Sigma Healthcare
Connecting health solutions

Annual Report 2021/22

CONTENTS

DIRECTORS' REPORT

For the year ended 31 January 2022

The Directors present their report on Sigma Healthcare Limited (the Company) and its controlled entities (the Group) for the year ended 31 January 2022.

Directors

The names of the Directors of the Company during the year and until the date of this report were:

Name	Particulars
Mr Raymond M Gunston *BComm (Hons), DipEd, FCPA, FTA, GAICD* Non-Executive Chairman and Director (Acting CEO and Managing Director from 1 January 2022 to 31 January 2022)	Appointed a Director of Sigma Healthcare Limited in July 2010, and Chairman of Sigma Healthcare Limited in May 2020. Mr Gunston is Chairman of Hotel Property Investments Limited, and a member of that Company's Board Audit and Risk Committee and the Human Resources and Nominations Committee. He has over 40 years of extensive corporate and financial services experience in the public and private sectors, specialising in finance, treasury, mergers and acquisitions, and accounting. He is a former Chief Financial Officer of Tatts Group Limited, and a former director of many of the Tatts Group's subsidiary and associate companies, and the former Interim CEO for the Essendon AFL Football Club. Mr Gunston is currently a Consultant to the Australian Football League. Mr Gunston has not held any directorships of listed entities in addition to those set out above during the last three years.
Mr Vikesh Ramsunder *(B.COM) Logistics, (MBL) Corporate Strategy* CEO and Managing Director (commenced 1 February 2022)	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 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. Mr Ramsunder has not held a directorship of any other listed entity during the last three years.
Mr David G Manuel *BPharm, MPS, MAICD* Non-Executive Director, Member of the People and Remuneration Committee, Member of the Risk Management and Audit 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 Michael Sammells *BBus (Acc), FCPA, GAICD* Non-Executive Director, Chairman of Risk Management and Audit Committee	Appointed a Director of Sigma Healthcare Limited in February 2020. 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.

Name	Particulars
Ms Kathryn (Kate) D Spargo *LLB (Honours), BA, FAICD* Non-Executive Director, Member of Risk Management and Audit Committee, Member of the People and Remuneration Committee	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, and as a director of listed and unlisted companies. Ms Spargo is currently Non-Executive Director at Sonic Healthcare Limited, Adairs Limited, and CIMIC Ltd. Over the last three years, Ms Spargo has held directorships in listed entities as Non-Executive Director in Xenith IP Ltd and Fletcher Building Limited. In September 2021 Ms Spargo retired from her position as Chairman of ColnvestColnvest 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.
Ms Christine Bartlett *BSc, MAICD* Non-Executive Director, Chair of People and 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.

The names of the Directors of the Company who retired or resigned during the year and are no longer Directors at the date of this report were:

- Mr David Bayes (retired as Non-Executive Director 12 May 2021).
- Mr Mark Hooper (resigned as Managing Director 30 September 2021).

Principal activity

The Group is one of the largest full line pharmaceutical wholesaler and distribution businesses in Australia, delivering daily to pharmacies Australia wide. The Group also operates one of Australia's largest pharmacy networks, across the brands Amcal, Guardian, Discount Drug Stores, WholeLife, and PharmaSave.

The Group has a national presence in the hospital pharmacy wholesale distribution market, and through its network infrastructure, provides contract logistics services.

The Group also provides dose administration aid and related services through its Medication Packaging Systems (MPS) business and the supply of medical and allied products through its Medical Industries Australia (MIA) business.

There have been no significant changes in the nature of the principal activities during the year.

Operating and financial review

The operating and financial review, which forms part of this Directors' Report, is presented separately.

Environmental regulations

The Group is not licenced or otherwise subject to conditions for the purposes of environmental legislation or regulation.

Dividends

A fully franked interim dividend of 1.0 cent, amounting to $10,593,000 was paid on 8 October 2021.

Since the end of the year, the Directors have resolved to pay a final dividend of 1.0 cent per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 January 2022. The ex-dividend date is 4 April 2022, the record date is 5 April 2022 and it is expected to be paid on 22 April 2022. The total amount payable is $10.6 million.

Rounding of amounts

The Company is a Company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Proceedings on behalf of the Company

The directors are not aware of any persons applying for leave under s.237 of the *Corporations Act 2001* to bring, or intervene in, proceedings on behalf of the Company.

Directors' and officers' indemnities and insurance

As provided under the Constitution, the Company indemnifies directors and officers to the extent permitted by law for any liability incurred to persons other than the Company or its related bodies corporate in their capacity as directors or officers unless the liability arises out of conduct involving a lack of good faith.

During the year, the Company paid an insurance premium in respect of a contract insuring its directors and officers against a liability of this nature. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amounts of premiums paid are confidential.

Non-audit services

Details of the amounts paid to the auditor of the Company, Deloitte, and its related practices, for audit and other services provided during the year and the comparative period are set out in Note 26.

The directors are aware of the issues relating to auditor independence and have in place policies and procedures to address actual, potential and perceived conflicts in relation to the provision of non-audit related services by the Company's auditor. Specifically, through the Risk Management and Audit Committee ("RMAC"), the independence of the auditor is maintained by:

- Limiting the scope and nature of non-audit services that may be provided; and
- Requiring that permitted non-audit services must be pre-approved by the Chairman of the RMAC.

The directors are satisfied that the provision of these non-audit services by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been approved by the RMAC or Chairman of the RMAC in accordance with the Company's policy for the independence of its external auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 30.

Remuneration Report

Details of the Group's Remuneration Policy in respect of the Directors and Senior Managers are included in the Remuneration Report on pages 10 to 29, which forms part of this Directors' Report. Details of the remuneration paid to each Non-Executive Director, the CEO and Managing Director and other senior managers are also detailed in the Remuneration Report.

Environmental, social and governance

Sigma recognises the importance of environmental, social and governance matters to our shareholders, suppliers, customers and our team members. Last year Sigma published its inaugural Sustainability Report. This year, Sigma has conducted a detailed assessment of our performance against that report, tested our views on the greatest risks and opportunities for Sigma, and assessed our progress towards our 2030 targets. This assessment has helped to form Sigma's second environmental, social, and governance (ESG) Report, as well as identify key activities that we will now look to progress over the coming year. This is an integrated whole of business sustainability report approved by the Sigma Board, with key themes being:

- identifying and effectively managing and mitigating environmental risks from all work practices
- providing safe and healthy workplaces that empower our team members to perform at their best
- cultivating an inclusive employee culture that is committed and equipped to lead through change and to achieving our objectives under this policy; and
- implementing strategies and a reporting framework to give effect to our objectives stated under this policy.

More details on Sigma's ESG commitment is available in our ESG Report, which is available on the Sigma website.

DIRECTORS' REPORT CONTINUED

For the year ended 31 January 2022

Directors' interests in share capital, options and performance rights of the Company

Details of the directors' relevant interests in shares, options and performance rights of the Company at the date of this Report are as follows:

	Number of fully paid ordinary shares	Number of performance rights/options over fully paid ordinary shares
Mr R Gunston	628,549	-
Mr V Ramsunder	-	-
Mr D Manuel	349,191	-
Ms K Spargo	294,666	-
Ms C Bartlett	180,483	-
Mr M Sammells	74,985	-

Board and committee meeting attendance

The following table sets out the number of Board and Committee meetings held during the year and the number attended by each Director or Committee member while the Director was a member of the Board or relevant Committee. During the year, sixteen Board meetings, five Risk Management and Audit Committee meetings and five People and Remuneration Committee meetings were held.

	Board of Directors		Risk Management and Audit Committee		People and Remuneration Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr R Gunston	16	16	-	-	-	-
Mr M Hooper	8[4]	8	-	-	-	-
Mr D Bayes[2]	3[3]	3	-	-	2[3]	2
Mr D Manuel[1,2]	16	16	5	5	5	5
Ms K Spargo[1,2]	16	16	5	5	2[5]	2
Ms C Bartlett[2]	16	16	-	-	5	5
Mr M Sammells[1]	16	16	5	5	-	-

1. Risk Management and Audit Committee Member.
2. People and Remuneration Committee Member.
3. Mr D Bayes retired as a Director and a member of the People and Remuneration Committee in May 2021.
4. Mr M Hooper resigned as a Director in September 2021.
5. Ms K Spargo commenced as a member of the People and Remuneration Committee in August 2021.

Subsequent events

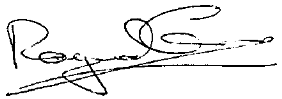
Subsequent to 31 January 2022, the following events and transactions have occurred:

Dividend

Since the end of the year, the Directors have resolved to pay a final dividend of 1.0 cent per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 January 2022. The ex-dividend date is 4 April 2022, the record date is 5 April 2022 and it is expected to be paid on 22 April 2022. The total amount payable is $10.6 million.

Other than the matters discussed above, there has not been any other matter or circumstances that have arisen since 31 January 2022 that have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years not otherwise disclosed.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act 2001*, dated 28 March 2022.



Mr Raymond M Gunston
Chairman

Melbourne
28 March 2022

OPERATING AND FINANCIAL REVIEW

For the year ended 31 January 2022

Overview of operations

The Group is focused on servicing our customers through the following activities:

- wholesale and distribution of pharmaceutical and over the counter (OTC) products to community pharmacy and hospital pharmacy;
- the provision of retail support services to our branded network of pharmacy members – Amcal, Guardian, Discount Drug Stores, Pharmasave and WholeLife – and to independent pharmacies;
- hospital pharmacy wholesale services;
- the provision of dose administration aid services to the aged care sector, community pharmacy sector, and in the home;
- supply of medical consumables and devices to a broad range of customers, including pharmacy aged care facilities, hospitals and clinics;
- the provision of technology solutions and data analytics to support our customers; and
- product development and support for a range of private and exclusive label products.

The Group, through its network infrastructure, also offers contract logistics services to pharmaceutical manufacturers and other supplier partners.

