FY24 results announcement

21 March 2024

Sigma Healthcare

Vikesh Ramsunder
CEO and Managing Director

We acknowledge the Wurundjeri people of the Kulin Nation and acknowledge them as the Traditional Custodians of the land on which we meet today. We pay our respects to their Elders past, present and emerging.

Agenda

1. Review of the year
2. Financial performance
3. Operational update
4. Strategy and Merger proposal update
5. Outlook
6. Chemist Warehouse 1HFY24 Update

Review of the year – strong foundations delivering results

- Stronger core with expanded growth opportunities
- Achieved ISO9001 accreditation – recognition of world class processes and training
- Maintained strong customer metrics – Delivery in Full >99%
- Secured 5-year supply contract with Chemist Warehouse (CWG)
- Announced CWG merger proposal
- NPAT up 150% to $4.5m ($12.7m before absorbing CWG merger proposal costs of $8.2m incurred to 31 January 2024)
- Net Debt prior to raise reduced by 43% to $37.8m, with equity raise further strengthening the balance sheet
- Partially franked dividend of $0.005 per share

$3.32b Sales Revenue down 9.2%	**4.3%** Increase in Like-for-like Sales Revenue
$31.4m EBIT up 62.7%*	**$23.2m** Statutory EBIT up 20.4%
10.7% Reduction in operating costs	**$356.5m** Net Cash (after equity raise)

*Excluding initial merger transactions costs of $8.2m incurred to 31 January 2024

All comparisons are to FY23

Mark Conway
Chief Financial Officer

Sustained improvement in statutory financial performance

Statutory P&L summary ($m)

	FY24 $m	FY23 $m	Change %
Sales Revenue	**3,322.1**	3,660.2	(9.2%)
Gross Profit	218.1	254.4	(14.3%)
Other Revenue	95.2	101.7	(6.4%)
Operating Costs	**(261.8)**	(293.0)	(10.7%)
Non-recurring non-cash charges	-	(13.5)	n.a.
EBITDA	**51.5**	**49.6**	**3.9%**
Depreciation and Amortisation	(28.3)	(30.3)	(6.6%)
EBIT	**23.2**	**19.3**	**20.4%**
Net Interest	(14.6)	(13.8)	5.6%
Tax	(3.3)	(2.4)	36.1%
Non-controlling interests	(0.8)	(1.2)	(34.0%)
NPAT (attributable to owners of the company)	**4.5**	**1.8**	**148.9%**

- **Sales revenue:** down $338m or 9.2% driven by:
  - Non-recurring RAT sales of ($205.5m)
  - Non-recurring revenue from the hospitals business of ($266.2m)
  - Wholesale revenue growth in FY24 of $127.2m
- **Gross profit:** down $36.3m or 14.3% reflecting:
  - Non-recurring RAT sales contribution in FY23 of ($52.3m)
  - Non-recurring inventory write-offs in FY23 of $27.9m
  - Lost contribution from hospital business of ($9.9m)
- **Operating Costs:** favorable by 10.7% including merger costs (see slide 8)
- **Non-recurring non-cash charges:** Comprising of $7.0 million of non-cash impairment charges announced in 1H23 result, $6.5 million from Rowville DC asset write-offs
- **Net interest:** higher due to higher interest rates despite lower average debt levels, partially offset by interest earned on proceeds of equity raise used to pay down debt late in the year

Costs down 10.7% driven by simplification and productivity

Warehouse and Delivery: Down $27.0m from FY23

- $15.7m reduction following sale of business
- $6.4m reduction in labour costs as productivity improved
- Warehouse productivity up 11% YoY and freight cost reduction of 8.3% driven by improved route optimisation

