



Annual Review
2022/23

Contents

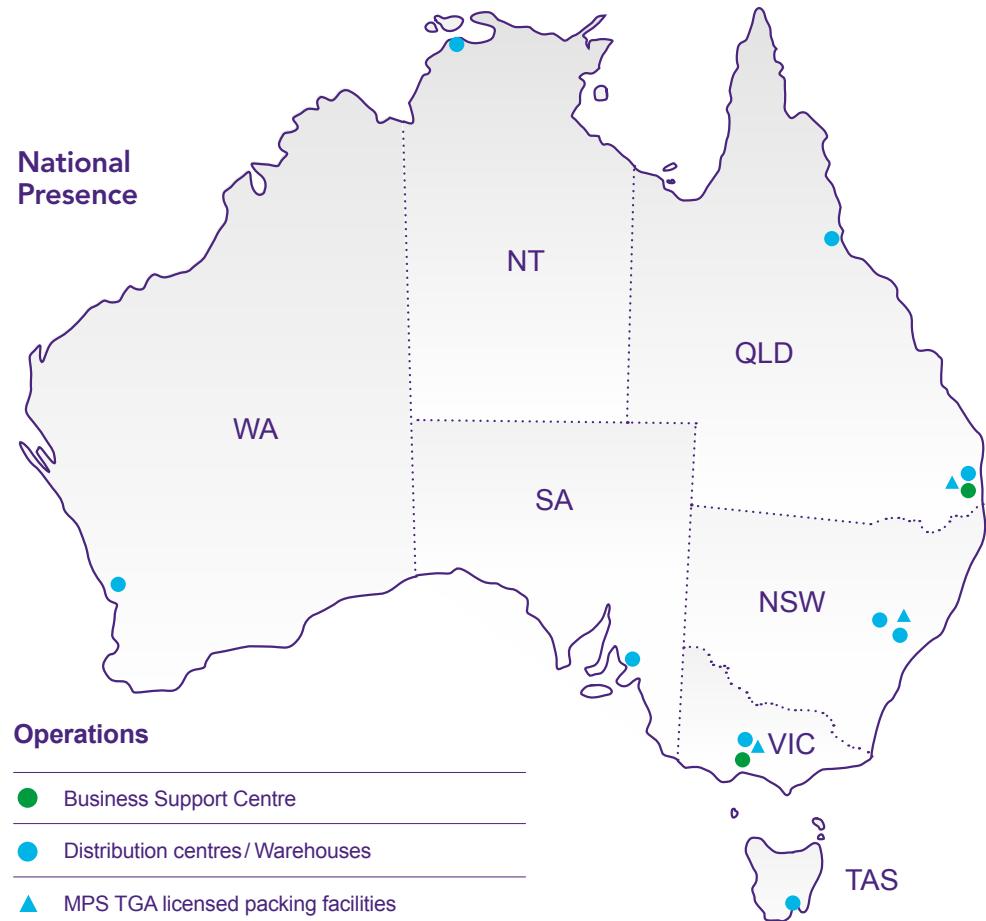
Overview 02	Chairman's Report 04	CEO's Report 08	Wholesale Sales 10	Retail brands 11	Merchandise and Marketing 12
Logistics 13	Sigma Healthcare Logistics/3PL 16	Technology 17	MPS Connect 18	In Memory 19	Board of Directors 20
New to the Board of Directors 21	Key Corporate Contacts 22	Consolidated Statement of Comprehensive Income 24	Consolidated Balance Sheet 25	Five Year Summary 26	Contact 28

Sigma Healthcare has a long and proud history spanning over 110 years in Australia. At our core is the provision of full line pharmaceutical wholesale and distribution services to community pharmacy across Australia. We also have one of the largest franchise pharmacy networks in Australia, supported by an engaged team, world-class infrastructure, and a commitment to operate sustainably.



Overview

Period 1 February 2022 to 31 January 2023



Revenue up 6.2%

\$3.66b

Net Profit After Tax

\$1.8m

Dividends Per Share (Fully Franked)

0.01 CPS

Units distributed per annum

~250m



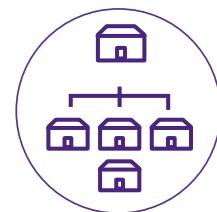


Strategic Objectives

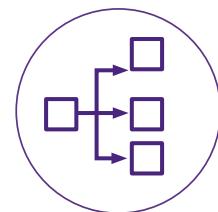
During the 2023 Financial Year we have re-defined our strategy to create long-term shareholder value through a diversified health, beauty and wellness offering. To achieve this, we will focus on the following objectives:



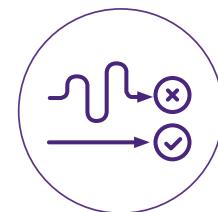
Grow profitable wholesale market share



Consolidate and build our franchise brand network



Diversify our streams of income through expanded product offerings via health, beauty and wellness categories



Divest non-core assets and continue to simplify the business



Values

We have also refined our existing company values to create a culture of performance and accountability, guided by the following behaviors:



We are obsessed with delighting our customers



We act with honesty, integrity and respect



We are resilient and focused



We deliver on our goals

Chairman's Report



I am pleased to present the Sigma Healthcare Limited Annual Review for the financial year ended 31 January 2023, my first as Chairman.