Key events and changes in state of affairs

Although the general nature of the Group's operations has not changed for the period, performance for the year ended 31 January 2022 has been impacted by a number of events that need consideration when comparing to the prior period, these include:

COVID-19 (Coronavirus)

In early 2020, there was a global outbreak of a novel strain of coronavirus (COVID-19), since declared a global pandemic. The response in Australia and internationally, including mandates from federal, state and other authorities, to mitigate the spread of the virus, has and continues to have significant impact on local and international economies.

As a provider of essential services, the Group has, and continues to be, focused on implementing practices to enable the continued service of customers, their patients and the local community, whilst prioritising the health and well-being of team members and other business stakeholders.

The Group's operations for the period, and up to the date of this report, were impacted by the COVID-19 pandemic and the actions put in place to contain and respond to the virus:

Health, safety and well-being

As a result of COVID-19, the Group has invested in additional measures to protect the health, safety and well-being of all team members, and visitors to its sites, including:

- establishing a COVID-19 working group to govern the impact, including developing a COVID-19 risk register, establishing Covid-safe operating and response plans, and other key matters in responding to the pandemic;
- additional and intensive cleaning of all offices and distribution centres;
- additional health and safety practices in line with the COVID-19 response plan, including hygiene protocols, physical distancing, health monitoring, temperature checks and compulsory personal protective equipment for all team members and visitors;
- increased mental and wellbeing support for all team members;
- changes to business continuity plans to accommodate risks associated with the pandemic;
- restrictions on travel, meetings and visitors on site and increased working from home arrangements; and
- additional security and other team members, to assist with implementing COVID-19 compliance activities.

The above measures did not materially impact financial performance for the period, although there was an increase in expenses to accommodate the new measures and equipment to support remote working.

Business performance and operations

Performance across the wholesale business has not been materially impacted by COVID-19 for the period, although sales volume was negatively affected in some states when government lockdown restrictions were strongest.

Sales of personal protective equipment (PPE) and medical consumable products, which were especially high in the prior period, have materially reduced due to increased availability of inventory in the market and lower demand. Demand for rapid antigen tests (RATs) however, accelerated significantly in the last quarter of the year and has continued into the first month of the new financial year.

Key events and changes in state of affairs continued

The Sigma retail business was negatively impacted as a result of the restrictive measures in response to COVID-19, although at a lesser extent than the comparative period, and in fewer states. This impact was reflected in reduced income from marketing and promotional activity, although the business did offset a majority of the impact from a reduction in related operating expenses.

For our MPS business, the impact of COVID-19 on aged care facilities continues to have a negative impact on volumes, although this has lessened from the prior year. Our MPS business has undertaken work during the period to upgrading its systems to enhance future support for patients and their families and accelerate business growth.

In addition to the above we note the following:

- The Group did not obtain any government subsidies or concessions associated with responding to the pandemic.
- There were no significant long-term closures of, or reduction in operations at, the Group's distribution centres as a result of the pandemic.

COVID-19 has had a net positive impact on our Group and result for the year, weighted heavily due to the high sales volume of RATs in the latter part of the financial year.

ERP system (SAP S4HANA) implementation

To support our investment in network infrastructure, people and emerging businesses, as reported in the prior period, the Group has invested in its IT systems across the business. This investment is headlined by the implementation of the SAP S4HANA Enterprise Resource Planning (ERP) system which went live in August 2021.

The Group experienced challenges following the implementation with issues across our warehouse management and supply chain processes resulting in disruption to our customers and an increase in inventory inefficiencies.

In the last quarter of the financial year good progress has been made in identifying and resolving the system issues with management focused on stabilisation and optimising the system and rebuilding customer confidence and trust.

New debt facility

On 10 October 2021 the Group agreed to a new $70 million three-year revolving debt facility with Westpac to support general corporate and business development activities. The new revolving facility expires 10 October 2024.

Financial performance

The Group reported net loss after tax (NPAT) attributable to owners of the company for the year ended 31 January 2022 of $7,239,000 which was down $50,768,000 from the prior period ($43,529,000 profit). Reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $30,004,000 was down 56.3% on the prior period ($68,599,000).

As disclosed in "About this report" in the notes to the consolidated financial statements, the comparative financial statements have been restated to reflect the change in accounting policy as a result of the implementation of an IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement. The operating and financial review is based on the restated result and refers to the impact of this change in accounting policy where relevant.

As a result of the change in accounting policy regarding configuration or customisation costs in a cloud computing arrangement, the Group is required to expense costs associated with software as service (SAAS) arrangements it would have previously capitalised. This resulted in expense of $31.8 million before tax recorded to "Administrative expenses" in the consolidated statement of comprehensive income for the period (2021: $25.6 million).

The below table summarises the impact of the change in accounting policy on the key profitability measures in the consolidated statement of comprehensive income for both the current period and the comparative.

	31 January 2022			31 January 2021		
$000	Before change	Policy change impact	After change	Before change	Policy change impact	After change
EBITDA	**61,815**	**(31,811)**	**30,004**	94,198	(25,599)	68,599
EBIT	**33,350**	**(31,037)**	**2,313**	63,210	(23,188)	40,022
Profit before income tax	**22,730**	**(31,037)**	**(8,307)**	51,747	(23,188)	28,559
NPAT	**15,390**	**(21,726)**	**(6,336)**	61,251	(16,232)	45,019
NPAT attributable to Owners	**14,487**	**(21,726)**	**(7,239)**	59,761	(16,232)	43,529

Sales revenue was $3,446,164,000 up 1.3% on the prior period of $3,400,379,000. This result was impacted by a range of contributing factors including:

- an increase in sales to the Chemist Warehouse Group compared to the prior period following the full return of their FMCG business;
- an increase in hospitals revenue of 5.6% mainly resulting from growth in sales across Victoria and New South Wales;
- an increase in sales related to COVID-19 specific products, with an increase in revenue from the sale of rapid antigen tests offset by a decrease in the sale of medical consumables and protective personal equipment;

- an offsetting decrease in retail pharmacy wholesale revenue (excluding Chemist Warehouse Group) of 1.7% from new and existing customers, partially impacted by lower sales to pharmacies impacted by Covid restrictions as well as the impact of the new ERP system implementation;
- an offsetting decrease in export sales due to COVID-19 international travel restrictions;
- an offsetting decrease in the sale of medical consumables and protective personal equipment;
- an offsetting decrease from reduced prices from ongoing Pharmaceutical Benefits Scheme (PBS) price reform.

Gross profit for the period was $227,108,000 ($239,190,000 in the prior period) a decrease of 5.1% reflecting a total gross margin decrease to 6.6% from 7.0%. The decrease in gross margin has been driven by the return to a more normal sales product mix following the increased personal protective equipment sales during the prior period which were not repeated in the current period, in addition to increased losses on inventory associated with slow moving and obsolete stock and inefficiencies associated with the new ERP system.

Other revenue of $112,495,000 was down 18.7% from $138,407,000 in the prior period. For the comparative period, there was a gain on sale of assets of $29,444,000 before tax ($43,558,000 after tax) recorded in relation to a sale and leaseback transaction and the disposal of two dormant distribution centres. The after-tax position was impacted by the utilisation of capital losses against the taxable gain from the sale. Excluding the impact of the gain on sale, other revenue was up $3.4 million, attributable to increased co-op, promotional and rebate income across the current period. Although Covid-19 still impacted retail activities, this was at a lower level than the comparative period. Other revenue also includes the Group's pharmacy brand member fees, rebates, promotional and marketing income and income from data analytics services.

Warehouse and delivery expenses were $154,915,000, up 5.3% from $147,182,000 in the prior period. There were several contributing factors to this result, including an increase in redundancy, restructuring and dual operating costs associated with the distribution centre optimisation program, a short-term increase in labour and logistics costs to support the business through ERP implementation and an increase in payroll costs in accordance with enterprise agreements.

Sales and marketing expenses of $61,668,000 for the period were down 8.5% from $67,425,000 in the prior period. The decrease, despite an increase in the provision for doubtful debts, is attributable to savings in people and contractor costs due to a change in organisational structure, efficiency gains in marketing programs and a decrease in expenditure from less retail activities due to COVID-19 restrictions.

Administration expenses for the year were down 1.5% to $93,016,000 ($94,391,000 in the prior period). The result is impacted by the change in accounting policy associated with software as service (SAAS) arrangements as noted above ($31.8 million in current period and $25.6 million in the comparative). Excluding this impact, expenses were down 11.0%, or $7.6 million, attributable to cost efficiencies associated with lower headcount and employment costs, offset by increased software and managed services expenditure due to the new ERP system.

Depreciation and amortisation of $27,691,000 was 3.1% lower than the $28,577,000 in the prior period. Excluding the impact of the change in accounting policy for SAAS arrangements, depreciation expense was largely consistent with the prior period.

Net interest expense of $10,620,000 was down 7.4% from $11,463,000 in the prior period. Interest expense includes $6.6 million attributable to lease liabilities, an increase of $1.6 million from prior period due to the new leases at Kemps Creek and Berrinba as part of the sale and leaseback transaction. Excluding leases, net interest expense was $4.2 million, $2.6 million lower than the prior period, reflecting the lower average net debt position of the Group and lower interest rates across the year.

Income tax benefit of $1,971,000 was recorded for the period, compared to a $16,460,000 benefit in the prior period. The prior period benefit was impacted by the impact of the utilisation of carried forward capital tax losses associated with the sale and leaseback transaction.

Financial position

The Group's net assets at 31 January 2022 have decreased by $25,581,000 or 5.0% from $514,359,000 at 31 January 2021 to $488,778,000. This decrease reflects the result for the period, including the impact of the change in accounting policy for SAAS arrangements and the impact of the final dividend from the year end 31 January 2021.