Sales and Marketing: Down $10.2m from FY23

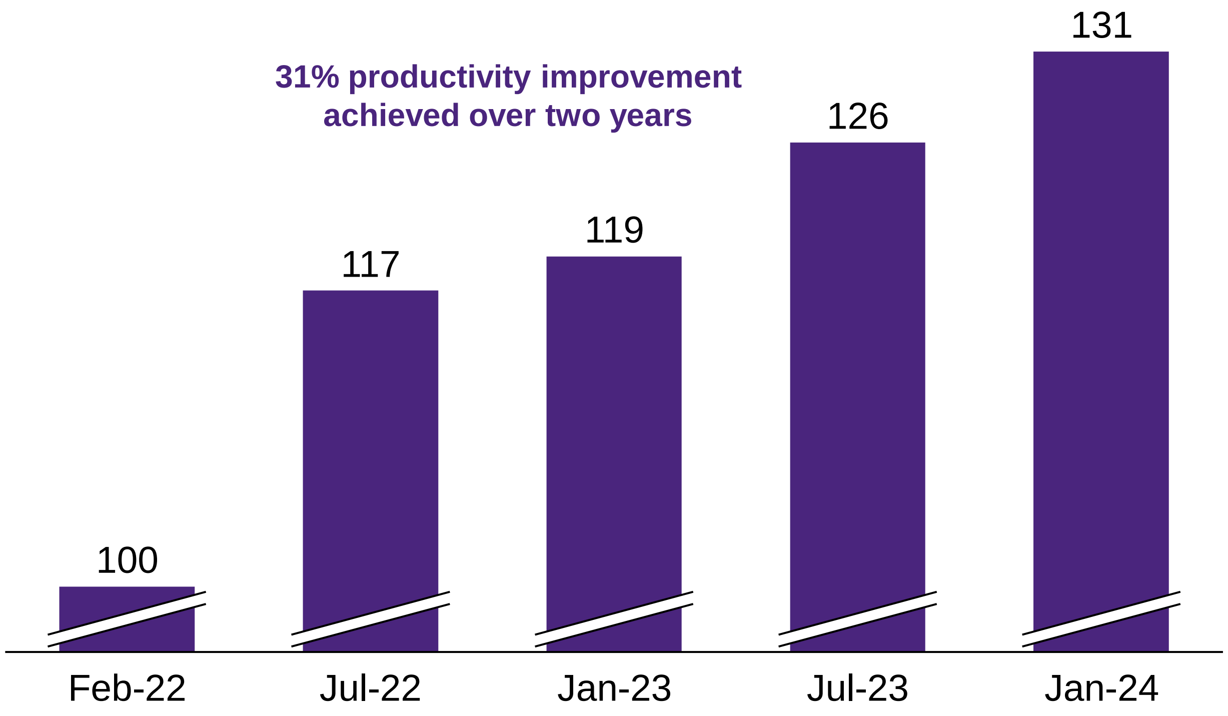
- $4.9m reduction in advertising costs and bad debts
- $2.4m net reduction in employment costs through operating model changes implemented
- $1.9m reduction following sale of business

Administration: Down $2.2m from FY23

- $5.7m lower driven by non-recurring FY23 software implementation costs

One-off merger transaction costs of $8.2m

Warehouse Productivity – output / hours (Index 100)