This has been another year of significant transformation and renewal for Sigma and our team.

The most impactful challenge we faced was the sad and sudden passing of our former Chairman, Mr Ray Gunston, in July. Ray was renowned for his incredible work ethic and strong personal values, and he was an enormous influence and contributor not only to Sigma and our people, but across the broader community. Ray has left a strong legacy. He also led the recruitment of our new CEO, Vikesh Ramsunder, which has set the path for the future of Sigma.

Since joining Sigma at the start of the financial year, Vikesh has made major advancements to stabilise the business from the extensive change program, reset the business strategy, begin simplifying our operations, focus on delivering customer service excellence, and strengthening our leadership team. We still have much progress to make. However, the sustainability of our core operations over the last 12 months has significantly improved and strengthened our ability to pursue our strategy confidently.

Our updated strategy was endorsed by the Board and announced at our half year results in September 2022. The details are outlined in the CEO Report. At its core is a clear drive to utilise latent capacity by better leveraging the world class infrastructure and systems that we now have available to us.

Financial Performance

For the full year, Sigma has delivered:

- Revenue up 6.2% to \$3,660.2m
- Earnings Before Interest and Tax (EBIT) up 733.2% to \$19.3m
- NPAT of \$1.8m
- Dividend Per Share of \$0.01 paid in respect of FY23

Whilst the NPAT is not where we would like it to be, it is an important marker as we emerge from this period of transformation and renewal. The NPAT result was delivered after absorbing the financial costs and impacts of several issues, including the implementation of our Enterprise Resource Planning (ERP) solution and bringing to account the impact of correcting historical operational work practices identified through the ERP implementation.

The ERP implementation was a business wide end-to-end project to replace outdated and unsupported technology, which

regrettably led to significant challenges and disruption for our business and our customers. With the ERP in place and stabilised, it has enabled us to implement more rigorous processes and practices across the business, including stock control and delegations of authority, to improve governance moving forward.

With these challenges largely behind us, we can now actively pursue opportunities to leverage the capacity and capability we have created to deliver customer service excellence and ultimately enhance shareholder returns.

This emergence is beginning to be reflected in the share price, which was up 36% for the 12-months to 31 January 2023.

Sigma 12 Month Share Price Performance

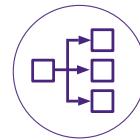




Over \$400m invested
to renew our entire
DC infrastructure



9 DCs distributing
to customers across
Australia



Over 14,000
SKUs

Governance and renewal

As we evolve our business, we have also taken the opportunity to strengthen the expertise and skillsets within the Board to govern the business moving forward. Whilst the appointments were made after the end of the 2023 financial year, they are an important step in our overall renewal process.

Neville Mitchell was appointed as a Non-Executive Director on 2 February 2023 and brings strong financial experience and expertise. Neville will assume the Chair of the Audit and Risk Committee from April 2023. Annette Carey also commences as a Non-Executive Director from 1 April 2023. Annette brings exceptional transport, supply chain and logistics expertise that will be invaluable for Sigma moving forward.

Meanwhile, David Manuel has decided not to stand for election at our upcoming AGM. David is an active community pharmacist and his industry knowledge and experience have been of enormous benefit to the Board and management since joining in October 2009. We will continue to work with David to ensure his knowledge is not lost to Sigma.

In addition to the changes at a Board level, Vikesh has assembled a new leadership team that has tirelessly and systematically worked through the issues over the last 12-months to restore service levels, improve reliability and rebuild trust for customers. Significant progress has been made, and

Vikesh and this leadership team are critical for driving the future success of Sigma.

Sustainability

As we continue to execute our strategy and seek opportunities to grow the business, we also maintain a strong focus on the sustainability of our operations.

Social dividend is a key aspect of our business. Our renewed infrastructure is designed and built to deliver essential medicines to those who need them in every part of Australia, playing an essential role in delivering the Government's National Medicines Policy objective.

We have released our third Sustainability Report, outlining several areas in which we have progressed over the last year. This includes our gender diversity at all levels of the business, cyber security initiatives, an increase in the level of renewable energy as a percentage of total energy consumption, and in providing a safe work place for our team members, which has again contributed to a continued reduction in Lost Time Injury Frequency rate. We have also outlined our pathway towards carbon neutrality in our operations.