Working capital (trade receivables and inventory offset by trade creditors) has increased by $19,130,000 or 6.5% since 31 January 2021 to $313,325,000. The Cash Conversion Cycle (CCC), being the net of Days Sales Outstanding (DSO), Days Inventory on Hand (DIO) and Days Payable Outstanding (DPO), has increased 2 days to 33 days. The contributing factors to this increase have been an increase in the trade receivable balance due to the large sales of RATs close to the period end and the timing of supplier payments and receipts around balance date compared to the comparative period.

The Group's net debt position has increased to $149,230,000 at 31 January 2022, from $50,251,000 at 31 January 2021. This has been driven by continued capital expenditure, most notably on IT assets, the increase in working capital and the overall result for the period.

Return on invested capital ("ROIC") for the current period was 0.4% reflecting the reported performance across the financial year. ROIC is based on reported EBIT divided by the net assets of the business plus net debt.

Material risks

The Group's activities expose it to a number of economic and business risks. Sigma's risk management policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Sigma accepts that risk is a part of doing business, therefore, this policy is not designed to promote risk avoidance, rather to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

Material risks continued

The Group's risk management approach is supported by:

- a robust risk governance framework overseen by the Risk Management and Audit Committee (RMAC);
- a strong and experienced management team;
- clearly articulated levels of authority and approval processes;
- established risk identification tools including a Group Risk Register that is reported to the RMAC quarterly;
- adequate external insurance cover.

The following is a summary of the most material and significant risks facing the Group that are currently reported to the RMAC and are under active management. We have included in the table examples of mitigations in place to assist in managing these risks:

Risk	Mitigation
Australian community pharmacy regulatory reform and/or legislative changes The risk of regulatory reforms imposed on the industry in relation to the PBS, CSO and other Government initiatives, regulation and legislation which could impact the structure and/or operating environment, and therefore position, of Sigma's business.	• Monitoring and review of PBS and CSO changes. • Active agenda and timetable of engagement with identified industry and political stakeholders and membership of industry groups. • Ongoing business development to diversify revenue streams away from PBS dependency. • Ongoing investment in systems and processes to ensure compliance with regulatory requirements.
Delivery of key strategic initiatives There is a risk of Sigma not achieving its strategic priorities if we fail to deliver on the benefits from our key strategic projects, including our new enterprise resource planning system (ERP) and the integration of our acquisitions/subsidiaries successfully.	• Structured project governance including the establishment of project boards for all material projects and integration teams for acquisitions. • Resource planning and dedicated teams established to deliver strategic projects, including obtaining external expert support when required. • Detailed project planning with resource support from external experts. • Executive sponsorship and responsibility of all key strategic projects/subsidiaries with Board oversight.
Financial risk The Group is exposed to various financial risks impacting economic viability including customer defaults, loss of inventory from damage or obsolescence, loss of material customers and general retail trading conditions.	• Sigma has governance in place to address all its major financial risks, particularly in relation to working capital. Specific examples include: – Credit policy and credit framework overseen by a credit committee. – Obsolete and slow-moving inventory committee established to review inventory on hand. – Operational and contracted relationships with customers and key customer groups. • Structured process to review funding and debt needs overseen by the CFO.
Liquidity risk Effective liquidity management is imperative to meet the Group's ongoing funding requirements in executing the capital expenditure program, investment in systems, management of working capital and overall strategy.	• Cash forecasting and monitoring of financial ratios, cash conversion metrics and funding covenants. • Regular review of the appropriateness of the Group's debt facilities and funding sources. • Standard trading terms for trade debtors and creditors and governance of the approval of variations to these terms. • Robust working capital management (see financial risk above).

Risk	Mitigation
Operations risk The Group is exposed to several risks that have the potential to materially impact operations or result in business interruption. This includes industrial action, workplace health and safety and the loss or outage of critical infrastructure.	Sigma has various controls in place to address risks to its operations, some specific examples include: • Enterprise agreement strategies and site-specific planning. • Business continuity plans and disaster recovery capability and technology for core systems. • Capital investment in distribution centre network infrastructure. • Robust health and safety management system and dedicated health and safety resources.
Social and environmental sustainability risk We are committed to delivering sustainable outcomes for investors, customers, communities and the environment, today and for the future. Sigma recognises the risk on our reputation and operations from not delivering on this commitment.	• Establishment of environment, social and governance (ESG) strategy and reporting with the support of external experts. • Identifying and managing and mitigating environmental risks from our operations, particularly our distribution centre network. • Commitment to the covenant sustainable packaging guidelines. • Active community engagement in various charity organisations and other targeted programs. • Supply chain review, changes to the procurement process and amendment of standard contracts in response to Modern Slavery legislation.

Risk	Mitigation
Climate change risk (emerging risk) Climate change presents an evolving risk for Sigma. This include potential disruption to operations from extreme weather events, but also due to such things as changes to laws and regulations and not meeting stakeholder expectations, resulting in reputational damage.	• Inclusion of climate change as a key matter in the Group's ESG reporting. • Identifying the major business inputs that contribute to our overall environmental footprint and implementing actions to help to reduce this footprint (e.g. waste, packaging, energy efficiency). • Establishment of processes to measure, track and report energy use and greenhouse gas (GHG) emissions. • Climate related risks and potential financial impacts assessed in line with the Group's risk management framework. • Business continuity plans in place to respond to disruption to operations.

REMUNERATION REPORT

For the year ended 31 January 2022

Abbreviation	Item
AGM	Annual General Meeting
ASX	Australian Securities Exchange
CEO	Chief Executive Officer
EBIT	Earnings Before Interest and Tax
KMP	Key Management Personnel
LTI	Long Term Incentive
NPAT	Net Profit After Tax
ROIC	Return on Invested Capital
STI	Short Term Incentive
TSR	Total Shareholder Return

Introduction

Dear Shareholders

On behalf of the Sigma Board, I present the Remuneration Report (Report) for the year ended 31 January 2022 (financial year).The continuation of the COVID-19 global pandemic resulted in another challenging year for our team members, customers, suppliers and the broader community. I am pleased to acknowledge the continued efforts and commitment of our team members in supporting our stakeholders during this demanding time; all of whom play a critical role in delivering community health solutions.

The new Chief Executive Officer and Managing Director, Mr Vikesh Ramsunder commenced with Sigma on the 1st of February 2022.

The financial year has been one where the business has responded well to the challenges posed by the continuation of the global COVID-19 pandemic. Adopting all the requirements of our Covid High Risk Safety Plans, our Distribution Centres, Medication Packaging Service facilities, offices and on road sales teams were able to safely maintain operations providing an important service to our Pharmacy, Hospitals, Aged Care facilities and Government customers during periods of increased demand. Our MIA business also benefited from strong sales growth in the last quarter of the year as a result of one off COVID-19 related demand for Rapid Antigen Tests, while remaining focused on building sustainable and repeatable business.

During the year, the Company has delivered on several critical business initiatives to position Sigma for future growth. These include:

- Solid progress on the Network Optimisation program, with the Truganina Distribution Centre (DC) in Melbourne operational under time and under budget, as well as works commencing on a new upgraded DC in Hobart.
- Implementation of an enterprise resource planning (ERP) solution which went live in August. This was a significant multi-year project for Sigma that did not go entirely to plan. We acknowledge the impact on our customers, with progress being made on stabilising our system and improving service levels for our customers. A further stabilisation phase will be finalised in April.
- The launch of a Women In Leadership program to support the development of female leaders to strengthen our talent pipeline.

Importantly we saw a 6% increase in our overall team member engagement, despite the continued challenges of COVID-19. During the year we also introduced a Working From Home Policy, updated our Parental leave benefits, provided onsite vaccination hubs and rolled out a new Sum of Wellbeing app designed to support our team members' health and wellbeing.

Changes to Remuneration

A summary of our new CEO, Mr Ramsunder's remuneration package is contained in this Report and was released to the ASX on the 24th of September 2021.To align the interests of our shareholders while continuing to appropriately reward and recognise performance, the new CEO's STI reward is to be delivered in a combination of cash and deferred equity as determined by the Board. For the 2022/2023 financial year, this will be comprised of 75% in cash and 25% in deferred rights subject to continued employment for 12 months. Shareholder approval at the Company's 2022 Annual General meeting will be sought for Mr Ramsunder's sign on award and 2022 LTI grant.

During the year the Board undertook a review of the Non-Executive Director fees, resulting in the simplification of the Committee fee structure and a reduction in fees for all positions from 1 November 2021. These changes were based on extensive benchmarking and acknowledge Sigma's current market capitalisation and position on the ASX. The Non-Executive Director post-tax fee share purchase scheme remains unchanged.

Remuneration Outcomes in 2021/22

STI Outcomes

No STI payments were made as the NPAT result did not meet the hurdle requirement to trigger the STI payment opportunity for the financial year. Furthermore, the former CEO Mr Hooper did not participate in the 2021/22 STI Plan.

LTI Outcomes

The organisation did not meet the required targets for Return on Invested Capital (ROIC) and Total Shareholder Return (TSR) in the 2019 LTI plan. As a result, no shares vested and all were forfeited. Mr Hooper forfeited the 2019 LTI upon cessation of employment on 31 December 2021.

Other

Our Employee Share Plan provides our team members with the opportunity to participate in an equity plan and become a part owner of the Company. I am pleased to advise that nearly half of our team members are Sigma shareholders.

The Board approved an equity grant to selected executives with an aim of supporting a seamless transition and continued operation under Mr Ramsunder. Details of the equity plan can be found on page 19 and 20 of the Report.

This next year will hopefully see less challenges posed by COVID-19 than in previous years. Under the guidance of our new CEO, I am confident the business will continue to leverage operational efficiencies, while providing vital access to medicines for the Australian community.

Christine Bartlett
Chair, People and Remuneration Committee

Remuneration Report

The Directors of Sigma Healthcare Limited (Company) are pleased to present the Remuneration Report (Report) for the Company and its subsidiaries (Group) for the financial year ended 31 January 2022 (financial year). This Report has been prepared and audited in accordance with the requirements of the *Corporations Act 2001*.

