventional in that it has a reasonable fixed remuneration (FR), reasonable multipliers of FR for short term target and maximum incentives (STI) and also for long term incentives (LTI). One problem is with the STI component which is 80% based on EBITDA (which is very measurable) and 20% on Strategic Objectives (which are not readily measurable). The heavy weighting towards EBITDA is again not typical for most listed companies which usually have around 60% based on financial metrics (often 4 or 5 separate metrics) and 40% on structured non-financial metrics.

Sonic's LTI is split 50:50 between share rights and options and is subject to three metrics, being total shareholder return (TSR), return on invested capital (ROIC) and earnings per share (EPS) growth, all measured over a 3 year testing period The three metrics are well described in the Notice of Meeting and, on the face of it, are quite reasonable and challenging. The problem as seen by the ASA is the awarding of options for 50% of the LTI grant and the 3-year testing period whereas the ASA prefers 4 years. The Notice of Meeting helpfully describes the valuation method for the options which shows an award value of $3.13 per option and an exercise price of $21.26 being the share price on 1 October 2025. These two-dollar values are then each divided into 50% of the LTI award value to determine the number of shares and options awarded.

The options are only of value if, after vesting, the share price exceeds the exercise price $21.36, which can be seen as a recent low point in the share price. Given the cost price per option is assessed at $3.113, options create significant upside for holders when in the money. If the options fail to reach the exercise price prior to their expiry date (within 58 months of issue) they become worthless.

In summary, there are several aspects of the remuneration plan that do not meet ASA's expectations, in particular the awarding of options under the LTI plan and the reliance on EBITDA as the only measurable metric under the STI plan. The ASA will therefore vote all undirected proxies against this resolution.

Resolution 5: Long Term Incentives for the CEO, Dr Jim Newcombe (Against)

This resolution seeks to provide 50,055 performance rights and 343,456 options to Dr Newcombe as his LTI award for a testing period of 1 July 2025 to 30 June 2028. For the reasons outlined for Resolution 4, the ASA will vote all undirected proxies against this resolution.

Resolution 6: Long Term Incentives for the CFO, Mr Chris Wilks (Against)

This resolution seeks to provide 33,882 performance rights and 232,484 options to Mr Wilks as his LTI award for a testing period of 1 July 2025 to 30 June 2028. For the reasons outlined for Resolution 4, the ASA will vote all undirected proxies against this resolution.

Appendix 1
Remuneration framework detail

Outgoing CEO – Dr C.S. Goldschmidt (FY2025 Remuneration Framework)

CEO rem. Framework for FYXX	Target $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	2.394	31.2%	2.394	28.0%
STI - Cash	1.321	17.2%	1.850	21.7%
STI - Equity	0.881	11.5%	1.233	14.4%
LTI	3.064	40.0%	3.064	35.9%
Total	7.660	100.0%	8.541	100.0%

Notes: The amounts in the table reflect the remuneration framework design (target and maximum opportunity). Target STI proportions assume Cash/Equity split as specified; maximum assumes the same split. LTI maximum is assumed to be 100% of grant value (i.e., no >100% vesting).

Incoming CEO – Dr J. Newcombe (Contract effective 20 Nov 2025)

CEO rem. Framework for FYXX	Target $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.750	25.0%	1.750	22.2%
STI - Cash	1.050	15.0%	1.575	20.0%
STI - Equity	0.700	10.0%	1.050	13.3%
LTI	3.500	50.0%	3.500	44.4%
Total	7.000	100.0%	7.875	100.0%

Notes: The amounts in the table reflect the remuneration framework design (target and maximum opportunity). Target STI proportions assume Cash/Equity split as specified; maximum assumes the same split. LTI maximum is assumed to be 100% of grant value (i.e., no >100% vesting).

Appendix 2

Remuneration Report Comparison and Commentary

ASA has consistently criticised SHL's Remuneration Report for clarity. A comparison of the 2024 and 2025 Remuneration Reports follows.

Executive Summary – FY2025 vs FY2024

The FY25 Remuneration Report represents an advancement in transparency, structure, and alignment with shareholder interests compared with FY24. While Sonic Healthcare's remuneration framework remains unchanged, the FY25 report introduces a higher level of clarity through the inclusion of numerical payout grids, measurable ESG performance criteria, and detailed explanations linking executive reward directly to Company performance.

What Changed from FY2024

• Numerical STI payout grid introduced: Explicit thresholds, targets, and payout percentages now show how financial outcomes determine executive bonuses.
• Clearer linkage to external guidance: FY2025 EBITDA target of A$1.738 billion was aligned to market guidance; actual Constant Currency EBITDA of A$1.702 billion delivered an 81.2% payout.
• Measurable ESG milestones: Non-financial objectives are now detailed, including quantitative climate-risk assessments, emissions assurance readiness, and compliance

preparation for upcoming reporting standards (ASRS, SB253, SB261).
• Executive discretion disclosed: The CEO and CFO voluntarily accepted a 50% reduction in their qualitative STI component, recognising share price performance.
• Enhanced LTI transparency: The FY2025 report presents a concise table of LTI outcomes with clear metric weightings, actual results, and vesting percentages.

What Remained Unchanged

• The remuneration framework: Fixed Remuneration (FR), Short-Term Incentive (STI) and Long-Term Incentive (LTI) structures are consistent with FY2024.
• Weightings remain at 80% EBITDA and 20% strategic/qualitative for STI; 75% Relative TSR and 25% ROIC for LTI.
• Fixed remuneration for both the CEO and CFO remains unchanged since 2017 and 2023 respectively.