Sigma's Sustainability report is available on our website: investorcentre.sigmapharmaceuticals.com.au/corporate-sustainability

We now have world class Distribution Centres to provide the best service possible. We have world class technology solutions to provide the best data analytics and insights we need to run our business better. However, at the heart of Sigma's success is our people.

Our team have proven incredibly resilient as we renewed, restructured and prepared the business for the future. They have experienced team members departing and felt the effects of the impact on our service levels whilst we stabilised our systems. To all team members, I thank you for your commitment to Sigma, your resilience and focus on delivering our goals.

I also thank our loyal customers. We know Sigma has been challenging to deal with as we worked through the last 12-months. Importantly, we have emerged from this period in a strong position with everything we need to deliver exceptional customer service to you.

Finally, to our shareholders, I thank you for your patience. With the renewal now complete, we are steadfastly focused on delivering.

Michael Sammells
Chairman

Over the years ahead, the opportunity is to extract value by optimising our infrastructure by driving efficiencies in our operations, growing volume throughput, and leveraging available capacity through targeted growth opportunities.





CEO's Report



Having commenced with Sigma at the start of this financial year, I am now in a far more informed position on the functioning of the Australian market and the Sigma Healthcare business. I have focused my attention this year on concluding the infrastructure rebuild phase, driving the improvement in our operational performance, and renewing our strategy to ensure we have a sustainable business. Pleasingly, the operational improvement has been significant and the business, whilst having endured a far more challenging period than anticipated, is now on a much stronger foundation to incrementally deliver improved financial outcomes as we implement our strategy over the next coming years.

Some of the progress made during the year, which I will reflect on in this report, includes:

- Simplifying our business model
- Stabilising our new ERP system
- Improving our operational performance
- Largely finalised our DC infrastructure investment phase
- Renewed our leadership team
- Outlining our revised strategy, including consolidation of our brands
- Reduced our net debt
- Returned to profit.

It has been a significant period of necessary change to prepare the business for our growth phase.

Infrastructure

Starting with our extended period of upgrades to our infrastructure and systems – this phase is now behind us.

Over the last six years Sigma has largely renewed its entire physical infrastructure and transitioned to a new cloud-based technology ERP solution. Such large-scale transformation unfortunately created challenges and disruption internally for our team, as well as for our suppliers and customers. This phase is now concluded, and Sigma has world-class infrastructure and technology solutions that will be key enablers to deliver service excellence to our customers.

Operational Performance

A consequence of the changes was that our operational performance has been a tale of two halves.

The first six months of the financial year focused on stabilising our ERP systems and implementing critical measurements across the business to drive performance. Additional costs were incurred in the first half to support our logistics teams and to help fast-track the improvement needed to reach acceptable performance levels.

Our focus in the second six months of the year firmly shifted to optimising the investments already made and enhancing our service levels utilising the improved capabilities available to us. Pleasingly, we have seen our Delivery in Full (DIF) measure, a critical focus for customers, reach 98% and on time deliveries get to almost 100%, levels better than they were prior to our ERP implementation.

Over the years ahead, the opportunity is to extract value by optimising our infrastructure by driving efficiencies in our operations, growing volume throughput, and leveraging available capacity through targeted growth opportunities.

Renewal

At the same time as finalising our infrastructure build, we have also evolved our strategy, updated our corporate values, and renewed our leadership team.

Our Strategy is being guided by six overarching principles:

1. Grow scale and profitable market share in the wholesale business
2. Deliver best in class supply chain customer service
3. Execute a sustainable franchise brand growth strategy via Amcal and Discount Drug Stores
4. Diversify our income streams through expansion into health, beauty and wellness categories
5. Create a pipeline of talented employees to support sustainable growth
6. Ensure robust environmental, social and governance practices.

Whilst progress is being made in all areas, it won't be delivered concurrently. As outlined above, the infrastructure provides the scalable platform for us to deliver profitable wholesale sales and best in class customer service.

Our brand strategy announced in September 2022, will focus on Amcal, which has built strong brand trust and loyalty earned from over 85 years in operation, and Discount Drug Stores, with a strong value and service proposition.

Whilst this strategy may be disruptive short term, building scale in two brands will enable Sigma to better support the brands and drive foot traffic by engaging with customers, suppliers and pharmacists. Moving forward, it will also help underpin our expansion into health, beauty and wellness categories, including an expanded private and exclusive label product offering, which is an important part of our longer-term strategy.

For pharmacists who do not want a brand, we have also consolidated our independent pharmacy offerings under the PriceSave initiative, which has over 400 active members after being launched in February 2023.

To support our implementation plans we have made major organisational changes during the year with the aim of strengthening our leadership and functional expertise across the organisation. This includes injecting new team members to enhance the ability and experience to execute our plans and support sustainable growth moving forward.