For the purpose of this Report, KMP are defined as persons having authority and responsibility for planning, directing and controlling the major activities of the Group, and include all Non-Executive Directors of the Company and Executives as listed in the table below.

Non-Executive Directors	
Mr R Gunston	Chairman, Interim CEO from 1 January 2022 to 31 January 2022
Ms C Bartlett	Non-Executive Director
Mr D Bayes	Non-Executive Director (resigned, ceased as KMP on 12 May 2021)
Mr D Manuel	Non-Executive Director
Mr M Sammells	Non-Executive Director
Ms K Spargo	Non-Executive Director

Executives	
Mr M Hooper	CEO/Managing Director (resigned as CEO on 23 April 2021, resigned as Director on 30 September 2021, ceased as KMP on 31 December 2021)
Mrs J Pearson	Chief Financial Officer (resigned as CFO on 27 October 2021, ceased as KMP on 18 November 2021)
Mr J Sells	Executive General Manager, Retail Pharmacy, Interim Chief Financial Officer (from 18 November 2021)

The above Non-Executive Directors and Executives were the KMP for the whole of the financial year, unless otherwise indicated.

Executive and Non-Executive Director Remuneration Updates

As foreshowed in the Company's 2020/21 Remuneration Report, the Board sought to address the feedback from the various stakeholders by making a number of remuneration changes to better align with shareholder interests. Details regarding the increase of the STI financial KPIs to 50% of the total reward opportunity for KMP, the introduction of STI deferral and gradated ROIC vesting scale in the LTI plan are discussed throughout this Report.

In April 2021, the Board announced the resignation of the incumbent Chief Executive Officer, Mr Hooper. In September 2021, the Board announced the appointment of the Chief Executive Officer and Managing Director Mr Ramsunder, who commenced on 1 February 2022. Detailed disclosure regarding Mr Ramsunder's remuneration will be contained in the Company's 2022/23 Annual Report. The Company will be seeking shareholder approval for the sign on award and 2022 LTI grant to Mr Ramsunder at its 2022 Annual General Meeting. A summary of his terms and conditions of employment was reported to the Australian Securities Exchange (ASX) on 24 September 2021 and is set out below.

Fixed Remuneration	Total Employment Cost (TEC) $1,000,000 per annum inclusive of superannuation (subject to annual review)
Sign-on Rights	Subject to shareholder approval, Sigma Healthcare will issue $1,400,000 of rights to Sigma Healthcare shares valued at the 10-day volume weighted average price commencing on the commencement date in recognition of the exit arrangements for Mr Ramsunder from his previous employer. The rights will vest in two equal tranches on the first and second anniversary respectively of the commencement date provided Mr Ramsunder remains in the employ of the Company and has not given notice of termination of employment. If shareholder approval is not obtained for the grant of the rights, the Company will pay the cash equivalent at the vesting dates.
Short Term Incentive (STI)	STI reward value of 40% at target and up to a maximum of 80% of TEC if specified annual performance targets as set by the Board are achieved in accordance with the STI plan. STI reward is to be delivered in a combination of cash and deferred equity as determined by the Board. For the 2022/2023 financial year, this will be comprised of 75% in cash and 25% in deferred rights subject to continued employment for 12 months.
Long Term Incentive (LTI)	Subject to shareholder approval, the Company will grant loan funded shares to the value of 80% TEC each financial year. In the 2022/2023 financial year, the LTI grant value will be 120% of TEC. This was in recognition of Mr Ramsunder's entitlement to equity that was forgone with his previous employer, as a result of accepting employment with Sigma. The vesting of the loan funded shares will be subject to the LTI plan rules and pre-determined performance measures.

The Board approved an equity grant to selected executives with an aim of supporting a seamless transition and continued operation under Mr Ramsunder. Details of the equity plan can be found on page 20 of the Report.

During the financial year, the Board undertook a review of the Non-Executive Director fees, resulting in the simplification of the committee fee structure and a reduction in fees for all positions which was effective from 1 November 2021. This was done after extensive benchmarking acknowledging Sigma's market capitalisation and position on the ASX. The Non-Executive Director post-tax fee share purchase scheme remains unchanged in recognition of its importance in aligning with shareholder interests. Details of the fee changes are discussed under the Non-Executive Director Remuneration on page 20.

Executive Remuneration Snapshot

Executive remuneration is based on a total reward structure, comprising fixed remuneration and at-risk remuneration. Consisting of short-term incentive (STI) and long-term incentive (LTI), at-risk remuneration aligns executive remuneration to the achievement of strategic and financial objectives that lead to shareholder value creation.

Fixed Remuneration	+	At-Risk Remuneration Short Term Incentive (STI)	+	At-Risk Remuneration Long Term Incentive (LTI)	=	Total Reward
Delivery mechanism		**Delivery mechanism**		**Delivery mechanism**		**Strategic objectives**
• Cash payment consisting of base salary and statutory superannuation contributions		• Cash payment including 25% of any STI reward to be deferred for 12 months for KMP		• Loan funded share plan with a three-year performance period subject to service and forfeiture conditions		• Attract, retain and motivate suitably qualified and experienced executives • Encourage a strong focus on high performance and outcomes • Support the delivery of outstanding results for the Group over the short and long term • Align executive and shareholder interests through equity ownership
Considerations		**Performance measures**		**Performance measures**		
• Scope and complexity of the role • Experience and performance of the individual executive • Internal and external benchmarking		**NPAT gateway** • Minimum performance level must be achieved to trigger any STI payments except safety related payments • Reflecting the importance of workplace safety, payments for meeting safety KPIs are excluded from the profit gateway **Financial measures** • 50% STI split evenly across NPAT and ROIC • Budgeted hurdle must be achieved for minimum payment and above budget stretch targets must be achieved for full payment **Non-financial measures** • 50% of STI is aligned to the achievement of non-financial goals that drive the strategic objectives of the Company		**Absolute TSR** • 50% of LTI is measured against Absolute TSR • Vesting of the shares aligned to TSR will occur in accordance with a graduated vesting schedule during the performance period **ROIC** • 50% of LTI is measured against ROIC • Vesting of the shares aligned to ROIC will be in accordance with a graduated vesting schedule during the performance period		
Strategic objectives		**Strategic objectives**		**Strategic objectives**		
• Set to attract, retain and motivate the right talent to deliver our strategic objectives • Typically set at the median of the external market, allowing scope for progressive increases based on proven performance in the role		• NPAT gateway ensures a minimum acceptable level of profit before executives receive any STI reward • Performance conditions designed to support the financial and strategic objectives of the Company and shareholder return • Non-financial measures aligned to core values and key strategic and growth objectives • Stretch targets must be achieved to obtain maximum STI available, encouraging a high performing culture • Financial outcomes are subject to an external audit to maintain integrity of the reward		• Executive interests are aligned with shareholders, as executives are incentivised to deliver share price growth during the performance period to maximise reward • Designed to encourage executives to focus on the key performance drivers which underpin sustainable growth in shareholder value • Outcomes are subject to an external audit to maintain integrity of the reward		

Company Performance and Remuneration Outcomes

To evaluate Sigma's performance, benefits to shareholder wealth and remuneration for the Executives, the Board has considered a range of financial indices, including the following, with respect to the current and preceding four financial years.

In the preceding financial years, as reflected in the footnotes to the table, profitability measures (EBIT, NPAT) and the ROIC result were commonly adjusted for transactions and events considered non-operating or non recurring in nature. For 2021/22 and going forward, the Group will focus its financial reporting on reported results, minimising adjusting events where possible. This must be considered when reviewing the current period results against the comparatives.

	Financial Year				
12 months ended 31 January	2021/22	2020/21	2019/20	2018/19	2017/18
Share price ($)[1]	**0.468**	0.624	0.586	0.577	0.904
Dividends paid in the financial year (cps)	**2.0**	n/a	3.0	4.0	5.5
TSR[2]	**-20.4%**	6.5%	9.1%	-29.9%	-21.2%
Pre-tax ROIC[3]	**0.4%**	10.1%[5]	7.1%[4]	12.2%[4]	16.3%[5]
EBIT ($m)	**$2.3**	$50.1[7]	$29.1[7]	$76.2[7]	$83.7[6]
NPAT ($m)	**-$6.3**	$29.1[7]	$13.5[7]	$45.8[7]	$55.0[6]

1. Share price is the volume weighted average price of the Company's shares traded on the ASX for the 20 trading days up to and including 31 January.
2. TSR = (share price appreciation + dividends + value of franking credits)/Sigma share price at the start of financial year.
3. Pre-tax ROIC = EBIT/(Total Shareholder Funds + Net Debt).
4. Adjusted for capital investment in ongoing construction of new distribution centres, business acquisitions and acquisition costs.
5. Adjusted for capital investment on new distribution centres and business acquisitions.
6. Adjusted for profit from business acquisitions, acquisition costs and profit of non-controlling interests.
7. Adjusted for expenses from restructuring, integration and due diligence, gain on sale of assets and profit of non-controlling interests.

STI Outcomes

For Executives to qualify for a payment under the STI plan, a pre-agreed level of Company profit must first be achieved (the gateway). Once the gateway has been achieved, the level of payment an Executive receives is determined based on the achievement of their pre-defined financial and non-financial performance measures.

The Board retains discretion to review and where appropriate, amend any aspect of the STI plan including Group and/or individual performance, as the Board sees fit.

No STI payments were made as the NPAT result did not meet the hurdle requirement to trigger the STI payment opportunity for the financial year.

