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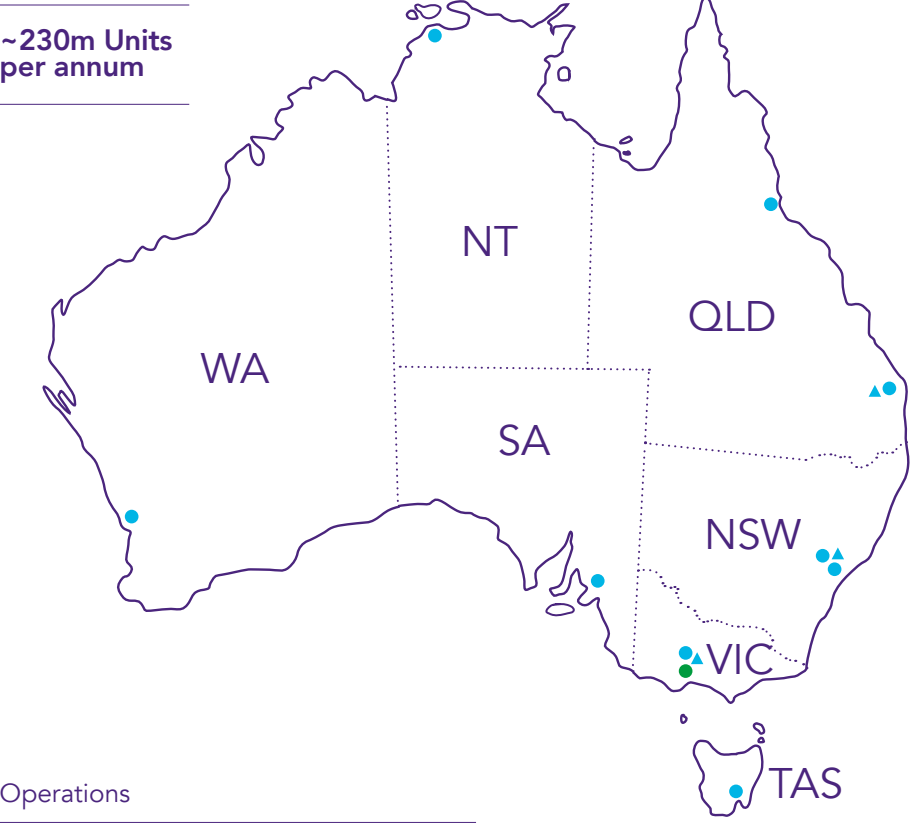


Sigma Healthcare has a long and proud history spanning over 112 years in Australia. At our core is the provision of full line pharmaceutical wholesale and distribution services to community pharmacies across Australia. We support our customers and franchise brand members through an engaged team, world-class infrastructure, and a commitment to operate sustainably.

Sigma's foundations are built on honesty, integrity and respect. Values we never compromise. Our direction is clear, customer excellence is our focus, and the aim is consistency.

Overview

National Presence



- Operations
- Business Support Centre
 - Distribution centres/Warehouses
 - ▲ MPS TGA licensed packing facilities

Financial Year – 1 February 2023 to 31 January 2024

Revenue down 9.2%	\$3.32b
Net Profit After Tax up ~150%	\$4.5m
Net Cash on Balance Sheet	\$356.5m
Units distributed this year	>230m

Strategic Objectives

Sigma is focused on driving a performance culture that has customers at the heart of everything we do. An essential element is to ensure we take a holistic approach, supported by strong governance, risk management, leadership, and uncompromising delivery and service capabilities and standards.

Our aim is to ensure Sigma is resilient, strong, enabled, and sustainable. We have invested in infrastructure, systems, processes and our people to drive performance standards and consistently deliver customer excellence. We are seeking opportunities to grow and diversify our business, and to deliver optimal cost-benefit outcomes for Sigma, our shareholders, customers and the community.



Chairman's Report



I am pleased to present the Sigma Healthcare Limited Annual Review for the financial year ended 31 January 2024.

The renewal and transformation that I outlined in last year's report has been further built on and extended, and we have made significant progress in delivering on our strategic objectives.

Our operational performance has improved, which has flowed through to our financial performance. These are addressed in the CEO report that follows. I will focus on:

1. Our strategic progress
2. Completion of our equity raise
3. Shareholder returns
4. Governance and sustainability.

Our Strategic Progress

The foundational work undertaken over the last few years to renew our infrastructure and simplify our operations has paved the way for what I consider to arguably be the most transformational opportunity in Sigma's 112-year proud history.

Firstly, with our business operations performing at a sustainably high level, it created the opportunity for Sigma to secure the new five-year supply contract with the Chemist Warehouse Group (CWG), which we announced in June 2023.

This is a \$3.0+ billion annual revenue contract to supply PBS medicines and FMCG products to CWG for five years commencing from 1 July 2024. As the first key pillar in our strategy, we will utilise latent capacity by better leveraging our world-class infrastructure and systems. We are now well advanced in our planning for the commencement of the contract.

Secondly, in December 2023 we announced to the Australian Securities Exchange (ASX) a proposal to merge with CWG. Whilst this remains subject to regulatory and shareholder approval in the year ahead, this proposed transaction will significantly transform Sigma by:

- Creating a full-service wholesaler, distributor and retail pharmacy franchisor
- Combining Sigma's extensive and state-of-the-art distribution infrastructure with CWG's leading retail know-how
- Delivering aggregated annual historical EBIT of >\$495 million per annum before synergies
- Unlocking potential cost synergies in the order of \$60 million per annum
- Bringing together a highly experienced management team and Board.



Grow Scale

Grow scale and profitable market share in the wholesale business.



Customer Service

Deliver best in class supply chain customer service.



Franchise Growth

Execute a sustainable franchise brand growth strategy via Amcal and Discount Drug Stores.



Diversify Income

Diversify income streams through expansion into health, beauty and wellness categories.



Employees

Create a pipeline of talented employees to support sustainable growth.



ESG

Ensure robust environmental, social and governance practices.

If the merger proceeds, we will significantly improve our balance sheet strength to better support our pharmacy customers and ultimately enhance the services and value offered to consumers. This proposal also creates domestic and international growth opportunities. The announcement has already created significant investor interest in the potential for the merged entity, with Sigma expected to become an ASX100 company should the merger proceed.

The merger is an exciting transformation, but of course, there is no guarantee the proposed transaction will proceed. Whilst this plays out, we are steadfastly focused on ensuring the standalone Sigma business continues to deliver.