Shareholder focus

Returns to shareholders is a major focus for myself, management, and the Board. We have made significant operational improvements this financial year in line with our 24-month turnaround plan. However, the financial performance is not yet where it needs to be and will continue to improve with the effective implementation of the remainder of our strategy. Heading into the 2024 financial year my focus will remain on cost efficiency, strengthening the balance sheet and investing in strengthening the Amcal and DDS brands to drive growth.

Earnings Before Interest and Tax (EBIT) for the year was \$19.3 million, up 733.2% on the prior year.

Having made a Net Loss After Tax in the previous financial year of \$7.2 million, the actions we have taken are beginning to make a difference, with the business reporting a Net Profit After Tax of \$1.8 million in the current fiscal year. Importantly, momentum is beginning to build from a more stable and sustainable business operating model.

A critical focus for us this year has been to ensure the efficient management of working capital. This has resulted in improvement across inventory management, debtor days and creditor days. Ultimately, it has resulted in Net Debt at year end reducing to

\$67.0 million from \$149.2 million last financial year end, a pleasing outcome in an environment of rising interest rates.

Finally, Sigma has a long and proud history that spans over 110 years supporting pharmacy and the community. We now have world class infrastructure, enhanced capability, and available capacity to pursue our growth ambitions. The largest challenge facing the business now is to earn back the trust and confidence of our stakeholders.

In closing, I would like to thank our customers who stuck by us through these significant changes – we understand your trust in Sigma was tested and we truly appreciate your loyalty to the organisation. I thank our team members for their resilience, commitment, and support through what was a challenging year. I would also like to thank the Board for their ongoing support.

Finally, to our shareholders, we have rebuilt our infrastructure, reset the business and re-energised our teams. It provides the platform we need to sustainably execute our strategy, to grow Sigma over the long term.



Vikesh Ramsunder
CEO and Managing Director

Wholesale Sales



It has been a challenging period for our wholesale sales team following two years of COVID impacts and our system disruption. During the year, we have restructured our team and upgraded our customer ordering platform to make Sigma easier to do business with. Through this, we have delivered a 2.2% increase in wholesale sales to community pharmacy. The major contributors to this result included:

- The ERP implementation issues encountered early in the year had a negative impact on customer trust and confidence in Sigma. This has lead to a loss of market share of around 2%.
- Our sales performance in the first half of the year benefited from the sale of Rapid Antigen Test kits. The second half benefited from sales of high value COVID anti-viral treatment.
- Medical Industries Australia (MIA), our medical equipment and consumables business, previously operated separately to wholesale. During the year, we amalgamated the MIA business into Sigma, essentially treating it as another product category, which will open sales channels and opportunities moving forward.
- Wholesale sales to hospitals reached \$364 million up 11.3% over previous year.

With our systems now stabilised and operational performance significantly improved, we are now confident in our ability to win back the trust and confidence of customers, and to actively pursue growth. January 2023 data has shown positive signs, with Sigma growing sales at a rate well above average market growth rates.

Retail brands



 **Amcal+**

 **Discount Drug Stores**

 **PriceSave**
it's your choice

In September 2022, we announced our strategy to consolidate our retail pharmacy focus on supporting two brands – Amcal and Discount Drug Stores with a simplified service model that delivers value to the end consumer. Following this announcement, we have made the following progress:

- **Amcal** – We declared our intention to merge the Guardian brand with Amcal, whilst retaining the DNA of Guardian. The Amcal and Guardian brands have been strongly aligned for many years and have operated under an Amcal Guardian National Council, supporting the brand direction for members. This brand consolidation is progressing to plan and is on target to achieve our conversion targets. Under the guidance of David Preston, who leads the Amcal and Guardian teams as the Head of Franchise Brands, we have redefined the Amcal vision, mission and customer value proposition.

• **Discount Drug Stores** – We have appointed a new Head of DDS to engage with members, drive the DDS brand proposition, and focus on growing member numbers.

• **PriceSave** – In February 2023, we launched our new independent pharmacy offer. PriceSave offers independent-minded pharmacy owners with strong wholesale trading terms, retail buying power, core support tools to streamline operational efficiencies and the flexibility to choose optional modules.

The retail brand strategy will be a key enabler of our strategy to grow our market presence and private and exclusive label penetration.

Amcal rated as Best Pharmacy Brand in Finder Awards



The **Finder Retail Awards** recognise favourite brands to guide millions world-wide in making a decision. For the pharmacy category, Australians rated pharmacies they had shopped at on four metrics: customer service, value for money, range of products, and overall.

Not only was Amcal recommended by 94% of surveyed Aussies, it was rated the highest of any other brand for the customer service and value for money category achieving a score of 4.7/5 and 4.4/5 respectively.

A big thank you to our high-performing and passionate pharmacy teams.



DDS won the Roy Morgan Customer Satisfaction Award for Chemist/Pharmacy of the Year

Discount Drug Stores won the **2021 Roy Morgan Customer Satisfaction Award** for Chemist/Pharmacy of the Year.