The table below shows the STI payments to each Executive for the current and preceding financial years, as approved by the Board:

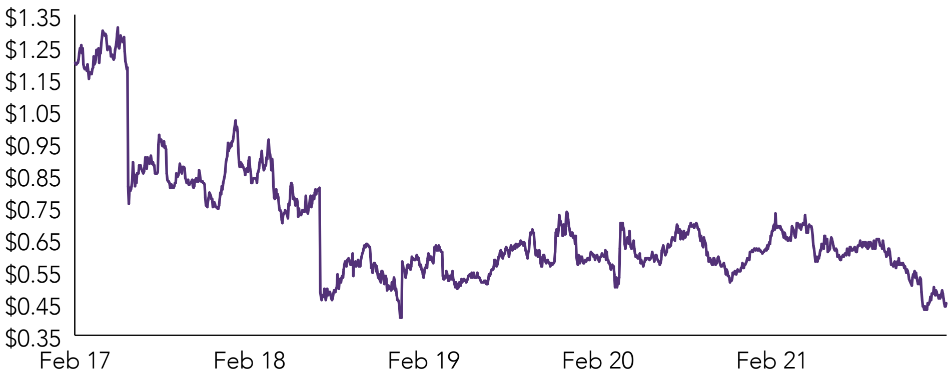
Executives	Maximum STI Opportunity as % of Fixed Remuneration	2021/22 % STI Forfeited	2021/22 % STI Paid	2021/22 STI Payment $	2020/21 % STI Forfeited	2020/21 % STI Paid	2020/21 STI Payment $
Mr M Hooper[1]	100.0%	n/a	n/a	n/a	5.0%	95.0%	1,256,748
Mrs J Pearson[2]	50.0%	50.0%	-	-	7.5%	92.5%	80,167
Mr J Sells[2]	50.0%	50.0%	-	-	8.7%	91.3%	183,606
TOTAL				-			1,520,521

1. Mr Hooper did not participate in the 2021/22 STI plan.
2. The payment relates to the period of time as KMP in the current and preceding financial year.

LTI Outcomes

The LTI plan focuses on driving key performance outcomes that underpin sustainable growth and the creation of shareholder wealth in the longer term. This is achieved by motivating and rewarding Executives to drive share price growth via improvements to TSR and ROIC. The following graph depicts the Company's share price movement over the past five financial years.

Sigma Healthcare Limited Share Price Movement – 1 February 2017 to 31 January 2022



2019 Long Term Incentive Plan

Under the 2019 LTI Rights Plan, 50% of the rights granted will each vest where the pre-determined performance conditions are met over the three-year performance period. The Board retains discretion to adjust the basis for determining LTI outcomes based on achievements which are consistent with the Group's strategic priorities and, in the opinion of the Board, enhance shareholder value. The table below sets out the vesting outcome as approved by the Board:

Performance Period	Performance Measure	Vesting Condition	Actual Achievement	% of LTI Vested	% of LTI Forfeited
1 February 2019 to 31 January 2022	Average pre-tax ROIC	11% or higher	9.1%	0%	50%
	Absolute TSR	<30%, 0% vests ≥30%, 12.5% vests ≥40%, 25% vests ≥50%, 50% vests	-6.3%	0%	50%

The absolute TSR and ROIC performance outcomes did not meet the minimum vesting requirements, therefore all unvested rights under the Plan were forfeited.

Executives[1]	Lapsed/ Forfeited	Vested and Exercisable	Exercise Date	Exercise Price $	Expiry Date
Mrs J Pearson	296,940	0	1 February 2022	nil	31 January 2024
Mr J Sells	428,608	0	1 February 2022	nil	31 January 2024

1. Mr Hooper forfeited the 2019 LTI upon cessation of employment on 31 December 2021.

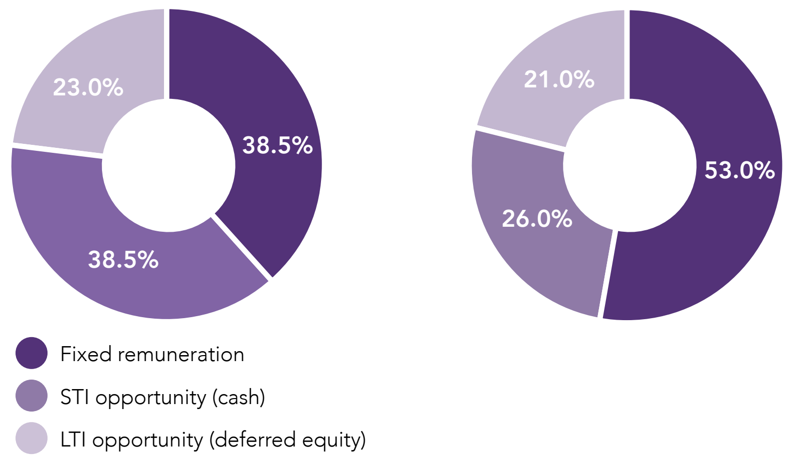
Table 3b on page 25 sets out the details of the 2019 LTI plan forfeited by the Executives.

Executive Remuneration Framework

An appropriate reward mix structure is determined for each management level, with the portion of at-risk remuneration increasing with the level of responsibility, influence and criticality of the role. The maximum potential reward mix is as follows:

CEO/Managing Director

Other Executives



Fixed Remuneration

The fixed remuneration component of an Executive's total reward consists of base salary and statutory superannuation contributions. Fixed remuneration is reviewed annually, however there are no guaranteed increases in any contracts of employment. Referenced to market median with scope for incremental increases for exceptional performance, fixed remuneration reflects the complexity of the individual's role, and their experience, knowledge and performance.

There was no increase to the fixed remuneration for the former CEO/Managing Director during the financial year. However, Mr Hooper's fixed remuneration was increased by 50% for a two month period in recognition of him agreeing to remain with the Company for a further period beyond the original cessation of employment at the end of October 2021.

Short Term Incentive

The STI component of an Executive's total reward is an annual at-risk incentive reward. The STI links a portion of Executive reward opportunity to specific financial and non-financial measures. The STI award granted during the financial year is detailed below.

Component	Commentary
Maximum STI Reward Value	100% of fixed remuneration for the former CEO/Managing Director, however, Mr Hooper did not participate in the 2021/22 STI plan. Mr Ramsunder's maximum STI reward for the FY2022/2023 will be 80% of fixed remuneration. 50% of fixed remuneration for other Executives.
Gateway Requirement	An NPAT gateway must be achieved to trigger any STI payment opportunity. The NPAT gateway is determined by the Board prior to the commencement of the financial year, taking into account the NPAT result for the concluding financial year and the budgeted NPAT target for the new financial year. The gateway excludes any significant uncontrollable or one-off events and the initial impacts from business development initiatives, as approved by the Board. NPAT was selected as an appropriate gateway as it is the best overall measure of Company performance, is reflective of the generation of shareholder value, and is a measure readily recognised by and reported to shareholders. In recognition of the importance of workplace safety, KPIs relating to safety are excluded from this gateway requirement, are separately established and are payable upon achievement.
Performance Measures Financial	50% of maximum STI reward relate to Group financial measures, specifically 25% each weighted against ROIC and NPAT. Budgeted NPAT and ROIC have been set based with the appropriate balance that sets challenging targets that are deliverable. Budget must be met for the first level of STI payments and stretch targets are required to be achieved to trigger full payment under the STI Plan. **Rationale for adopting ROIC and NPAT as performance measures** ROIC was selected as an appropriate performance measure for the STI Plan as it captures both profitability and effectiveness of capital management against Budget, which are both important measures for shareholders. Using ROIC in the STI Plan means that the annual target can be (and has been) higher or lower than the ROIC measure used for LTI purposes. See page 19 for further details on ROIC in the LTI Plan. NPAT was selected as an appropriate performance measure as it assesses overall Company performance and the generation of shareholder value. Group financial calculations under the STI plan exclude significant uncontrollable or one-off events, and the initial impacts from business development initiatives, as approved by the Board.

Component	Commentary
Performance Measures Non-financial	50% of maximum STI reward relate to non-financial measures, specifically: Former CEO/Managing Director: *(see Non-financial measures table below)* Other Executives – operational performance/efficiency, customer engagement and satisfaction, continuous improvement, business transformation, people and project delivery. Each non-financial measure is selected based on its alignment with key strategic priorities that lead to improved and sustainable shareholder value.
Governance	All performance measures under the STI are clearly defined and measurable. The Board, on recommendation from the People and Remuneration Committee, approves the targets and assesses the performance outcome of the CEO/Managing Director. The CEO/Managing Director sets the targets and assesses the performance of other Executives. Many of these targets (both financial and non-financial) for Executives replicate the targets set for the CEO/Managing Director to ensure alignment of key outcomes. The Board, on recommendation from the People and Remuneration Committee, approves STI payments for the CEO/Managing Director and other Executives. Under the STI plan, the Board has discretion to adjust STI outcomes based on the achievements which are consistent with the Group's strategic priorities and in the opinion of the Board, enhance shareholder value.
Reward Mechanism	STI reward is to be delivered in a combination of cash and deferred equity for the new CEO/Managing Director as determined by the Board. For the 2022/2023 financial year, this will be comprised of 75% in cash and 25% in deferred rights subject to the new CEO/Managing Director's continued employment for 12 months.

Non-financial measures

Customer	Operations	People and safety
Includes net promoter score	Includes project delivery, network optimisation, logistics and delivery indicators, and business development	Includes group culture and engagement outcome, lost time injuries, and health and safety compliance audit results

Component	Commentary
Financial Year Outcome	No STI payments were made as the NPAT result did not meet the hurdle requirement to trigger the STI payment opportunity for the financial year. Refer to page 15 for further details.

Long Term Incentive

The LTI component of an Executive's total reward is an at-risk equity incentive designed to focus Executives on key performance drivers that underpin sustainable growth in shareholder value. The LTI facilitates share ownership by Executives and links a significant proportion of their at-risk remuneration to the Company's ongoing share price and returns to shareholders over the performance period.

In approving the terms and conditions of each LTI grant, the Board reviews a range of factors including business circumstances on an annual basis. The 2021 LTI plan was delivered through a loan funded share plan, incentivising Executives with achieving share price growth targets.