Strong balance sheet to support strategic growth

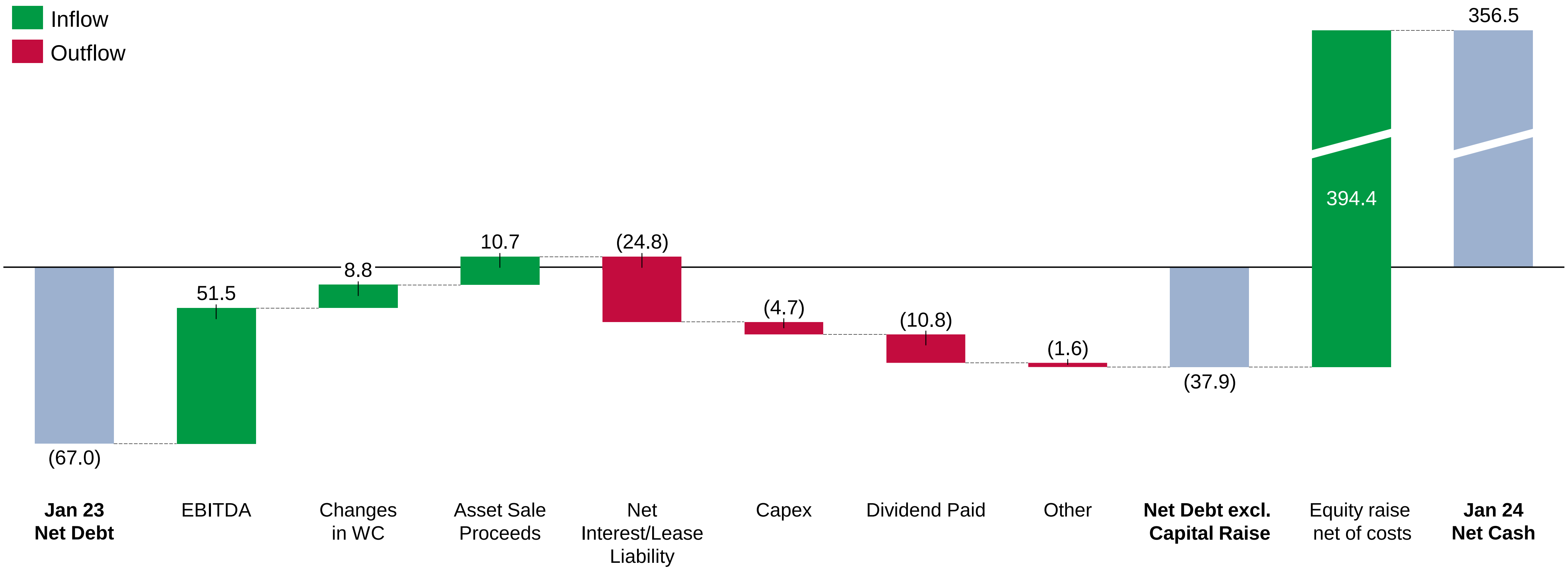
Statutory Balance Sheet summary ($m)

	FY24 $m	FY23 $m	Change %
Cash and cash equivalents	356.5	16.7	2,041%
Trade and other receivables	324.7	333.8	(3%)
Inventories	221.1	324.9	(32%)
PP&E	188.6	200.2	(6%)
Intangible Assets	110.3	118.2	(7%)
Right-of-use assets	83.2	90.7	(8%)
Other assets	93.5	89.6	4%
Total assets	**1,377.9**	**1,174.1**	**17%**
Bank Overdraft	-	3.7	(100%)
Trade and other payables	353.6	449.7	(21%)
Borrowings	-	80.0	(100%)
Lease liability	136.6	143.3	(5%)
Other Liabilities	15.1	19.6	(31%)
Total liabilities	**505.3**	**696.3**	(28%)
Net Assets	**872.6**	**477.8**	84%

- Sound financial position provides Sigma with financial flexibility and opportunities to invest in growth
- Equity raise proceeds significantly strengthen balance sheet with a net cash position of $356m
- Inventory reduction by $103m from divestment of Hospitals business and inventory optimisation
- Repayment of all borrowings from capital raise proceeds, with $250m of undrawn debt facilities at 31 January 2024