Customer satisfaction ratings are collected from Roy Morgan's survey of approximately 60,000 Australians each year and is the world's largest ongoing single source survey. DDS achieved the highest number of months in 2021 with a number one ranking.

Congratulations to our dedicated pharmacy teams.

Merchandise and Marketing



Consistent with our franchise brand strategy, we have implemented a category focused merchandise operating model, which has required the consolidation of our merchandise team in our Melbourne Support Centre. This will support the strategic integration of brands to create, deliver and communicate value to our customers.

Each Category team is now responsible for the full end-to-end product decisions whilst delivering a sales and profit benefit for Sigma and our pharmacy customers. The new operating model delivers a more efficient structure, an improved retail focus and incorporates Private Label in all aspects of planning and execution.

We are currently implementing effective processes to ensure timely delivery of new product development and innovation, conducting a sales and margin review at a category and customer level, and improving the management and efficiency of our inventory.

A key focus area for us is to deliver growth in private label and exclusive brands. To fast-track this, the product development and sourcing team is expanding, with a proven track record of local and global sourcing expertise. This increased focus is supported across all functional areas – from increased share of shelf (space planning) to increased marketing support, and sales targets set for the Sales teams.

Our people are key enablers, and we are investing in talented employees across all elements of the Merchandise team to help drive the execution of our strategy.

Logistics



In November 2022 we successfully migrated to our new, purpose-built distribution centre in Hobart and completed the extension to our Melbourne Distribution Centre, finalising the major infrastructure investment program which commenced in 2017. Our automated, temperature-controlled distribution centres in all states and territories of Australia are world-class, with capacity to drive our business growth well into the future.

Throughout the 2023 financial year, the Logistics team have been intensely focused on improving operational performance with great success. Productivity, Delivery in Full and Delivery On-Time metrics have all improved significantly and are at levels better than was achieved prior to our ERP replacement program.

The process improvements in inbound, picking and outbound have been underpinned by a concentrated effort to get closer to customers and be responsive to that feedback. This included a route optimisation program to reduce kilometres travelled and improve tote fill to reduce wastage and improve cost efficiencies.

Over 230 million units distributed during the year.

Significant progress has been made on stabilising our systems, removing complexity, divesting non-core assets, and improving processes. This progress has been a key enabler in driving improvement in operational performance, providing a platform to win back the trust and confidence of our customers through consistently delivering customer service excellence.





Sigma Healthcare Logistics/3PL



Utilising Sigma's national distribution network and state of the art facilities we provide warehousing and distribution solutions across the pharmaceutical, medical consumables and fast-moving consumer goods sectors.

We provide customised logistics services from secure temperature controlled facilities to add value to our clients.

We are currently managing ~30,000 pallets of product for 3PL customers and with the extension of our Melbourne Distribution Centre completed in late 2022, we have added an additional 20,000 pallet capacity.

We have recently extended a major supply contract, and are in active discussions to win new business to increase utilisation.

We have built the capability and capacity to now focus on pursuing growth opportunities in our third party logistics business.

30,000 pallets under management.

Technology



Significant progress has been made over the last 12-months to stabilise and begin optimising our new technology platforms.

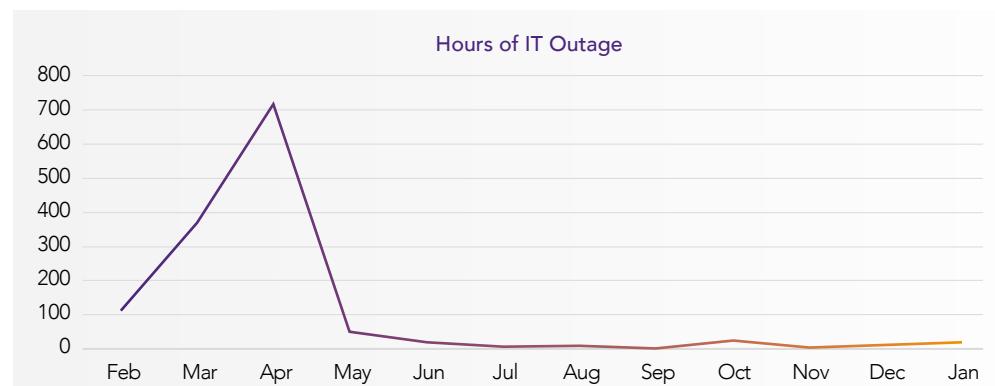
After committing to a total renewal of our ERP system in 2019, which went live in August 2021, we faced significant disruption that impacted our business, our customers and our suppliers. The first six months of the 2023 financial year were concentrated on stabilising our systems. This required additional labour resources and expenditure but was a critical first step to providing a solid platform and experience that our customers could trust long term. Stabilisation was achieved.