Equity Raise Completed

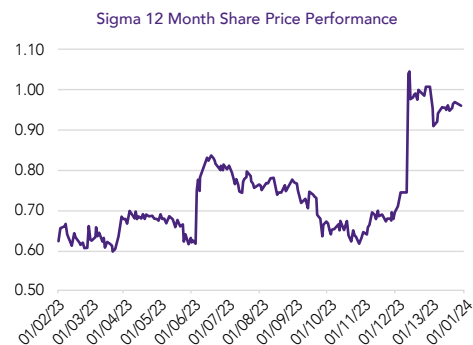
On a standalone basis, Sigma's investment thesis remains compelling. Our core business has been strengthened, which has been further bolstered by the completion of a \$400 million, fully underwritten, equity raise entitlement offer in January 2024. The equity raise fast-tracks our ability to execute our strategy, including:

- Supporting the inventory build as we prepare to commence the new CWG supply contract, which is independent of the merger proposal
- Providing funding for the execution of our franchise brand strategy focused on the Amcal and Discount Drug Stores brands
- Enabling investment in our pipeline of private and exclusive label product ranges which will help drive margin improvement for our pharmacy customers and Sigma, while also delivering value to consumers.

In addition, the equity raise strengthens our balance sheet and eliminates any evaluation of a potential sale and leaseback of our Distribution Centres (DCs) in Truganina in Victoria, and Canning Vale in Western Australia.

Shareholder returns

Pleasingly, the execution of our strategy and our stronger operational and financial performance over the last two years has translated into improved shareholder returns. For the 12-months to 31 January 2024, Sigma's share price is up 65%, which follows a 36% increase in the FY23 year.



We have also declared \$0.01 cents per share in total dividends during FY24.

Governance and sustainability

Concurrent with our business transformation, we have also strengthened our governance practices and renewed our Board.

We announced during the year the appointments of Mr Neville Mitchell,

Ms Annette Carey and Dr Chris Roberts to the Board.

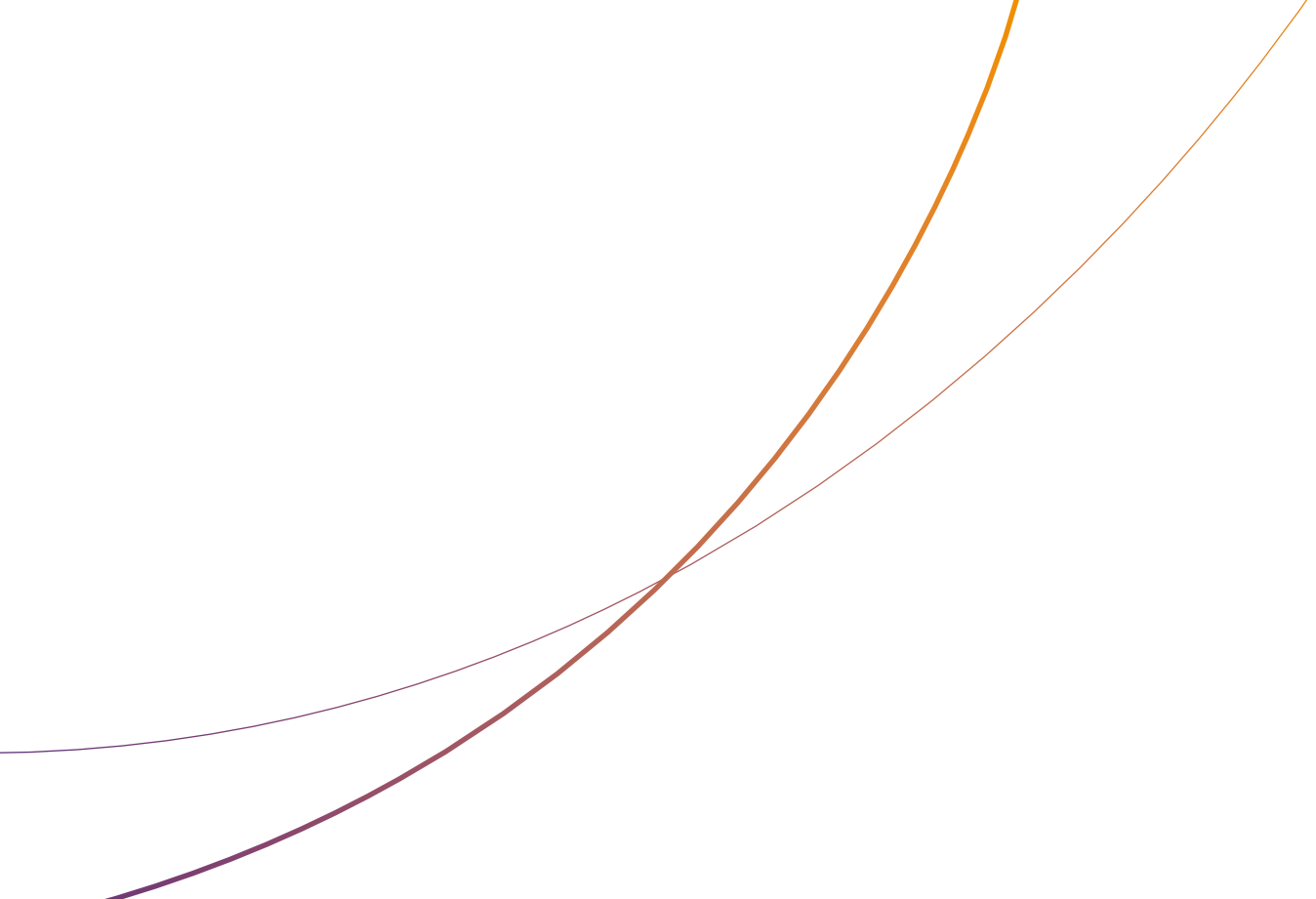
Mr David Manuel and Ms Christine Bartlett retired from the Board during the year, and we thank them for their significant contribution to Sigma over many years.

Whilst our Board composition has transitioned, our focus on executing our strategy and remaining true to our values does not change. With the business foundations improving, we can also build on our existing ESG framework to ensure we continue to improve the operational sustainability and governance of our business.

We have made significant progress, but there remains greater opportunities ahead. We are intently focused on ensuring our Sigma standalone business continues to be strong and strives for growth. Concurrently, we will progress our strategic growth opportunity through the potential merger with CWG.

Finally, I want to thank our team members, customers and shareholders for your support and engagement. The Board and I believe that Sigma is now in a strong position with avenues for growth, and we look forward to sharing our progress with all stakeholders.