Component	Commentary
Maximum LTI Reward Value	The former CEO did not participate in the 2021 LTI plan as Mr Hooper tendered his resignation prior to the LTI grant. Mr Ramsunder's LTI annual grant value will be equal to 80% of fixed remuneration, except in his first year of employment (FY2022/2023) where the initial grant value will be 120% of fixed remuneration. For other Executives, the LTI is 40% of fixed remuneration
Performance Period	Three financial years commencing on 1 February in the year of the grant. The performance period reflects the business cycle of the Company. As a wholesaler, strategic, operational and financial initiatives translate to a short to medium term impact on the financial performance of the Company. The three-year period also reflects the competitive market practice in attracting, retaining and rewarding high-calibre executives.

Component	Commentary
Delivery Mechanism	Executives are provided with an interest-free limited recourse loan to fund the acquisition of shares in the Company. The loan period is five years and runs concurrently with the three-year performance period, thus providing a further two-year exercise period beyond the conclusion of the performance period, subject to the vesting conditions being met. The Executives may choose to repay the outstanding loan associated with any vested shares prior to its expiry. The number of shares acquired is equal to the maximum LTI reward value divided by the fair value (calculated using a Black-Scholes options pricing model). The loan value is equal to the number of shares multiplied by the issue price (market price on grant date). The Executives holding loan funded shares have certain rights equal to all other ordinary shareholders, such as voting rights, access to dividends, capital distribution and bonus shares during the loan period. The value of post-tax dividends is applied to repay the outstanding loan. At the expiration of the loan period, the amount to be repaid is the lower of: • the outstanding loan less any repayments, and • the market value of the vested shares.
Vesting Conditions	Up to 50% of shares will vest in accordance with the absolute TSR vesting schedule set out in the table below:

% Absolute TSR achieved	% of total shares that vest
<30%	0%
≥30%	12.5%
≥40%	25%
≥50%	50%

Absolute TSR = (Sigma share price appreciation + dividends + value of franking credits)/Sigma share price at the start of the performance period.

Component	Commentary
Vesting Conditions continued	The use of absolute TSR is not limited by the challenges associated with selecting a fair and appropriate comparator group given the size of the industry in which the Company operates. In addition, the use of absolute TSR also avoids scenarios of windfall gains or losses to the Executives that can occur under certain circumstances within a comparator group. The Company is confident in its ability to set an absolute TSR vesting schedule at a level that benefits both the Executives and shareholders. As indicated in last year's remuneration report, having reviewed the LTI plan, the Board believed that ROIC continues to be an appropriate vesting condition as it measures capital management effectiveness, including outcomes of multi-year investment decisions. As part of the review, a gradated ROIC vesting scale was implemented in the 2021 LTI grant as follows (was 10% for the 2020 plan):

% Pre-tax ROIC achieved	% of total shares that vest
<10%	0%
≥10%	12.5%
≥11%	25%
≥12%	50%

Pre-tax ROIC = EBIT/(Total Shareholder Funds + Net Debt). This is adjusted for capital investment in ongoing construction of new distribution centres, business acquisitions and acquisition costs.

The ROIC vesting condition excludes any significant uncontrollable or one-off events and the initial impacts from business development initiatives, as approved by the Board.

Rationale for adopting Absolute TSR and ROIC as vesting conditions

Absolute TSR was selected as an appropriate vesting condition as it measures the level of return to shareholders, taking into account share price growth and dividend payments including the value of any franking credits. The LTI uses average ROIC over 3 years which is designed to ensure that management delivers an acceptable return above the cost of capital over the longer term. This is different to the annual ROIC target used in the STI Plan which measures the company's performance against an annual Budget which is a challenging balance of appropriate stretch objectives and deliverability. Due to the difference in what ROIC measures in both the STI and LTI Plan, both Plans will not necessarily vest off the same results hence justifying using these different contexts of ROIC in both plans respectively.

Component	Commentary
Re-testing	No re-testing applies-shares that do not vest after testing lapse.
Exercise Price	Issue Price (market price on grant date)
Disposal Restrictions	Dealing, transferring or disposing of shares is prohibited until the end of the vesting period.
Forfeiture Conditions	In the event of resignation, unvested shares are typically forfeited (subject to Board discretion) and vested shares are retained, subject to repayment of the outstanding loan. In the event of summary dismissal, unvested shares are forfeited as are any vested shares that remain subject to an outstanding loan balance. In the event of death or redundancy, the Board has discretion to determine an appropriate outcome.
Governance	All performance measures under the LTI are clearly defined and measurable. The Board, on recommendation from the People and Remuneration Committee, approves the targets and assesses the performance outcome of each LTI plan. The Board, on recommendation from the People and Remuneration Committee, approves LTI vesting for each plan. Confirmation of vesting only occurs once the audited year-end accounts have been approved by the Board. Under the LTI plan, the Board has discretion to adjust LTI outcomes based on achievements which are consistent with the Group's strategic priorities and, in the opinion of the Board, enhance shareholder value.
Financial Year Outcomes	The absolute TSR and ROIC performance outcomes did not achieve the minimum levels required for vesting of the 2019 plan. As a result, 100% of the unvested rights were forfeited. Refer to page 16 for further details.

Table 3a on page 25 sets out the movements of loan funded shares during the financial year.

Rights Plan (Retention)

Component	Commentary
Rationale – (one-off grant)	The award was aimed at motivating and retaining key executives in supporting a smooth transition to new leadership under the new CEO/Managing Director. Equity was selected to deliver the award for alignment with shareholder interest.
Vesting Conditions	100% of the Right will vest should participants remain employed by the Company, have not resigned or be given notice at vesting date and have maintained satisfactory performance during the vesting period.
Reward Mechanism	The award is delivered in a form of a rights plan with 100% of the rights vesting at the end of November 2022, subject to meeting vesting conditions as approved by the Board. Vested rights have a four-year exercise period.
Forfeiture Conditions	In the event of resignation, unvested rights are typically forfeited (subject to Board discretion) and vested rights are retained and can be exercised. In the event of summary dismissal, unvested rights are forfeited as are any vested and unexcised rights. In the event of redundancy, any unvested rights will vest automatically subject to meeting performance condition. In the event of death, the Board has discretion to determine an appropriate outcome.
Change of Control	If the Company becomes, or in the opinion of the Board is likely to become, subject to a Change of Control, any unvested rights will vest automatically and become exercisable.
Governance	The Board, on recommendation from the People and Remuneration Committee, approves the vesting outcomes, and has absolute discretion to adjust vesting outcomes where in the opinion of the Board, enhance shareholder value.

Table 3b on page 25 sets out the details of the Rights Plan granted during the financial year.

Non-Executive Director Remuneration

Remuneration for the Company's Non-Executive Directors reflects the complexity of the Company's operations as well as the responsibilities, accountabilities and time commitments of the Non-Executive Directors. It consists of base fees, committee fees and superannuation within the current maximum aggregate fee limit of $1.5 million, as approved by shareholders at the Company's 2015 Annual General Meeting.

The remuneration of Non-Executive Directors is not incentive based and Non-Executive Directors do not participate in employee share plans or receive performance shares, rights or options over the Company's shares.

To ensure the interests of Non-Executive Directors are aligned with those of shareholders and in accordance with the rules of the Non-Executive Directors Share Plan (Plan), 25% of each Non-Executive Director's post-tax fees are used to purchase Sigma shares on market every three months. Shares purchased under the Plan cannot be transferred or sold until the Non-Executive Director ceases being a Director of the Company, or the first day of the financial year following the third anniversary of the purchase date, or a change of control of the Company, whichever occurs first. Non-Executive Director share holdings and movements under the Plan for the financial year are set out in Table 4a on page 26.

During the financial year, the Board undertook a review of the Non-Executive Director fees. The review included benchmarking analysis of current fees against peer groups based on market capitalisation, the Healthcare industry and bespoke peer groups. Based on the review the Board made a decision to simplify the committee fee structure and reduce in fees for all positions, effective 1 November 2021. The fee change has no impact on the Non-Executive Directors Share Plan as stipulated above, in recognition of its importance in aligning with shareholder interests. Total fees and superannuation actually paid to the Non-Executive Directors for the financial year was $1,120,041, as set out in Table 1 on page 23.

The table below shows the structure and level of Non-Executive Director fees for the financial year as approved by the Board.

	Annual Fee Structure*	
Role	**Pre 1 November 2021**	**From 1 November 2021**
Chairman	$321,032	$290,000
Non-Executive Director	$127,228	$120,000
Risk Management and Audit Committee – Chair	$54,371	$40,000
People and Remuneration Committee – Chair	$43,497	$40,000
Risk Management and Audit Committee – Member	$27,186	$15,000
People and Remuneration Committee – Member	$21,748	$15,000

* Includes the 25% of Non-Executive Director fees used for share acquisition.

Remuneration Governance, Strategy and Principles

The Board is responsible for determining Non-Executive Director and senior executive remuneration. The People and Remuneration Committee (Committee) is responsible for providing advice and recommendations to the Board in regard to the remuneration strategy, policies and practices applicable to Non-Executive Directors, the CEO/Managing Director and senior executives.

The Committee is governed by its Charter which is published on the Company's website at www.sigmahealthcare.com.au. The Committee is comprised of a minimum of three Non-Executive Directors. For the financial year the Committee members were:

Name	Role
Ms C Bartlett	Chair
Mr D Bayes	Member (resigned, ceased as KMP on 12 May 2021)
Mr D Manuel	Member
Ms K Spargo	Member (since 5 August 2021)

In accordance with section 206K of the *Corporations Act 2001*, the Committee has a process for engaging remuneration consultants. The Committee, on behalf of the Board, commissions and receives information, advice and recommendations directly from remuneration consultants, ensuring remuneration recommendations are free of undue influence by management. During the financial year, the Board received advice from SW Corporate on various matters relating to the remuneration of the incoming Chief Executive Officer and Managing Director. Total fees for the provision of remuneration advice to the Board were $15,000 (excluding GST).