Net cash at year end – net debt down 43% prior to equity raise

Net debt movement, $m
FY23 – FY24



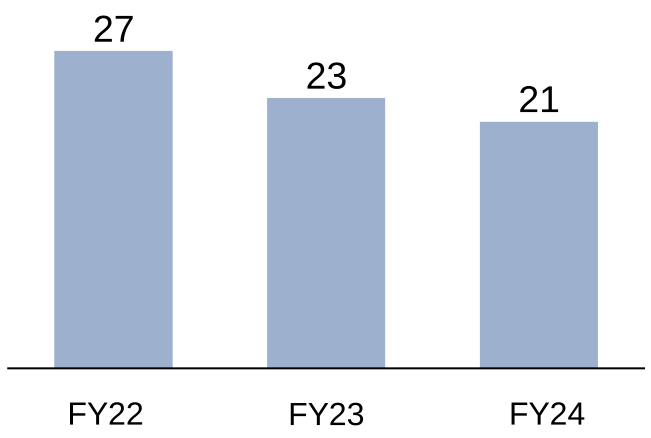
Cash flow – improved cash conversion

Statutory cash flow summary

	FY24 $m	FY23 $m	Change %
Receipts from customers	3,747.6	4,167.9	(10%)
Payments to suppliers and employees	(3,690.7)	(4,009.6)	(8%)
Net Interest	(15.2)	(12.6)	21%
Income taxes refunded/(paid)	0.3	(9.7)	(103%)
Operating cash flow	**42.0**	**136.0**	(69%)
Investing cash flow	**5.7**	**(28.6)**	120%
Financing cash flow	**295.8**	**(110.2)**	368%
Net increase / (decrease) in cash	343.5	(2.8)	12,338%
Cash at the beginning of the period	13.0	15.8	(18%)
Net Cash end of the period	356.5	13.0	2,649%

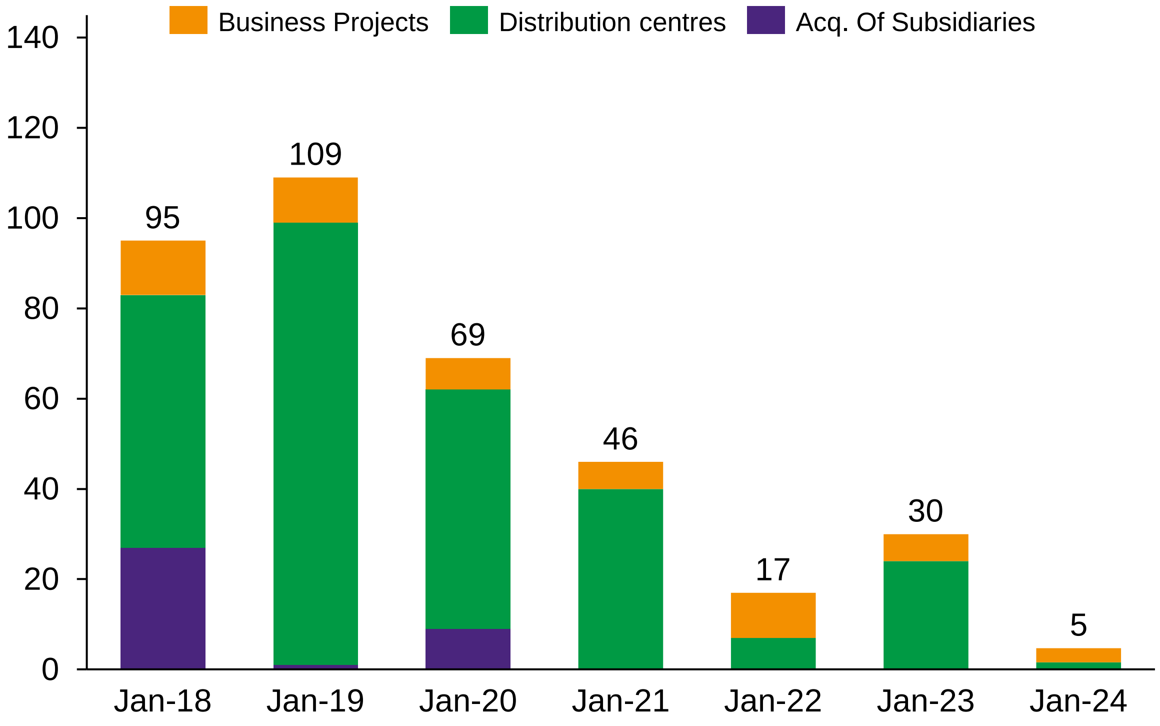
- Operating cash flow down driven by high margin RAT sales in FY23 with stock pre-purchased in FY22
- Operating cash flow driven by business performance improvements, lower inventory holdings
- Investing cash flow reflects completion of Truganina Distribution Centre extension and sale proceeds from Hospitals business
- Financing cash flow reflects $394m net equity raise and repayment of borrowings