The second half of the year saw attention turn to optimising the world class systems now available to us. In this phase, our team have been focused on removing any further roadblocks for customers, making practices and processes more efficient, and improving reporting to enable better decision making. This is advancing at pace.

In addition, we have taken the opportunity to make further improvements across our business to empower our team to make informed decisions and enhance customer service. This has included:

- Completing a total migration of all our Data Centre infrastructure to the cloud and professional external data centres to provide high resilience and security
- Merging Medical Industries Australia (MIA) into Sigma Company Ltd under our corporate S/4 HANA system
- Providing advanced analytics capability to our business through the development of our Data and Analytics platform
- Upgrading our customer facing Sigma Connect platform to enhance its speed and functionality to further improve our services to and access for pharmacy customers.

Progress has been substantial, and the technology platforms are now fully capable of supporting our business and our customers.



MPS Connect



MPS Connect provides essential medication management solutions that help to seamlessly link GPs to pharmacists to individuals in the community and aged care homes, their care staff, and residents. At its core, MPS Connect integrates packing services and Dose Administration Aid (DAA) solutions with documentation and quality control for greater efficiency, quality, and accuracy.

Through the challenges of COVID-19, and the specific impacts it had on aged care residents, MPS Connect has managed to maintain the reliability and quality of service delivery, continue to launch new initiatives, and to grow the business.

Growth has been particularly strong in the Corporate Aged Care facility business, where we have achieved 45% growth in the last 12-months to now be servicing over 260 facilities. Importantly, growth has been achieved whilst maintaining best-in-industry accuracy rates to deliver quality and safety of care to our customers.

An important initiative delivered during the year was the successful launch of MediSphere, our proprietary medication management software solution and Electronic National Residential Medication Charts (eNRMC) medication management software solution. Since being launched in February 2022, prescriber numbers have grown from 5 to almost 350, with over 127,000 prescriptions generated through the platform, which will be integrated with the Government's My Health Record.

The quality of the MediSphere solution was recently recognised, being awarded Silver at the Australian Design Awards 2023.

The 2022 year also saw MPS Connect expand its capability, with the installation of a blister packing machine in NSW to complement the existing sachet packing machine fleet. The provision of choice opened customer channels not previously available to MPS Connect, providing another avenue for growth.

Operationally, MPS Connect achieved 17.5% growth in packed patients over the year whilst overcoming the challenges of supply chain shortages, increased freight charges and labour shortages largely caused by COVID-19 challenges.

Importantly, growth has been achieved whilst maintaining best-in-industry accuracy rates to deliver quality and safety of care to our customers.

Average pills packed per week

4,100,000

Medication packing accuracy

99.9999%

Corporate Aged Care Facilities serviced

260

AUSTRALIAN
DESIGN AWARDS 2023

BETTER FUTURE

SILVER

In Memory

Ray Gunston

The Sigma Board, Executive and team members would like to acknowledge the significant contribution of Mr Ray Gunston, who sadly passed away in July 2022.

Mr Gunston joined the Sigma Board in July 2010, was previously Chair of the Risk Management and Audit Committee, and ultimately became Chairman of Sigma in May 2020. Ray always acted in the best interests of shareholders and provided exceptional leadership to the Board and Sigma Management. He was renowned for his incredible work ethic, strategic thinking, financial acumen, and made a significant contribution to Sigma and the broader community. Above all, Ray will always be remembered as a gentleman renowned for his honesty, integrity and genuine care, love and support for others. He will be dearly missed at Sigma.