Mr Michael Sammells
Chairman



With the completion of our two-year turnaround plan, Sigma has improved its financial performance and is significantly stronger as we now focus on strategic growth to further drive stakeholder value. Our strong results with statutory profits up ~150% for the year go towards validating our strategy to build a simpler and more efficient Sigma and provide a catalyst for our current and future financial performance. With the infrastructure investment program finished, we are now moving forward on executing multiple plans to drive growth and margin expansion.





CEO's Report



With two years at Sigma now behind me, I am pleased to report on the progress we have made in turning around the business performance. We have strengthened the core wholesale business, strengthened our leadership team, and expanded our growth opportunities.

The strategy we outlined last year is being executed effectively and improved outcomes are beginning to be achieved. This year has seen Sigma move forward as we have once again improved our profit position and made good progress in simplifying our business, making Sigma easier to do business with.

We also improved our quality control standards and achieved the internationally recognised ISO 9001 accreditation.

As already highlighted by our Chairman, a key highlight for the year was winning the CWG supply contract in July and in December, we outlined a potential merger with the CWG, that if approved, will truly transform Sigma for the long term.

Financial Performance

Pleasingly, our financial performance for the year ended 31 January 2024 has materially improved, having delivered:

- **Revenue of \$3.32bn down 9.2%**, largely reflecting the sale of our hospital distribution business and some loss of sales as we re-set our retail strategy

- **NPAT (attributable to owners) is up ~150% to \$4.5m**, after absorbing \$8.2m in transaction costs relating to the proposed merger with CWG
- Net Cash at year-end of \$356.5m.

The financial results have been pleasing, particularly in a year where we have consolidated our franchise brands to focus on Amcal and DDS into the future. We have delivered world-class operational performance, sold our hospital distribution business and launched a merger proposal with CWG that will fundamentally transform Sigma if it proceeds.

Operational Performance

Operationally, we have made significant progress during the past year in executing our strategy and improving our customer service levels. We remain focused on continuous improvement.

A major highlight for the year was achieving ISO 9001 accreditation across our DC network. ISO 9001 is an internationally recognised quality standard, and reflects the significant progress made in not only building our infrastructure but implementing operational processes and procedures that are world-class.

This accreditation will pave the way for further growth opportunities in third party logistics.

For our customers, we have sustained our Delivery in Full (DIF) and Despatch on Time (DOT) metrics over 99% for the year,

an important achievement as we continue to pursue world-class delivery and service standards in a highly competitive market. We have also optimised our routes to improve our delivery on time to customers, resulting in a reduction of 1.7m (annualised) kilometres travelled, with more opportunities available as we extend the program. This is a great outcome not only for our customers, but also for our cost to serve and in reducing our impact on the environment.

Inventory management has been a major focus for the business this year and is another area where we have made significant improvements. With the implementation of an enhanced supply planning solution, combined with the sale of our hospital distribution business, we have reduced stock on hand from \$325 million at the start of the year to \$221 million at 31 January 2024. At the same time, the stock availability measure for pharmacy customers has increased to above 93%. The outcome is that we have more of the stock that our customers want, less wastage, and less holding costs.

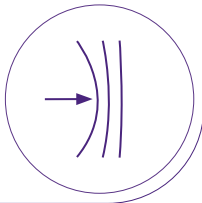
We have made strong progress in executing our pharmacy brand strategy and strengthened our commitment to supporting their growth. As part of this strategy, we made the difficult decision to discontinue the Guardian Pharmacy brand. We thank our former Guardian members for their commitment to the brand and their community and are here to support them in whatever path they have chosen for their pharmacy.

We are obsessed with delighting our customers



By enhancing our support for the Amcal and Discount Drug Stores brands we will be better positioned to drive consumer engagement and actively support the growth of these brands.

We are resilient and focused



Last year we highlighted our strategy of investing and growing our private and exclusive label product ranges to provide differentiation, enhance margin for our pharmacy members and Sigma, and provide value to consumers. With a new team in place, we have built a pipeline of over 250 products that will go to market during the next 12-months, with further investment in product launches planned for the years ahead. This is an important strategic driver as we seek opportunities to leverage our core capabilities and enhance margin.

We act with honesty, integrity and respect



The \$400m capital raise in the year will provide the funds required to manage our working capital requirements and build our inventory holdings ahead of the new CWG supply contract commencing in July 2024. Detailed onboarding and scale up plans are in place to ensure our infrastructure seamlessly absorbs the increased volume whilst continuing to provide service excellence to all our customers.

We deliver on our goals



Finally, we announced that we have entered into a Merger Implementation Agreement to merge with the CWG. This announcement has been well received by the investment market. For pharmacy owners, whether in one of our brands or independent, if the proposed merger proceeds, it will

create opportunities for Sigma to enhance the support provided to pharmacy owners, helping them to profitably grow their business and better support their communities.

With world-class infrastructure, improved inventory availability and extensive logistics, and retail and marketing expertise, we will be better placed to deliver enhanced product offerings, services and value to pharmacy owners and their end consumers.

We remain committed to continuous improvement and the pursuit of consistently delivering exceptional service excellence.

Regulatory Environment

The year ahead is an important one from a regulatory perspective. Through our industry body, the National Pharmaceutical Services Association (NPSA), negotiations with the Federal Health Minister and Department of Health are at an advanced stage. Importantly, we are seeking to secure a new funding agreement that will sustain the pharmaceutical wholesale industry and ensure patients continue to have equitable and affordable access to the medicines they need. The role that Sigma and our people play is critical in delivering this service to pharmacies and ultimately end consumers.

We anticipate a new five-year funding agreement will be implemented from the second half of 2024.

Thank You

Our overall improved performance is now beginning to flow through to improved shareholder returns, and this will remain a major focus for the organisation. The successful onboarding of the CWG supply contract and regulatory approvals for the merger are key milestones in the year ahead.

On behalf of everyone at Sigma, I thank our customers for your continued support and belief in what we are building. I thank the Board for their ongoing support of the Executive team and myself. I would also like to thank our team members for their contribution to these results and supporting each other through another year of intense change.

This is an exciting period in the long and proud history of Sigma. I look forward to providing ongoing updates as we progress through what has the potential to be a truly transformational year for the business.

Mr Vikesh Ramsunder
CEO and Managing Director

Wholesale

Pharmaceutical wholesaling is central to Sigma's business model. Our national footprint and core infrastructure is now ISO 9001 accredited. We have the capability to efficiently and effectively provide daily service to community pharmacies Australia-wide.

Sigma has supplied over 4,000 customers with more than 230 million units during the year from our national logistics network. Importantly, we have maintained the high delivery standards that our customers expect, with both delivery in full and despatch on time remaining consistently above 99% through the year. These are both critical customer service metrics, demonstrating our ability to reliably deliver what our customers want and when they want it.