The Company's remuneration strategy is designed to support the delivery of the business strategy and vision. Moving to the next phase of our business transformation journey, our remuneration strategy continues to evolve to attract, retain, motivate and reward employees by providing fair and reasonable rewards for achieving high performance. The remuneration strategy also aims to create sustained value for shareholders and acts in the interests of the community and the customers we serve. The remuneration strategy is underpinned by five principles:

Other Remuneration Disclosures

Equity Restrictions

Unvested equity under the LTI plan are personal to the Executive and cannot be sold, transferred, mortgaged, charged, hedged, made subject to any margin lending arrangement or otherwise disposed of, dealt with or encumbered in any way. Breach of this provision will result in the immediate forfeiture of any unvested equity.

Dealing in Sigma shares by directors, officers and employees are subject to the Company's Share Trading Policy, which is published on the Company's website at www.sigmahealthcare.com.au.

Clawback Arrangements

The Board has discretion to adjust or cancel unvested LTI, unexercised LTI or vested LTI that is subject to an outstanding loan balance, should the Board determine the specific circumstance warrants such action.

Change of Control Event

Generally, if the Company becomes, or in the opinion of the Board is likely to become, subject to a Change of Control, the Board may at its absolute discretion make a determination that some or all of a participant's equity vest.

Minimum Shareholding Policy

A minimum shareholding policy has been implemented to align the interest of the directors and senior executives with the long-term interest of the Company's shareholders. Under the Policy, the CEO/Managing Director is required to accumulate and maintain a minimum shareholding of 100% of annual fixed pay, and 50% of annual fixed pay for other KMP within a five year period. The Policy also contains details of the Non-Executive Director's minimum shareholding as set out on page 20. The Policy can be viewed on the Company's website at www.sigmahealthcare.com.au.

Employee Share Plan

To align their interests with those of shareholders, employees of the Sigma Group at all levels of the organisation are encouraged to hold shares in the Company. As a result of the Employee Share Plan, Sigma is pleased to report that approximately 49% of all employees are also shareholders of the Company.

During the financial year the Company offered all eligible employees the opportunity to acquire shares in the Company on a ten-year interest-free limited recourse loan. The value of any dividend paid and employee contributions are applied to repay the outstanding loan, which can be extinguished prior to its expiration, subject to a three-year disposal restriction period. The amount to be repaid is the lower of the outstanding loan less any repayments and the market value of the shares. A total of 2,682,500 previously forfeited shares were used to satisfy the share allocation under the 2021 employee share plan.

Loans to Executives

There were no loans to the Executives during the financial year, except as allowed under the employee share plan and the LTI plan. Loans are not provided to Non-Executive Directors.

Transactions with Directors

Mr David Manuel and his Director-related entities purchased pharmacy products from the Group in the ordinary course of business and on normal commercial terms and conditions. The amount of purchases made during the financial year ended 31 January 2022 was $8,348,124 (2021 $7,510,106). The amounts receivable at balance date from Mr David Manuel and his Director-related entities included within trade debtors in Note 22 was $1,109,924 (2021 $1,109,231). Amounts receivable from Directors or Director-related entities are subject to the Group's normal trading terms and conditions.

Other transactions entered into by the Company and the Group with Directors and their Director-related entities are within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings.

Service Agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment which summarises the policies and terms, including remuneration, relevant to the office of Non-Executive Director.

The employment conditions and remuneration of the Executives are formalised in individual contracts of employment. No fixed terms are specified within these employment contracts and the following termination provisions apply:

Executives	Notice Period by Company	Notice Period by Employee
Mr V Ramsunder	12 months	12 months
Mr M Hooper	12 months	6 months
Mr J Sells	12 months	6 months
Mrs J Pearson	12 months	6 months

* Mr Hooper resigned as CEO on 23 April 2021, resigned as Director on 30 September 2021, ceased as KMP on 31 December 2021. Mrs Pearson resigned as CFO on 27 October 2021, ceased as KMP on 18 November 2021.

The Company may terminate an employment contract without cause by providing written notice or making a payment in lieu of the notice period based on the individual's fixed annual remuneration. Each employment contract provides for termination of employment without notice in circumstances sufficient to warrant summary termination.

TABLE 1: Statutory remuneration disclosure for key management personnel of the Company and Group: financial year 2021/22

	Short Term Benefits					Post-employment Benefits				Value in Share-Based Plans			
	Salary and Base Fees[1] $	Committee Fees $	Cash Short-term Incentive[2] $	One-off Awards $	Non-Monetary Benefits[3] $	Superannuation Benefits $	Other Long Term Benefits[4] $	Termination Payments $	Total Remuneration excluding Value in Share-Based Plans $	Rights[5] $	Loan Funded Shares[5] $	Total Remuneration including Value in Share-Based Plans $	Share Based Payments as Proportion of Remuneration[6] %
NON-EXECUTIVE DIRECTORS													
Mr R Gunston	313,274	-	n/a	n/a	8,458	22,787	n/a	-	344,519	n/a	n/a	344,519	-
Ms C Bartlett	125,421	42,623	n/a	n/a	8,458	16,449	n/a	-	192,951	n/a	n/a	192,951	-
Mr D Bayes[7]	35,722	6,106	n/a	n/a	3,092	3,974	n/a	-	48,894	n/a	n/a	48,894	-
Mr D Manuel	125,421	44,200	n/a	n/a	8,458	16,595	n/a	-	194,674	n/a	n/a	194,674	-
Mr M Sammells	125,421	50,778	n/a	n/a	8,458	17,242	n/a	-	201,899	n/a	n/a	201,899	-
Ms K Spargo	125,421	33,079	n/a	n/a	8,458	15,528	n/a	-	182,486	n/a	n/a	182,486	-
Subtotal for Non-Executive Directors	**850,680**	**176,786**	**n/a**	**n/a**	**45,382**	**92,575**	**n/a**	**-**	**1,165,423**	**n/a**	**n/a**	**1,165,423**	**-**
EXECUTIVES													
Mr M Hooper[7]	1,396,660	n/a	-	n/a	7,753	20,823	22,707	-	1,447,943	-	-	1,447,943	-
Mrs J Pearson[7]	444,564	n/a	-	n/a	8,458	18,074	9,126	-	480,222	-	-	480,222	-
Mr J Sells[7]	109,452	n/a	-	n/a	1,833	4,779	2,306	-	118,370	19,387	18,147	155,904	24
Subtotal for Executives	**1,950,676**	**n/a**	**-**	**n/a**	**18,044**	**43,676**	**34,139**	**-**	**2,046,535**	**19,387**	**18,147**	**2,084,069**	**2**
TOTAL	**2,801,356**	**176,786**	**-**	**n/a**	**63,426**	**136,251**	**34,139**	**-**	**3,211,958**	**19,387**	**18,147**	**3,249,492**	**1**

1. For Non-Executive Directors, includes base fees paid in cash and shares as per the Non-Executive Directors Share Plan detailed on page 20. For the Executives, includes base salary and amounts in respect to annual leave expense movement.
2. Represents cash payments in respect to the 2021/22 STI plan.
3. Includes amounts paid for Directors' and Officers' insurance.
4. Includes amounts in respect to long service leave expense movement.
5. The value of the rights and loan funded shares determined using the Black-Scholes option pricing model is allocated evenly over the vesting period, therefore the amount disclosed above for the current year includes loan funded shares allocated in prior years.
6. Includes amounts expensed in relation to rights and loan funded shares. Excludes share purchases under the Non-Executive Directors Share Plan.
7. The balances relate to the period as KMP.

TABLE 2: Statutory remuneration disclosure for key management personnel of the Company and Group: financial year 2020/21

	Short Term Benefits					Post-employment Benefits			Total Remuneration	Value in Share-Based Plans		Total Remuneration	
	Salary and Base Fees[1] $	Committee Fees $	Cash Short-term Incentive[2] $	One-off Awards[7] $	Non-Monetary Benefits[3] $	Superannuation Benefits $	Other Long Term Benefits[4] $	Termination Payments $	excluding Value in Share-Based Plans $	Rights[5] $	Loan Funded Shares[5] $	including Value in Share-Based Plans $	Share Based Payments as Proportion of Remuneration[6] %
NON-EXECUTIVE DIRECTORS													
Mr B Jamieson[8]	94,073	-	n/a	n/a	1,680	5,978	n/a	-	101,731	n/a	n/a	101,731	-
Mr R Gunston	266,428	21,446	n/a	n/a	5,895	20,931	n/a	-	314,700	n/a	n/a	314,700	-
Ms C Bartlett	127,228	37,369	n/a	n/a	5,895	15,637	n/a	-	186,129	n/a	n/a	186,129	-
Mr D Bayes	127,228	35,535	n/a	n/a	5,895	15,463	n/a	-	184,121	n/a	n/a	184,121	-
Mr D Manuel	127,228	41,275	n/a	n/a	5,895	16,008	n/a	-	190,406	n/a	n/a	190,406	-
Mr M Sammells	127,228	46,712	n/a	n/a	5,895	16,524	n/a	-	196,359	n/a	n/a	196,359	-
Ms K Spargo	127,228	27,186	n/a	n/a	5,895	14,669	n/a	-	174,978	n/a	n/a	174,978	-
Subtotal for Non-Executive Directors	**996,641**	**209,523**	**n/a**	**n/a**	**37,050**	**105,210**	**n/a**	**-**	**1,348,424**	**n/a**	**n/a**	**1,348,424**	**-**
EXECUTIVES													
Mr M Hooper	1,405,290	n/a	1,256,748	661,446	5,895	21,406	24,708	-	3,375,493	203,168	314,254	3,892,915	13
Mr J Sells[8]	425,630	n/a	183,606	150,909	3,930	14,175	10,599	-	788,849	41,404	63,731	893,984	12
Mrs J Pearson[8]	167,106	n/a	80,167	108,333	1,965	7,231	4,045	-	368,847	14,343	26,395	409,585	10
Subtotal for Executives	**1,998,026**	**n/a**	**1,520,521**	**920,688**	**11,790**	**42,812**	**39,352**	**-**	**4,533,189**	**258,915**	**404,380**	**5,196,484**	**13**
TOTAL	**2,994,667**	**209,523**	**1,520,521**	**920,688**	**48,840**	**148,022**	**39,352**	**-**	**5,881,613**	**258,915**	**404,380**	**6,544,908**	**10**

1. For Non-Executive Directors, includes base fees paid in cash and shares as per the Non-Executive Directors Share Plan detailed on page 20. For the Executives, includes base salary and amounts in respect to annual leave expense movement.
2. Represents cash payments in respect to the 2020/21 STI plan.
3. Includes amounts paid for Directors' and Officers' insurance.
4. Includes amounts in respect to long service leave expense movement.
5. The value of the rights and loan funded shares determined using the Black-Scholes option pricing model is allocated evenly over the vesting period, therefore the amount disclosed above for the current year includes loan funded shares allocated in prior years.
6. Includes amounts expensed in relation to rights and loan funded shares. Excludes share purchases under the Non-Executive Directors Share Plan.
7. Represents the final tranche of cash payment in respect to the 2019/20 Retention Award.
8. The balances relate to the period as KMP.