A true gentleman

GIVING INSPIRATIONAL HUMBLE TALENT STRONG
WARM WIDELY RESPECTED ONE IN A MILLION ROLE MODEL GENTLE
KING LOVING GREAT FRIEND OUTSTANDING BLOODY GOOD MAN SMART FRIENDLY CALMING ETHICAL
COMMITMENT MATE COMMUNITY WORKER PRODIGIOUS WORK ETHIC INTELLIGENT BEST FRIEND
HONEST DECENT MAN OVERSTATED ONE IN A MILLION WARM DOWNTOWN DECENT MAN
VALUABLE MENTOR PRINCIPLED COMMITMENT MATE
BEST BLOKE LEADER ENGAGING COMMUNITY MINDED
RESPECTED MR. FIX IT FRIENDLY EXCEPTIONAL
PRINCIPLED TRULY DECENT CONFIDENT BRILLIANT HIGHLY RESPECTED
INTELLIGENT FRIENDLY THOUGHTFUL DOWN TO EARTH
COMPOSED AND EVER-REASONABLE
DISTINGUISHED LEADER INTEGRITY ADMired TRULY DECENT SMART
INTELLIGENT DOWN TO EARTH GIANT GREATLY LOVED LOYAL SUPER FRIENDLY
DOWN TO EARTH TALENT MODEST COMMUNITY MINDED OUTSTANDING GROUNDED
GREAT FELLA GREAT FRIENDLY PRODIGIOUS WORK ETHIC
FOOTBALLING FATHER OVERSTATED ONE IN A MILLION
HONEST DECENT MAN
HAT BEAUTIFUL FUN KING
MENTOR POSITIVE
STEADY PRINCIPLED MODEST MR. FIX IT
DOWNTOWN DECENT MAN
MENTOR DEAR FRIEND FAMILY FOCUSED CHARISMATIC
CHARISMA WISE
ROLE MODEL WIDELY RESPECTED
MENTOR
LEADER KING
MATE STRONG
COMMITMENT
GIVING LOVELY
ONE OF THE GREATS BLOODY GOOD MAN
DATING CALMING
PRODIGIOUS WORK ETHIC
HONEST DECENT MAN PRINCIPLED GROUNDED
WIDELEY RESPECTED
MENTOR
SPECIAL
WIDELEY RESPECTED
MENTOR
ALWAYS RAN STRAIGHT
GENTLE FUN ADMIRER
CARING
REALLY GOOD BLOKE CONFIDANT
POSITIVE
UNDERSTATED
FAMILY FOCUSED
INTELLIGENT
KIND HELPFUL
TRULY DECENT GENUINE
WONDERFUL CHARISMATIC
BLOODY GOOD MAN
MODEST POSITIVE
VALUABLE MENTOR
RESPECTED KIND
ALWAYS RAN STRAIGHT
GREATLY LOVED
WISE POLITE
ONE OF THE GREATS
POSITIVE
INTELLIGENT SMART
THE WALL

RAY GUNSTON
1957 - 2022



Board of Directors



Mr Michael Sammells

BBus (Acc), FCPA, GAICD. Chairman, Non-Executive Director, Member of the Risk Management and Audit 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. 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 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 new 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 Christine Bartlett

BSc, MAICD. Non-Executive Director, Chairman of the Nomination & Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in March 2016. Ms Bartlett holds a Bachelor of Science (Pharmacology and Physiology) from the University of Sydney and has completed the Harvard University Advanced Management Training and Global Executive Program. As an experienced CEO and senior executive, Ms Bartlett has broad commercial expertise, with a particular focus in areas of financial discipline, risk management, innovation, technology, and strategy execution. Ms Bartlett's current directorships in listed entities include Non-Executive Director at Mirvac Group and Reliance Worldwide Corporation Ltd. Ms Bartlett resigned as a director of GBST Ltd in November 2019. Ms Bartlett has not held any other directorships in listed entities over the past three years. In addition, Ms Bartlett's current directorships in unlisted companies include Non-Executive Director of TAL. Ms Bartlett is a member of Chief Executive Women, and the Australian Institute of Company Directors.



Ms Kathryn (Kate) D Spargo

LLB (Honours), BA, FAICD. Non-Executive Director, Member of the Risk Management and Audit Committee (Interim Committee Chair Oct 22 – April 23)

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 Colnvest 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.

New to the Board of Directors



Mr David G Manuel

BPharm, MPS, MAICD. Non-Executive Director, Member of the Risk Management and Audit Committee, Member of the Nomination & Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in October 2009. Mr Manuel is a community pharmacist proprietor and an active participant in industry affairs with a special interest in cognitive services such as opiate dependency treatments, compounding, medical technology and aged care pharmacy services. Mr Manuel is a Director of Alchemy Healthcare Pty Ltd, Black Swan Healthcare Ltd, Elements Health Care Pty Ltd and Oqea Pty Ltd. He is a current Western Australian representative on the Amcal Guardian National Council (AGNC) and a current Branch Committee Member of The Pharmacy Guild of Australia (WA Branch). Mr Manuel has not held a directorship of any listed entity during the last three years.

Mr Manuel has advised the Board of his intention not to stand for election at Sigma's upcoming Annual General Meeting. He has been a significant contributor to Sigma for over 13 years, and we thank him for his service and dedication.

With Sigma's operations evolving, we have taken the opportunity to renew the Board and inject new thinking and skills to support our strategy and growth ambitions moving forward.



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 and QBiotics. Previously, Mr Mitchell has held other Director roles 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 and Remuneration Committee

Appointed a Director of Sigma Healthcare Limited in April 2023. Ms Carey is a current Director of National Intermodal Corporation 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 30 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 telehealth service provider Doctors on Demand.



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 10 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 where she was responsible for the provision of legal advice for all operations in Australia and New Zealand. 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.