Pleasingly, we have delivered high standards to our customers whilst also driving productivity improvement, with our Overall Work Rate improving by 11% across the network.

We have also made progress in improving inventory management. Stock availability has increased to above 93%, and at the same time, we have reduced our inventory holding at year end to \$221 million through better stock turn. This is a \$103 million reduction from year end last year, and is important as it:

1. Improves customer service with better in stock position and shelf-life of the inventory customers want

2. Creates capacity within the DCs as we prepare to increase inventory holdings for the commencement of the CWG supply contract
3. Reduces stock obsolescence risk
4. Frees up cash to reduce debt and invest in business growth.

During the year we made the strategic decision to dispose of our hospital pharmacy distribution business which was not integrated within our operations. Whilst this results in a loss of revenue, it has minimal impact on earnings and creates capacity to drive other growth opportunities.

One of those opportunities is the new supply agreement with CWG, which commences from 1 July 2024. This contract brings significant volume and over \$3.0 billion of annualised revenue, with over \$2.0 billion of this new annualised revenue to Sigma.

Our dedicated project team is progressing well with planning for the new volume and are working closely with suppliers regarding timing and volume of the inventory build. Modelling of the volume profile for each distribution centre has been completed, providing detail for the future labour, freight and consumables requirements, as well as route optimisation opportunities in each state.





Our plans are centered around ensuring we continue to provide the high level of service standards and stock availability that all of our customers expect.

In addition, as we do every year, our operations have supported the community in their moments of need, whether it be flooding, cyclones, or other impacting events. Our teams go above and beyond to help get the medicines to those in need no matter where they are or the circumstances they face.

A key component of our wholesale service is the introduction of the PriceSave wholesale offer in February 2023. PriceSave is designed to empower independent pharmacy owners to better serve their communities. By offering robust wholesale trading terms, retail buying power, and operational support tools, PriceSave embodies our commitment to fostering operational efficiencies and flexibility and helping independent pharmacies to drive consumer value. We closed the year with over 400 PriceSave members and a strong growth profile.

Our people go above and beyond to ensure that medicine supply is consistently available to our communities.



Designed to provide independent pharmacies with the flexibility to choose from a selection of optional modules to further support individual pharmacy needs

PriceSave, an independent buying collective, offers customisable options to meet each pharmacy's specific needs, as we recognised that every pharmacy is unique. With optional modules and strong buying power, the PriceSave offer empowers independent pharmacies to make choices that best suit their business goals and aspirations. Whether looking to optimise purchasing process, improve profitability, or expand product offerings, independent pharmacies are supported every step of the way.

Benefits of Being a PriceSave Member

- Highly competitive retail buying guide
- Negotiated wholesale rebates and discounts
- Strong core service offering
- Optional modules to suit the pharmacy
- Strong buying power
- Tools to help pharmacies self-manage and grow their pharmacy business



With our retail teams in place and stability achieved, our attention is firmly focused on supporting the growth of our Amcal and DDS members. We have set targets of 300 Amcal members and 150 DDS members in the medium-term, supported by funds from our equity raise during the year.



Franchise Brands

The implementation of our strategic initiatives during the year are moving us towards our overarching goal of enhancing value delivery to consumers and solidifying our market presence.

This year has been about building on the foundational franchise brand strategy announced in September 2022 to intensify our focus and support around the Amcal and Discount Drug Stores (DDS) brands.

The integration of the Guardian brand with Amcal marks a significant step in our brand consolidation efforts. This strategic move strengthens the Amcal brand, aligning with our mission to redefine customer value and service excellence. The successful execution of this initiative reflects our commitment to achieving conversion targets and enhancing Amcal's market position.

We have publicly stated our goal to secure over 300 Amcal and over 150 DDS brand members in the medium term, and we remain committed to pursuing these targets.

Simultaneously, we have renewed our brand leadership to bring fresh energy and engagement in sharing the brand value proposition with our members.

Central to our strategy is the implementation of a category-focused merchandise operating model, necessitating the consolidation of our merchandise team in our Melbourne

Support Centre. This new operating model streamlines our product decision-making process and optimises sales and profit outcomes for Sigma and our pharmacy customers.

Integrating our private and exclusive label (PEL) products into every facet of planning and execution, showcases our focus on innovation and the delivery of value to our pharmacy customers and ultimately the end consumer.

PEL products are an important driver of value for consumers and margin for pharmacies and Sigma.

With over 250 private and exclusive label products slated for launch in the upcoming year, and more in the pipeline, the execution of our strategy is poised to deliver.

Our achievements this year reflect a strategic evolution of leadership enhancements, brand consolidation, operational efficiency, and a deepened commitment to customer value. These accomplishments pave the way for continued growth and innovation in the years ahead.





To support our customer's health and wellbeing journey: to feel well and stay well.

At Amcal, we are more than just a pharmacy; we are your partner in health. With 86 years of heritage, the Amcal brand is your pharmacy for life, built on a commitment to supporting your journey towards wellness and vitality. With a focus on community, accessibility, and professionalism, we provide expert advice and personalised care tailored to your needs.

Our ambition is to lead the industry with comprehensive health and wellbeing services, ensuring that every customer receives the attention and support they deserve. From expert guidance to local community support, we are dedicated to making healthcare accessible and compassionate.

With Amcal, you can trust in the confidence of care, knowing that we prioritise your health outcomes and wellbeing above all else.