Cash Conversion Cycle improving (days)



Capex profile – major program complete

Capex Profile



Excludes SaaS expenditure which is fully expensed in the year incurred

- FY24 spend relates to:
  - Berrinba (Brisbane) automation expansion in preparation for the CW contract
  - MPS equipment upgrades in NSW
- The major capex program is complete with the business now largely ex-capex
- Capital spend is expected to remain in the $5m-$10m range

Vikesh Ramsunder

CEO and Managing Director

Wholesale sales – world class infrastructure supporting community pharmacy

- Business Support Centre
- Distribution centres/Warehouses
- MPS TGA licenced packing facilities

Total wholesale sales

$3.1bn

Sales revenue

Up 4.3% excluding hospital distribution business and non-repeating RAT sales. Like for like sales to our franchise brands up 9.0%

Units distributed during the year

230m

Volume

Distributed over 230 million units to community pharmacy during the year from our ISO9001 accredited distribution centres

Delivery in Full every month.

>99%

Customer metric

Achieving Delivery in Full (DIF) and Despatch on Time (DOT) above 99% through the year

Improved inventory management

$103m

Inventory management

Reduced inventory holding by $103m whilst increasing stock availability to above 93%

Chemist Warehouse supply contract – execution on track

- 5-year supply contract commencing 1 July 2024
- Over $3.0 billion annualised sales, approx. $2.0 billion new annualised sales to Sigma
- Execution of plans is on track, including:
  - Inventory management and replenishment
  - Team member recruitment
  - Route optimisation
- Equity raise completed to support inventory build and support ownership retention of key strategic distribution centres in Truganina (Victoria) and Canning Vale (WA)
- Key focus on ensuring high service standards are maintained for all customers

Executing our retail strategy

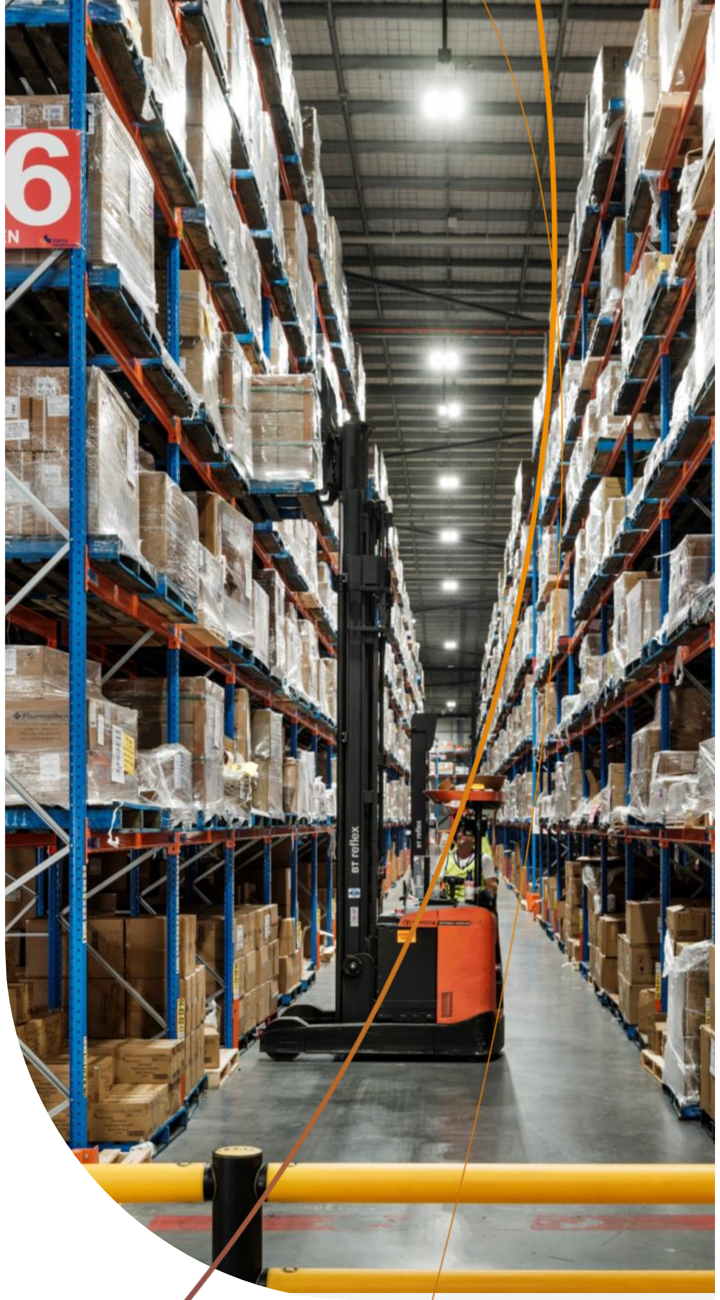
- Employed a new category team
- Consolidation of brands is well advanced
- Like-for-like sales in our franchise brands up 9.0%
- Some proceeds from equity raise will be used to support brand member growth
- Our team are focused on achieving brand franchise targets:
    - Over 300 Amcal franchise partners
    - Over 150 DDS franchise partners