Consolidated Statement of Comprehensive Income

For the year ended 31 January 2023

	2023 \$'000	2022 \$'000
Sales revenue	3,660,240	3,446,164
Cost of goods sold	(3,405,832)	(3,208,219)
Gross profit	254,408	237,945
Other revenue	101,669	103,305
Other expense		
Warehousing and delivery expenses	(161,596)	(154,915)
Sales and marketing expenses	(48,783)	(61,668)
Administration expenses	(82,616)	(93,016)
Impairment expense	(6,989)	-
Depreciation and amortisation	(30,336)	(27,691)
Profit before financing costs and tax expense (EBIT)	19,272	2,313
Finance income	597	221
Finance costs	(14,407)	(10,841)
Net finance costs	(13,810)	(10,620)
Profit/(loss) before income tax	5,462	(8,307)
Income tax (expense)/benefit	(2,435)	1,971
Profit/(loss) for the year after tax	3,027	(6,336)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(22)	(4)
Income tax relating to components of other comprehensive income	7	1
<i>Items that will not be reclassified to profit or loss:</i>		
Net change in fair value of equity instruments	(1,555)	718
Income tax relating to components of other comprehensive income	467	(215)
Other comprehensive income/(loss) for the year (net of tax)	(1,103)	500
Total comprehensive income/(loss) for the year	1,924	(5,836)
Profit/(loss) attributable to:		
Owners of the Company	1,811	(7,239)
Non-controlling interest	1,216	903
Profit/(loss) for the year	3,027	(6,336)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	708	(6,739)
Non-controlling interest	1,216	903
Total comprehensive income/(loss) for the year	1,924	(5,836)
Earnings/(loss) per share (cents) attributable to owners of the Company		
– Basic earnings/(loss) per share	0.2	(0.7)
– Diluted earnings/(loss) per share	0.2	(0.7)

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 2023

	2023 \$'000	2022 \$'000
Current assets		
Cash and cash equivalents	16,650	31,145
Trade and other receivables	332,476	358,683
Inventories	324,851	321,640
Income tax receivable	4,974	66
Prepayments	6,897	50,087
Other financial assets	-	14
Total current assets	685,848	761,635
Non-current assets		
Trade and other receivables	1,306	783
Property, plant and equipment	200,231	193,237
Goodwill and other intangible assets	118,243	128,050
Right-of-use assets	90,692	88,327
Other financial assets	16,077	17,632
Net deferred tax assets	61,676	58,617
Total non-current assets	488,225	486,646
Total assets	1,174,073	1,248,281
Current liabilities		
Bank overdraft	3,681	15,375
Trade and other payables	449,765	407,008
Lease liabilities	9,263	10,318
Provisions	13,692	23,027
Deferred income	956	1,886
Total current liabilities	477,357	457,614
Non-current liabilities		
Borrowings	80,000	165,000
Lease liabilities	134,041	132,739
Provisions	4,909	4,150
Total non-current liabilities	218,950	301,889
Total liabilities	696,307	759,503
Net assets	477,766	488,778
Equity		
Contributed equity	1,234,462	1,225,455
Reserves	3,043	2,867
Accumulated losses	(761,587)	(741,134)
Non-controlling interest	1,848	1,590
Total equity	477,766	488,778

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

Five Year Summary

	2023 \$'m	2022 \$'m	2021 \$'m	2020 \$'m	2019 \$'m
Operating results					
Sales revenue	3,660.2	3,446.2	3,400.4	3,244.3	3,976.8
EBITDA	49.6	30.0	68.6	24.2	76.5
EBIT	19.3	2.3	40.0	(3.1)	63.0
Profit/(loss) before tax	5.5	(8.3)	28.6	(15.8)	52.0
Profit/(loss) after tax	3.0	(6.3)	45.0	(11.5)	37.0
Financial position					
Working capital	230.0	313.3	294.2	233.8	406.2
Fixed assets (including intangibles) ⁵	409.2	409.6	417.0	434.7	349.6
Lease liabilities	143.3	143.1	148.9	50.1	-
Other assets/(liabilities)	48.9	58.2	2.4	4	1.7
Capital employed ¹	544.8	638.0	564.6	622.4	757.5
Net debt	67.0	149.2	50.3	146.0	243.2
Net assets	477.8	488.8	514.4	476.4	514.3
Shareholder related					
Dividend					
– ordinary per share	1.5c	2.0c	-	3.0c	4.0c
– total dividends	15.9	21.2	-	31.8	42.4
Earnings/(loss) per share	0.2c	(0.7c)	4.4c	(1.3c)	3.8c
Dividend payout ratio	530%	n/a	-	n/a	116%
Net tangible asset backing per share	34c	34c	36c	32c	37c
Market capitalisation (balance date)	673	477	699	636	572
Ratio and returns					
EBIT margin ²	0.5%	0.1%	1.2%	-0.1%	1.5%
Gearing ³	12.3%	23.4%	8.9%	23.5%	32.1%
Interest cover ⁴	3.6x	2.8x	6.0x	1.9x	6.9x

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
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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Directors

Refer to pages 20–21 of this review or visit
www.sigmaproducts.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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Head of Corporate Affairs
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