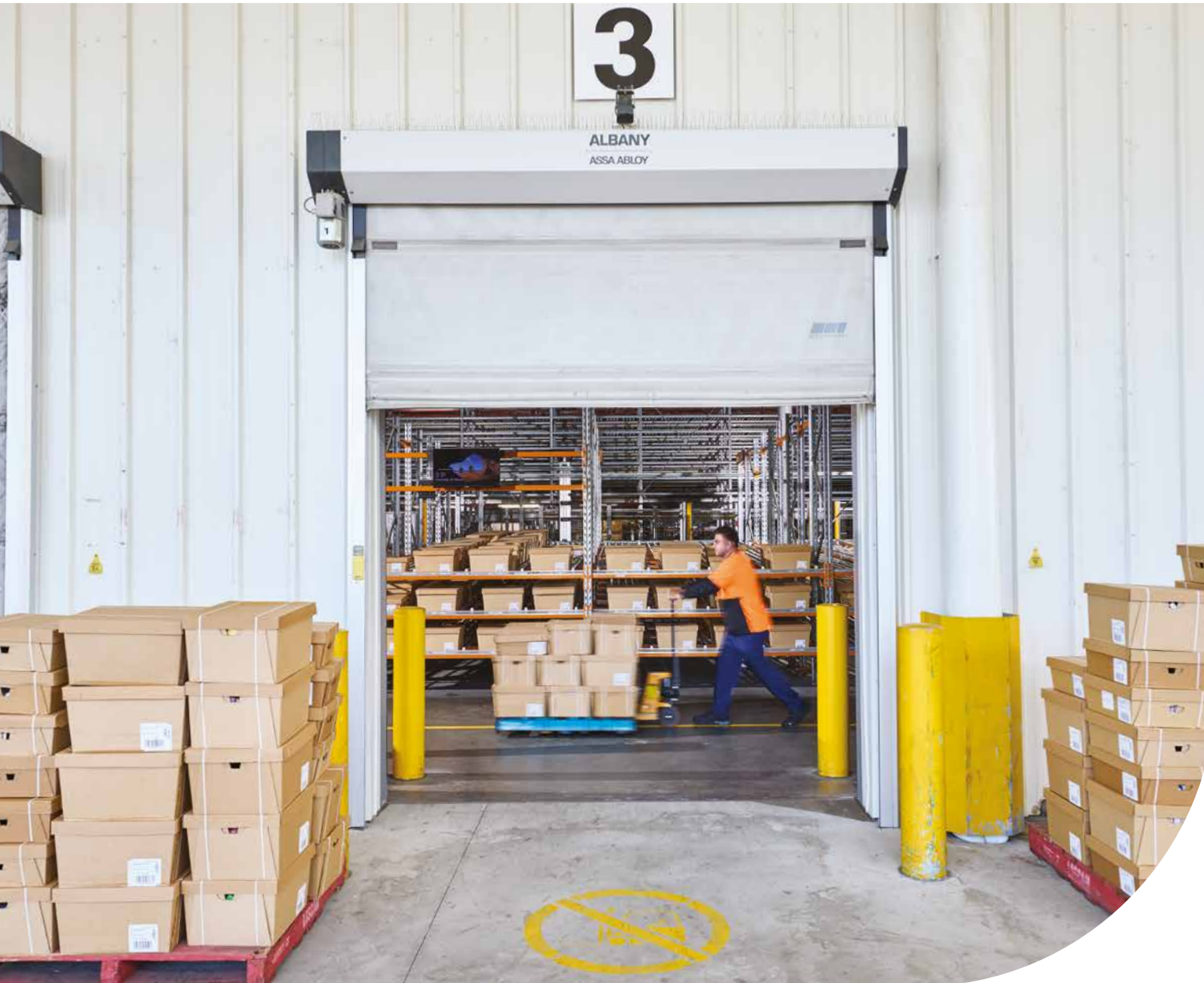
To provide good health and wellbeing solutions for customers that are easy and affordable.

At DDS, we are committed to providing accessible and affordable health solutions for our customers. Our extensive range of products is carefully curated to offer value for money without compromising on quality.

With a focus on empathy and trust, we aim to build strong relationships with our customers, ensuring they feel supported and understood throughout their health journey. Convenience is key, with our pharmacies located locally and offering the right products at the right prices.

Our target customers include savvy shoppers, prescription patients, and individuals seeking quick health fixes. Whether you're in need of medication, health supplements, or wellness products, DDS is here to provide solutions that fit your budget and lifestyle.

Third Party Logistics (3PL)



World-class standards recognised with ISO 9001 accreditation across our network

Our Third-Party Logistics business has been expanded to have the capability to operate across six Australian states, providing warehousing and logistics services across the pharmaceutical, medical consumable and fast-moving consumer goods sectors.

3PL delivers service-based income from manufacturers for bulk pallet storage and subsequent break up and distribution to wholesalers.

Sigma offers large footprint climate-controlled facilities which are in high demand, contributing to strong revenue growth over the last 12-months.

Storage capacity and utilisation across our network is strong with 18,000 sqm of added capacity at our Truganina distribution centre in Victoria.

We recently achieved the internationally recognised ISO 9001 accreditation across our entire network. This accreditation confirms our world-class quality standards to match our world-class infrastructure, and underpins our ability to expand our 3PL services to now support customers from six DCs. As we actively seek to expand in pharmaceutical 3PL services, we expect further growth opportunities to arise.

Strong growth in revenue the last 12-months.

MPS Connect



MPS Connect stands as a cornerstone provider of medication management solutions, facilitating seamless coordination among General Practitioners (GPs), pharmacists, individuals in the community, and residents in aged care facilities. Our integrated approach revolves around packing services, Dose Administration Aid (DAA) solutions, and software, ensuring heightened efficiency, quality, and accuracy in medication management processes.

Our Aged Care strategy remains pivotal in propelling growth through strategic initiatives and the extensive implementation of MediSphere, our proprietary integrated medication management solution. The MediSphere solution has been a key driver in MPS successfully securing aged care tenders during the year. Our prescriber base has witnessed substantial growth over the last 12-months, nearing 900, and has generated over 635,000 prescriptions through our platform, seamlessly integrated with the Government's My Health Record – growth of 250% in prescribers and more than 500% growth in prescriptions.

MPS Connect has taken proactive measures to enhance operational capabilities, notably transitioning to blister packing exclusively in NSW. This initiative has more than doubled

our machine capacity from 2,300 to 5,000 beds per week, with the potential for further scalability. Moreover, our unwavering commitment to accuracy and quality is evidenced by a rolling error rate of better than 1 in 1.5 million.

MPS Connect continues to uphold its reputation as a leader in medication management solutions, driving growth, innovation, and operational excellence to deliver unparalleled value to our clients and stakeholders. Our dedication to excellence and commitment to continuous improvement ensure that we remain at the forefront of the industry, ready to meet the evolving needs of our customers and partners.

MPS Connect pioneers innovation, efficiency, quality, and technology, maintaining leadership in medication management solutions.

3.5m

Average pills packed per week

99.99%

Packing accuracy

34

Corporate Aged Care Groups

623

Facilities serviced last year

11,819

Consumers supported with ENRMC¹

1. Electronic National Residential Medication Chart.

Chemist Warehouse Supply Agreement

Sigma was pleased to announce the supply agreement with Chemist Warehouse for the supply of both Pharmaceutical Benefits Scheme (PBS) medicines and Fast-Moving-Consumer-Goods (FMCG) product for a period of five years commencing on 1 July 2024.

Sigma is the incumbent supplier for FMCG products which currently represents approximately 29% of Sigma Group net sales revenue. Under the terms of the new supply agreement, Sigma will continue to supply FMCG products and secure the additional supply of PBS medicines to CWG. Sigma estimates that total sales of products to CWG will generate a minimum of \$3 billion in revenue in the first full year of the contract.