Strong pipeline of private and exclusive label (PEL) products

- We have built internal capability to execute our strategy
- FY24 PEL sales currently below 1% of total sales
- Developed a strong pipeline of products and improved all aspects of our product sourcing, procurement, pricing and promotion
- We have recruited an entire new team to drive execution
- Over 250 products developed, with over 80% launching in 2HFY25
- Plans in place to deliver 50% growth in PEL sales in FY25

Third Party Logistics (3PL) a core growth area

- Providing 3PL services in six states
- Large footprint climate-controlled facilities
- ISO9001 accreditation across entire network
- Truganina DC expansion enabled increased 3PL services at this site from the start of the year
- Revenue up 17%
- Good capacity utilisation with capacity for growth



Strategy and merger proposal update

Strategy execution – build scale, drive efficiency, enhance margin

Our Strategy

1. **Grow scale and profitable market share in the wholesale business**
2. **Divest non-core assets and continue to simplify the business**
3. **Consolidate and build our franchise brand network**
4. **Diversify our streams of income through expanded product offerings via health, beauty and wellness categories**

Timeline for delivery

- Secured the 5-year CW supply agreement to commence 1 July 2024
- Disposed of hospital distribution business and other small non-core assets in FY24
- Brand consolidation well advanced – now targeting over 300 Amcal and 150 DDS franchise partners
- Launching over 250 private and exclusive label products in FY25
- Proposed merger with CWG can provide material diversification opportunities

We are progressing towards our goal of achieving an EBIT margin of 1.5% to 2.5%.

Update on proposed merger with Chemist Warehouse Group

- On 11 December 2023, Sigma announced a proposed merger with Chemist Warehouse Group (CWG) to create a leading pharmaceutical wholesaler, distributor and retail pharmacy franchisor (Proposed Merger)[1]
  - — The Proposed Merger is transformational for both companies, underpinned by strong strategic and commercial rationale and is expected to create significant value for shareholders and benefits for pharmacists and customers
- The Proposed Merger is subject to a number of conditions including ACCC approval and Sigma and CWG shareholder approvals
- Sigma submitted its submission to the ACCC in February 2024, and on 8 March 2024 the ACCC commenced a public consultation process.

Notes:
1. Refer to the ASX Announcement and Investor Presentation lodged with ASX on 11 December 2023 for further information.

Outlook

Effectively onboard the Chemist Warehouse supply contract

Continue to drive cost efficiency and execute our retail and private and exclusive label strategies

Finalise negotiations on new wholesaler funding agreements

Complete Chemist Warehouse merger proposal, subject to regulatory and shareholder approvals

With 6.6% YTD sales growth we re-affirm our medium-term EBIT target of 1.5% to 2.5% on a standalone basis

Mark Davis

Chemist Warehouse
Chief Financial Officer

In compliance with Sigma's continuous disclosure obligations, this announcement contains information about Chemist Warehouse's first half financial performance. These slides have been prepared by Chemist Warehouse and not by Sigma.