Short-Term Incentive (STI) Outcomes FY2025

The STI award is based on 80% financial performance (EBITDA) and 20% strategic qualitative performance. The FY25 report provides a detailed payout grid, clarifying the performance-to-reward mechanism.

FY25 Constant Currency EBITDA of A$1.702 billion produced 81.2% of the financial (80%) STI component. Executives voluntarily accepted 50% of the qualitative (20%) component, resulting in an overall 75% of target STI award.

Qualitative performance milestones achieved:
• Completion of a quantitative climate-related risk and opportunity assessment across multiple time horizons and emissions scenarios.
• Preparation for independent assurance of global Scope 1–2 GHG emissions data.
• Readiness for upcoming sustainability disclosure requirements (ASRS and California SB253/SB261).
• Progress on renewable energy targets and supplier engagement in environmental performance.
• Strengthening of governance structures and resourcing for sustainability oversight.

Long-Term Incentive (LTI) Outcomes FY2025

FY25 LTI outcomes were disclosed in a clear, data-based format, showing a stronger correlation between long-term performance and vesting outcomes.

Relative Total Shareholder Return (TSR): 16th percentile (0% vesting)
Return on Invested Capital (ROIC, pre-AASB 16): 78.5% of target (0% vesting)

No LTI awards vested in FY25 due to underperformance in TSR and ROIC relative to thresholds. This demonstrates continued adherence to a rigorous performance-based framework and strong alignment with shareholder returns.

Executive Remuneration Summary – Dr Colin Goldschmidt (CEO)

Fixed Remuneration: A$2,393,880 (unchanged)
Target STI: A$2,201,368 (92% of FR)

Actual STI Paid: A$1,650,643 (75% of target, up from 20% in FY2024)
Target LTI: A$3,063,166 (128% of FR)
LTI Vesting Outcome: 0% (down from 25% in FY2024)
Total Statutory Remuneration: A$6.399 million (FY2025) vs A$5.162 million (FY2024), up 24% year-on-year, driven by higher STI outcome.

Figures reflect statutory remuneration as reported in the 2025 Annual Report, including the accounting expense for long-term incentives.

Governance and Disclosure Quality

The 2025 Remuneration Report reflects an evolution from a compliance-focused document to a more transparent, performance-integrated narrative. It demonstrates clearer pay-performance alignment, provides measurable ESG integration, and communicates a culture of accountability through voluntary STI reductions.

Key disclosure enhancements:
• Quantified linkage between public financial guidance and incentive outcomes.
• Explicit ESG milestones tied to remuneration.
• Simple, comparable LTI performance tables.
• Clear statement of executive self-restraint and shareholder alignment.

Appendix 4

Acquisition Summary – Sonic Healthcare FY25 and FY26 (to October 2025)

FY25 Acquisitions

Date / Period	Target	Country	Business Type	Approx. Annual Revenue	Strategic Rationale / Notes
July 2023 – Mar 2024	Medisyn & Risch Laboratories	Switzerland	Pathology / Clinical Labs	>A$400m (combined)	Large Swiss acquisitions integrated in FY25; rebranded as 'Sonic Suisse'. Synergies and national consolidation achieved.
Oct 2024	Small lab (unnamed)	Germany	Pathology	~A$10m	Bolt-on acquisition expanding capacity; fully integrated.
Jan 2025	Small regional lab	Germany	Pathology	~A$5m	Strengthened regional network; integrated during FY25.
Apr 2025	National Skin Cancer Clinics	Australia	Medical centres / skin cancer clinics	~A$25m	Added to Sonic Clinical Services; established Australia's largest skin-cancer network.
FY25	Various small practices / imaging	Australia	Radiology	immaterial	Expanded higher-value imaging footprint; seven new sites and greenfields.

Medisyn and Risch were acquired in FY24 but integrated and consolidated operationally in FY25; their inclusion reflects their material impact on FY25 performance and reported revenue growth in Switzerland.

Total FY25 acquisition spend approximately A$95 million, funded from existing debt facilities. Focus was on small-to-medium bolt-ons and integration within Germany, Switzerland, and Australia.

FY26 Acquisitions and Announcements (to October 2025)

Date	Target	Country	Business Type	Approx. Annual Revenue	Transaction Value / Funding	Strategic Impact
1 July 2025	LADR – Laboratory Dr. Kramer & Colleagues Group	Germany	Pathology / Laboratory Network	€370m (~A$650m)	EV €423m (13.8m Sonic shares + €200m debt)	Transformational deal; adds 17 specialist labs, 19 hospital labs, 3,800 staff; immediately EPS accretive.
18 Aug 2025	Cairo Diagnostics	USA	Specialist oncology / genetic testing	~A$35m	Cash funded	High-margin esoteric testing platform; enables national rollout.
FY26 pipeline	Small bolt-on labs (unnamed)	Germany, UK, Switzerland	Pathology / niche	<A$20m combined	Debt funded	Selective tuck-ins; strengthen regional and specialty coverage.

FY26 began with a major acquisition (LADR, Germany) and a targeted high-margin acquisition (Cairo Diagnostics, USA). These materially expand Sonic's European and US networks, underpinning the expected earnings recovery in FY26–27.

Summary Observations

• FY25 acquisitions were modest, focused on integration and bolt-ons.
• FY26 opened with a transformational European acquisition (LADR) and a high-value US niche acquisition (Cairo Diagnostics).
• Combined transactions strengthen Sonic's position in Europe and the USA while maintaining moderate gearing (~25%).
• Integration of prior-year Swiss and German acquisitions progressing well; major synergies expected FY27.