The contract allows us to leverage our highly automated distribution centres and latent spare capacity after multiple years of investment.

Once fully implemented the terms of the supply contract are anticipated to support Sigma's medium term EBIT margin guidance of 1.5% to 2.5%.

As we approach the 1 July 2024 contract start date, we have made significant progress in implementing our on-boarding plans. Our inventory build is underway, supported by supplier trading terms and our recent equity raise. We have developed detailed route delivery plans to efficiently and reliably distribute product to CWG and all our customers. And we are employing and training an expanded team to support the significant inbound and outbound volume.

Sigma has worked the past 12-months to build a stronger company and to significantly improve our operational performance for the benefit of all customers. Securing this CWG contract means we will now have real scale and momentum moving into the future.





Chemist Warehouse Merger Proposal

The combination of the two organisations is truly transformational for Sigma and if approved, will create a leading pharmaceutical wholesaler, distributor, and retail pharmacy franchisor, combining Sigma's state-of-the-art distribution infrastructure with CWG's leading retail expertise.

If approved, the merger of Sigma and CWG is supported by strong commercial and strategic rationale and is expected to create significant value for all our stakeholders.

In February 2024 we made a submission to the ACCC and in March, a formal public consultation process began, seeking input from interested parties.

This is a significant and complex transaction requiring a detailed review by the regulator.

There will be community interest and a wide consultation process which adds to the complexity of predicting timeframes.

We are hopeful of a decision from the ACCC in the second half of the 2024 calendar year and will keep stakeholders updated as this progresses.

Once the ACCC completes their review there are a number of other steps required prior to completion, including court and shareholder approval.

If the merger is approved, it will diversify Sigma's earnings and growth profile whilst also creating opportunities for Sigma to enhance the support and value provided to pharmacy owners, their communities and ultimately the end consumer.

Aggregate annual historical MergeCo EBIT before synergies

>\$495m

Significant potential to achieve cost synergies

Circa \$60m p.a.

Greater scale with indicative MergeCo market capitalisation

>\$8.8bn

Technology



Our progression in technology has been clear over the last 12-months, and our system capabilities have become a strong business enabler.

FY24 saw the recent technology investments start to truly pay dividends as our ERP solution was fully bedded in, with excellent reliability and the ability to scale our business.

We invested in enhancing our cyber security protection with the implementation of a Security Operations Centre, continuously monitoring our network and critical infrastructure. Of course, this is an area that requires constant vigilance.

Our data and analytics capability has also matured after its modernisation in 2022. We now have the capability to use advanced analytics as well as more traditional business intelligence tools, enabling informed business decisions.

Multiple projects have also been delivered throughout the year, including enhancing our e-commerce offering to franchisees, improving the functionality of our Sigma Connect customer ordering portal, achieving ISO 9001 certification, and upgrading the planogram management tool.

With the progress made on systems, we are now focused on driving operational efficiencies.

As we enter the new financial year, a key focus for the technology team is to thoroughly plan and test system robustness and bandwidth to ensure that the business can seamlessly absorb the increased transaction flow that follows the significant volume associated with the CWG supply contract.

Our focus is not just on the onboarding of the CWG supply, but in ensuring all our customers continue to benefit from our unwavering approach to service excellence.

We now have the capability to use advanced analytics as well as more traditional business intelligence tools, enabling more informed business decisions.



Sigma has continued to execute our overall business strategy and has now completed a two-year turnaround of our business that has delivered significant improvement in our operational performance which has resulted in a improved financial performance.

Concurrent with this, we have been making incremental and enduring improvements in our approach to sustainability across the business.

Sigma has a history spanning over 112 years in supporting the people of Australia. We signed a Community Service Obligation Deed that commits Sigma to delivering medicines to all corners of Australia, supporting the health and wellbeing of communities. And we find a way to do this no matter the challenges – through floods, fires, droughts, cyclones and other natural disasters. Supporting the community has been and still is a critical part of Sigma’s DNA.

At our core is delivering customer service excellence Australia-wide at lower cost, to differentiate Sigma in the market. We have achieved delivery in full (DIF) and Despatch on Time (DOT) metrics above 99% through the year, and at the same time, we have executed a concentrated route optimisation program that has already reduced kilometres travelled by over 1.7 million on an annualised basis, with a meaningful 279t CO₂-e reduction. We are steadfastly focused on continuous improvement in this space.

We have also reduced wastage and landfill, with Sigma facilitating the donation of over \$2.2 million in inventory to charities to support those in need.

We are also committed to improving the future sustainability of our operations. Through our solar program, over 24% of our energy usage is self-generated, and we will not stop there. We have approved the doubling of the solar panel installation at our Kempes Creek NSW Distribution Centre, and we began a program of replacing our network of fleet cars with electric vehicles.

Our own advancements are consistent with the broad political and community alignment on climate action, including the long-term aspiration to be net zero by 2050 or sooner.

We have improved the governance structure that underpins our sustainability efforts, with an Executive Leadership Team that is leading the ESG Steering Committee. A key component of this committee is to provide the direction and set the framework for our next phase of maturity in sustainability, including meeting enhanced reporting requirements.

We have continued to execute focused programs to promote and encourage women in leadership. 37.5% of our executive leaders are women, and we have conducted a targeted women in leadership program through the year. 46.5% of all vacant leadership roles were filled by women during the year. And we continued to be endorsed by Work180 in recognition of being an employer committed to diversity, equity and inclusion.

Cybersecurity and data privacy have continued to be a major focus area, and we have made ongoing investment into an ISO 27001 aligned information security program. Additional information on our approach is included in the Governance section of our Sustainability Report.

As Sigma moves through the next phase of our long and transformational journey, we are focussed on delivering meaningful change across our entire supply chain. As part of our business growth and maturity, we will begin the process of better understanding and better quantifying the impact of our various actions and initiatives to help inform how we strategically prioritise opportunities of greatest impact.

Detailed information in relation to Sigma’s Sustainability journey are contained in our Sustainability Report 2023/24, which is available at www.sigmahealthcare.com.au.

Board of Directors



Mr Michael Sammells

BBus (Acc), FCPA, GAICD. Chairman, Non-Executive Director, Member of the Nomination & Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in February 2020 and Chairman of Sigma Healthcare Ltd in August 2022. Mr Sammells is currently a Non-Executive Director at AMP and a Director at GMHBA. Mr Sammells has 35 years of broad experience in finance, corporate services and has held operational roles with expertise in finance, accounting, treasury, investor relations, capital developments, mergers and acquisitions and IPOs. Mr Sammells is a former Chief Financial Officer of Healthscope Limited and Medibank Private. Mr Sammells has not held any other directorships in listed entities over the past three years.