1H FY24 Results Highlights

CWG performing strongly with PBT up **28.6%**

RETAIL NETWORK	CWG
$4.56bn up 13.5%[1] **Total Network Sales**[3]	**$321m up 28.6%**[1] **Statutory profit before tax**[2]
9.0%[1] **LFL Sales Growth in Australia**	
+18 stores added **Global Store Network**	

1H FY24 Commentary

- CWG results benefitted from combined impacts of retail network sales growth (and corresponding demand for goods and services from CWG) with the Chemist Warehouse value proposition resonating with more customers, successful online profitability initiatives and growth in supplier support income
- Momentum continuing to build in selected International markets with rising profitability
- 18 stores added to the retail network, 9 Australia, 9 International since 30 June 2023
- 557 Australian stores generated $3.94bn sales in 1H FY24 +13%
- 63 International stores generated $0.55bn sales in 1H FY24 + 38%
- Results achieved including initial impacts of 60 day dispensing rollout
- Legacy tax matter agreed with ATO resulting in a one time $133.6m tax benefit being recorded during the period.
- 2H started well with positive network sales momentum

Execution Priorities

- Growth: Continued rollout of new franchise stores
- Operational: Smooth transition to new supply arrangements (Sigma / Wagner)
- Strategic: Continue to progress towards completion of merger with SIG

[1] Compared to previous corresponding period, being 1H FY23

[2] No normalisation adjustments for any transaction costs incurred associated with the SIG merger proposal or any other normalisation or management adjustments have been made to CWG statutory profit numbers.

CWG Statutory Results 1H FY24

Statutory Profit And Loss – no normalisation adjustments

$'000	6 months ending 31 December 2022	6 months ending 31 December 2023
Total Revenue	1,678,726	1,771,244
Gross Profit	538,206	556,007
EBITDA	**343,813**	**340,001**
Depreciation & Amortisation	(71,500)	(15,667)
EBIT	**272,313**	**324,334**
Net Finance costs	(22,789)	(3,432)
PBT	**249,524**	**320,902**
Income tax (expense)/benefit	(72,981)	39,207[1]
NPAT	**176,543**	**360,109**

Commentary

- Financials for CWG represent statutory results before any normalisations or management adjustments
- Effective from 1 February 2023, CWG implemented certain changes to its commercial arrangements which do not impact profit before tax but do impact comparability of individual profit and loss line items. The changes had the impact of reducing 1H FY24 reported gross profit and EBITDA with a corresponding reduction across the depreciation & amortisation and net finance costs line items.
- Refer to commentary on previous slide regarding 1HFY24 results highlights

Strong balance sheet supports growth strategy

$'000	30 June 2023	31 December 2023
Current Assets	1,230,464	1,716,127
Non Current Assets	1,001,513	1,110,355
Total Assets	**2,231,977**	**2,826,482**
Current Liabilities	801,993	923,022
Non Current Liabilities	1,050,271	1,250,507
Total Liabilities	**1,852,264**	**2,173,529**
Total Equity	**379,713**	**652,953**

Commentary

- Net Debt: $238m as at 31 December 2023
- A final FY23 dividend of $101m was paid on 6 October 2023
- An interim FY24 dividend of $117m will be paid on 28 March 2024

[1] Legacy tax matter agreed with ATO resulting in a $133.6m tax benefit being recorded during the period.

Mark Davis

CWG Closing Remarks

Questions

Thank you

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The information contained in this presentation about Sigma Healthcare Limited and its subsidiaries (Sigma) is designed to provide:

- an overview of the financial and operational highlights for Sigma for the full year period ending 31 January 2024; and
- a high level overview of aspects of the operations of Sigma, including comments about Sigma’s expectations of the outlook for FY2025 and future years, as at 21 March 2024.

In compliance with Sigma's continuous disclosure obligations, this announcement contains information about Chemist Warehouse's first half financial performance. These slides have been prepared by Chemist Warehouse and not by Sigma.

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