Mr Vikesh Ramsunder

B.Com (Logistics), MBL (Corporate Strategy), MAICD, Managing Director and CEO

Vikesh Ramsunder commenced as the Managing Director and CEO of Sigma Healthcare Limited on 1 February 2022. From January 2019 to December 2021, Vikesh was Group CEO of the Clicks Group in South Africa, the culmination of a 28 year career with the Clicks Group which included 18 years as part of the executive team. Before becoming Clicks' CEO in January 2019, Vikesh held a number of roles within the Group, including Chief Operating Officer from 2015 and Managing Director of the pharmaceutical wholesaler business, United Pharmaceutical Distributors. Vikesh brings to his role at Sigma Healthcare a valuable blend of operational leadership, strategic focus, industry and financial acumen. He has extensive experience in wholesaling, logistics, pharmacy and retail, and was integral to the growth of the Clicks Group which is now one of the largest pharmacy and retail operations in Africa.



Ms Kathryn (Kate) D Spargo

LLB (Honours), BA, FAICD. Non-Executive Director, Chair of the Nomination and Remuneration Committee and Member of the Risk Management and Audit Committee (Interim Committee Chair October 2022 – April 2023)

Appointed a Director of Sigma Healthcare Limited in December 2015. Ms Spargo holds a Bachelor of Law with Honours, an Arts degree from the University of Adelaide and is a fellow of the Australian Institute of Company Directors. She has gained broad business experience as both an advisor, having worked in private practice and government. Ms Spargo is a director of the following listed entities: Sonic Healthcare Limited, Adairs Limited and Bapcor Ltd. In addition, Ms Spargo is also currently a Non-Executive Director at CIMIC Ltd (now unlisted). Over the last three years, Ms Spargo was a Non-Executive Director at Xenith IP Ltd. In September 2021 Ms Spargo retired from her position as Chairman of ColInvest and at the same time joined the board of the unlisted company Jellis Craig. Ms Spargo is also Director at the Geelong Football Club and Future Fuels Cooperative Research Centre.



Dr Chris Roberts AO

B.Eng (Honours), MBA, PhD. Non-Executive Director, Member of the Risk Management and Audit Committee

Dr Roberts has more than 40 years' experience in the medical device industry, including as the former CEO of Cochlear Limited (ASX:COH) from 2004 to 2015, Executive Vice President of ResMed Inc (NYSE:RMD) from 1992 to 2003 and as a Director until November 2017. He is currently a Non-Executive Director of HealthCo Healthcare and Wellness REIT (ASX: HCW), HMC Capital Partners Fund 1, Clarity Pharmaceuticals Limited (ASX:CU6), Nutromics Pty Ltd, Atmo Biosciences Limited and the Cochlear Foundation Board. He is also a Governor of the Centenary Institute Cancer Medicine and Cell Biology. Dr. Roberts has been nominated by HMC Capital Partners Fund 1, a ~15% shareholder in Sigma.



Mr Neville Mitchell

B.Com, CA. Non-Executive Director, Chair Risk Management and Audit Committee (April 2023 onwards)

Appointed a Director of Sigma Healthcare Limited in February 2023. Mr Mitchell has extensive financial experience coupled with broad experience as an active Non-Executive Director. Mr Mitchell is a current Director and Chair of the Audit Committee of Sonic Healthcare and is a Director and Chair of the Audit and Risk Committee of Fisher and Paykel Healthcare. Previously, Mr Mitchell has held other directorships including South Eastern Sydney Local Health District, The Board of Taxation, Sirtex Medical and Osprey Medical Inc. Mr Mitchell is a qualified Chartered Accountant with international healthcare and finance experience. Prior to becoming a Non-Executive Director, Mr Mitchell had a career spanning 27 years with Cochlear Limited, 22 of those years as Chief Financial Officer and Company Secretary.



Ms Annette Carey

LLB, BA, Non-Executive Director, Member of the Nomination & Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in April 2023. Ms Carey is a current Director of National Intermodal Corporation, a Non-Executive Director of Flinders Port Holdings Pty Ltd, a Non-Executive Director of Kinetic, and an Advisory Board Member of Orizontas. Prior to that, Ms Carey has been a Director of Linfox Armaguard Pty Ltd and Sai Cheng Logistics Inc and was Chair of Australia Post Global. Ms Carey brings a balance of technical expertise as well as legal, strategic, and commercial intellect from over 20 years' experience in supply chain, logistics and cross border ecommerce. Ms Carey has previously held various senior roles within the Linfox Logistics Group progressing from General Counsel and Company Secretary to Chief Executive Officer. Ms Carey also held the position of Executive General Manager International with Australia Post. Ms Carey is a member of Chief Executive Women.

Key Corporate Contacts



Mr Gary Woodford

BBus (Acc), CPA
Head of Corporate Affairs

Mr Woodford was appointed Sigma Healthcare's Corporate Affairs Manager in 2014. He is a senior finance executive with over 35 years commercial experience having worked at Sigma from 2001 to 2006 as General Manager Tax and Investor Relations, and from 2006 to 2013 as General Manager Investor Relations at Tatts Group Limited. Mr Woodford has also held roles at Elders IXL, Fosters Brewing Group and Ansett Airlines and is currently a Director of the industry body National Pharmaceutical Services Association (NPSA) and a Director of data analytics company Nostra Data.



Ms Kara McGowan

LL.B (Hons), BCom, BBusEc, ACIS, GAICD
General Counsel and Company Secretary

Ms McGowan was appointed Sigma Healthcare's General Counsel and Company Secretary in October 2021. Ms McGowan has been a Company Secretary for over 15 years for a broad range of corporate structures and businesses. Prior to joining Sigma, Ms McGowan was General Counsel and Company Secretary at Transdev, an international public transport operator. Over the years she has held a variety of legal and commercial roles including Company Solicitor – Kmart and Head of Joint Ventures for Australian Unity Investments. She began her legal career at Clayton Utz as a competition lawyer. Ms McGowan is admitted as a Barrister & Solicitor of the Supreme Court of Victoria, holds a Graduate Diploma of Applied Corporate Governance and is a Graduate and Member of the Australian Institute of Company Directors.



Private and exclusive label is an important part of our strategy as we seek opportunities to enhance margin for Sigma and our pharmacy customers whilst providing quality product and strong value for customers. We have over 250 new products launching this calendar year, with over 80% launching in the second half of the year, and we anticipate growing private label sales by 50% in the 2025 financial year.





Consolidated Statement of Comprehensive Income

For the year ended 31 January 2024

	Note	2024 \$'000	2023 \$'000
Sales revenue	2	3,322,058	3,660,240
Cost of goods sold		(3,103,916)	(3,405,832)
Gross profit		218,142	254,408
Other revenue	2	95,151	101,669
Other expense		–	(6,485)
Warehousing and delivery expenses		(134,557)	(161,596)
Sales and marketing expenses		(38,588)	(48,783)
Administration expenses		(88,622)	(82,616)
Impairment expense	3	–	(6,989)
Depreciation and amortisation	3	(28,323)	(30,336)
Profit before financing costs and tax expense (EBIT)		23,203	19,272
Finance income		1,724	597
Finance costs		(16,303)	(14,407)
Net finance costs		(14,579)	(13,810)
Profit before income tax		8,624	5,462
Income tax expense	4	(3,313)	(2,435)
Profit for the year after tax		5,311	3,027
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		12	(22)
Income tax relating to components of other comprehensive income		(4)	7
<i>Items that will not be reclassified to profit or loss:</i>			
Net change in fair value of equity instruments	19	(530)	(1,555)
Income tax relating to components of other comprehensive income	4	159	467
Other comprehensive loss for the year (net of tax)		(363)	(1,103)
Total comprehensive income for the year		4,948	1,924
<i>Profit attributable to:</i>			
Owners of the Company		4,509	1,811
Non-controlling interest		802	1,216
Profit for the year		5,311	3,027
<i>Total comprehensive income attributable to:</i>			
Owners of the Company		4,146	708
Non-controlling interest	21	802	1,216
Total comprehensive income for the year		4,948	1,924
		Cents per share	Cents per share
Earnings per share (cents) attributable to owners of the Company			
– Basic earnings per share	5	0.4	0.2
– Diluted earnings per share	5	0.4	0.2

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

As at 31 January 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	31	356,496	16,650
Trade and other receivables	8	317,059	332,476
Inventories	9	221,129	324,851
Income tax receivable		2,906	4,974
Prepayments		8,206	6,897
Assets held for sale	15	6,704	–
Total current assets		912,500	685,848
Non-current assets			
Trade and other receivables	8	7,667	1,306
Property, plant and equipment	11	188,624	200,231
Goodwill and other intangible assets	12	110,253	118,243
Right-of-use assets	14b	83,152	90,692
Other financial assets	19	13,622	16,077
Net deferred tax assets	4	62,094	61,676
Total non-current assets		465,412	488,225
Total assets		1,377,912	1,174,073
Current liabilities			
Bank overdraft	18, 31	–	3,681
Trade and other payables	10	353,571	449,765
Lease liabilities	14a	9,789	9,263
Provisions	13	7,356	13,692
Deferred income		141	956
Liabilities held for sale	15	423	–
Total current liabilities		371,280	477,357
Non-current liabilities			
Borrowings	18	–	80,000
Lease liabilities	14a	126,842	134,041
Provisions	13	7,179	4,909
Total non-current liabilities		134,021	218,950
Total liabilities		505,301	696,307
Net assets		872,611	477,766
Equity			
Contributed equity	16	1,637,023	1,234,462
Reserves	17	2,923	3,043
Accumulated losses		(769,176)	(761,587)
Non-controlling interest	21	1,841	1,848
Total equity		872,611	477,766

The above consolidated balance sheet is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Five-year Summary

	2024 \$'m	2023 \$'m	2022 \$'m	2021 \$'m	2020 \$'m
Operating results					
Sales revenue	3,322.1	3,660.2	3,446.2	3,400.4	3,244.3
EBITDA	51.5	49.6	30.0	68.6	24.2
EBIT	23.2	19.3	2.3	40.0	(3.1)
Profit/(loss) before tax	8.6	5.5	(8.3)	28.6	(15.8)
Profit/(loss) after tax	5.3	3.0	(6.3)	45.0	(11.5)
Financial position					
Working capital	212.6	230.0	313.3	294.2	233.8
Fixed assets (including intangibles) ⁵	382.0	409.2	409.6	417.0	434.7
Lease liabilities	136.6	143.3	143.1	148.9	50.1
Other assets/(liabilities)	58.1	48.9	58.2	2.4	4
Capital employed ¹	516.1	544.8	638.0	564.6	622.4
Net debt/(cash)	(356.5)	67.0	149.2	50.3	146.0
Net assets	872.6	477.8	488.8	514.4	476.4
Shareholder related					
Dividend					
– ordinary per share	1.0c	1.5c	2.0c	–	3.0c
– total dividends	10.60	15.9	21.2	–	31.8
Earnings/(loss) per share	0.4c	0.2c	(0.7c)	4.4c	(1.3c)
Dividend payout ratio	200%	530%	n/a	–	n/a
Net tangible asset backing per share	47c	34c	34c	36c	32c
Market capitalisation (balance date)	1,689	673	477	699	636
Ratio and returns					
EBIT margin ²	0.7%	0.5%	0.1%	1.2%	-0.1%
Gearing ³	(69.1%)	12.3%	23.4%	8.9%	23.5%
Interest cover ⁴	3.5x	3.6x	2.8x	6.0x	1.9x

1. Net assets plus borrowings less cash and cash equivalents.

2. EBIT/sales revenue.

3. Net debt/capital employed (year-end).

4. Reported EBITDA/Net financing costs (times).

5. Includes right-of-use assets.

Recent Dividends

Dividend	Date Paid	Cents Per Share
2024 Final	17 April 2024	0.5
2024 Interim	11 October 2023	0.5
2023 Final	18 April 2023	0.5
2023 Interim	26 September 2022	0.5
2022 Final	22 April 2022	1.00
2022 Interim	8 October 2021	1.00
2021 Final	21 April 2021	1.00
2020 Interim	–	–#
2020 Final	–	–#
2020 Interim	4 October 2019	1.00
2019 Final	29 April 2019	2.00
2019 Interim	29 October 2018	1.50
2018 Final	20 April 2018	2.50
2018 Interim	5 October 2017	2.50
2017 Final	21 April 2017	3.00

Due to insufficient franking credits, no 2020 final or 2021 interim dividends were paid.

Contact

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Board of Directors and Executive Leadership

Refer to pages 22 to 23
of this review or visit

www.sigmahealthcare.com.au

Company Secretary

Kara McGowan

General Counsel and

Company Secretary

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Corporate Affairs (investor, media or government enquiries)

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Berrinba QLD 4117

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Pooraka SA 5095

16 –20 Bell Street
Townsville QLD 4810

115 Coonawarra Road
Winnellie NT 0820

10 Craft Street
Canning Vale WA 6155

15 Woodrieve Road
Bridgewater TAS 7030

580-610 Dohertys Road
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