TABLE 3a: LTI loan funded shares: details of movement during the financial year 2021/22

						Number of Loan Funded Shares						Loan Value and Balance[3]			
Executive	Grant Date	Share Price at Grant $	Fair Value Per Share Grant Date[1] $	Exercise Price $	Exercise Date[2]	Balance at 01/02/21	Granted During the Year	Vested During the Year	Forfeited During the Year	Exercised During the Year	Balance at 31/01/22	Loan Value at Grant Date $	Loan Balance at 01/02/21 $	Loan Repayments During the Year[4] $	Loan Balance at 31/01/22 $
Mr M Hooper[5]	01/02/2020	0.6000	0.1350	0.6000	01/02/2023	8,493,355	-	-	8,493,355	-	-	5,096,013	5,096,013	5,096,013	-
Mr J Sells[6]	01/02/2020	0.6000	0.1350	0.6000	01/02/2023	2,583,679	-	-	-	-	2,583,679	1,550,207	1,550,207	39,124	1,511,083
	01/02/2021	0.6750	0.1450	0.6750	01/02/2024	-	2,246,692	-	-	-	2,246,692	1,5165,17	1,5165,17	34,021	1,482,496
Mrs J Pearson[7]	01/02/2020	0.6000	0.1350	0.6000	01/02/2023	2,140,097	-	-	-	-	2,140,097	1,284,058	1,284,058	32,407	1,251,651
	01/02/2021	0.6750	0.1450	0.6750	01/02/2024	-	1,935,404	-	-	-	1,935,404	1,306,398	1,306,398	29,308	1,277,090

1. For accounting purposes, the fair value of the loan funded shares was calculated using the Black-Scholes option pricing model with Monte Carlo simulations.
2. Loan funded shares will only vest after satisfying the specific vesting conditions and will expire at the end of the five-year loan period subject to forfeiture conditions.
3. Loan value and balance are rounded to the nearest whole number.
4. Represents loan repayment through forfeited shares and/or dividend payment.
5. The number of shares and loan balance at 31 January 2022 represents the balance at the date on which Mr M Hooper ceased to be a KMP on 31 December 2021.
6. The number of shares and loan balance at 1 February 2021 represents the balance at the date on which Mr J Sells became a KMP on 18 November 2021.
7. The number of shares and loan balance at 31 January 2022 represent the balance at the date on which Mrs J Pearson ceased to be a KMP on 18 November 2021.

TABLE 3b: Rights: details of movement during the financial year 2021/22

					Number of Rights							
Executive	Grant Date	Fair Value Per Right at Grant[1] $	Exercise Price $	Exercise Date[2]	Balance at 01/02/21	Granted During the Year	Vested During the Year	Forfeited During the Year	Exercised During the Year	Balance at 31/01/22	Vesting Date	Expiry Date
Mr M Hooper[3]	01/02/2019	0.4700	-	01/02/2021	590,563	-	-	-	590,563	-	31/01/2021	31/01/2023
	01/02/2019	0.3000	-	01/02/2022	1,402,094	-	-	1,402,094	-	-	31/01/2022	31/01/2024
Mr J Sells[4]	01/02/2019	0.5000	-	01/02/2020	225,663	-	-	-	-	225,663	31/01/2020	31/01/2023
	01/02/2019	0.4700	-	01/02/2021	180,530	-	-	-	-	180,530	31/01/2021	31/01/2023
	01/02/2019	0.3000	-	01/02/2022	428,608	-	-	428,608	-	-	31/01/2022	31/01/2024
Mrs J Pearson[5]	01/02/2019	0.4700	-	01/02/2021	93,803	-	-	-	93,803	-	31/01/2021	31/01/2023
	01/02/2019	0.3000	-	01/02/2022	296,940	-	-	296,940	-	-	31/01/2022	31/01/2024

1. For accounting purposes, the fair value of the rights was calculated using the Black-Scholes option pricing model with Monte Carlo simulations.
2. Rights will only vest after satisfying the specific vesting conditions and are subject to forfeiture conditions.
3. The number of rights at 31 January 2022 represents the balance at the date on which Mr M Hooper ceased to be a KMP on 31 December 2021.
4. The number of rights at 1 February 2021 represents the balance at the date on which Mr J Sells became a KMP on 18 November 2021.
5. The number of rights at 31 January 2022 represent the balance at the date on which Mrs J Pearson ceased to be a KMP on 18 November 2021.

TABLE 4a: Shareholdings of key management personnel

2022	Number of Shares at 01/02/2021	Number of Shares acquired through Share Plans during the year	Number of Shares purchased during the year	Number of Shares sold during the year	Other Changes	Number of shares at 31/01/2022
NON-EXECUTIVE DIRECTORS						
Mr R Gunston	556,188	72,361	-	-	-	628,549
Mr D Bayes[1]	445,834	7,141	-	-	319,499	133,476
Mr D Manuel	309,936	39,255	-	-	-	349,191
Ms K Spargo	256,253	38,413	-	-	-	294,666
Ms C Bartlett	141,715	38,768	-	-	-	180,483
Mr M Sammells	34,253	40,732	-	-	-	74,985
Subtotal for Non-Executive Directors	**1,744,179**	**236,670**	**-**	**-**	**319,499**	**1,661,350**
EXECUTIVES						
Mr M Hooper[2]	15,044,467	595,817	-	-	-	15,640,284
Mr J Sells[3]	3,782,695	-	-	-	-	3,782,695
Mrs J Pearson[4]	196,461	130,325	-	-	-	326,786
Subtotal for Executives	**19,023,623**	**726,142**	**-**	**-**	**319,499**	**19,749,765**
TOTAL	**20,767,802**	**962,812**	**-**	**-**	**319,499**	**21,411,115**

1. The number of shares at 31 January 2022 represents the balance at the date on which Mr D Bayes ceased to be a KMP on 12 May 2021.
2. The number of shares at 31 January 2022 represents the balance at the date on which Mr M Hooper ceased to be a KMP on 31 December 2021.
3. The number of shares at 1 February 2021 represents the balance at the date on which Mr J Sells became a KMP on 18 November 2021.
4. The number of shares at 31 January 2022 represent the balance at the date on which Mrs J Pearson ceased to be a KMP on 18 November 2021

TABLE 4a: Shareholdings of key management personnel continued

2021	Number of Shares at 01/02/2020	Number of Shares acquired through Share Plans during the year	Number of Shares purchased during the year	Number of Shares sold during the year	Other Changes	Number of shares at 31/01/2021
NON-EXECUTIVE DIRECTORS						
Mr B Jamieson[1]	990,295	15,595	-	-	-	1,005,890
Mr D Bayes	410,407	35,427	-	-	-	445,834
Mr R Gunston	498,668	57,520	-	-	-	556,188
Mr D Manuel	274,644	35,292	-	-	-	309,936
Ms K Spargo	222,932	33,321	-	-	-	256,253
Ms C Bartlett	103,714	38,001	-	-	-	141,715
Mr M Sammells	-	34,253	-	-	-	34,253
Subtotal for Non-Executive Directors	**2,500,660**	**249,409**	**-**	**-**	**-**	**2,750,069**
EXECUTIVES						
Mr M Hooper	12,676,960	1,367,507	1,000,000	-	-	15,044,467
Mr J Sells[2]	3,902,441	-	-	125,000	-	3,777,441
Mrs J Pearson[3]	196,461	-	-	-	-	196,461
Subtotal for Executives	**16,775,862**	**1,367,507**	**1,000,000**	**125,000**	**-**	**19,018,369**
TOTAL	**19,276,522**	**1,616,916**	**1,000,000**	**125,000**	**-**	**21,768,438**

1. Ceased to be a KMP on 13 May 2020. The number of shares at 31 January 2021 represents the balance at the date on which Mr B Jamieson ceased to be a KMP on 13 May 2020.
2. The number of shares at 31 January 2021 represents the balance at the date on which Mr J Sells ceased to be a KMP on 30 September 2020.
3. The number of shares at 1 February 2020 represents the balance at the date on which Mrs J Pearson became a KMP on 1 October 2020.

TABLE 4b: Performance rights and options (loan funded shares) holdings of key management personnel

2022	Number of Rights/Options at 01/02/2021	Number of Rights/Options granted through Share Plans during the year	Number of Rights/Options Exercised during the year	Number of Rights/Options Lapsed/Forfeited during the year	Number of Rights/Options at 31/01/2022
NON-EXECUTIVE DIRECTORS					
Mr R Gunston	n/a	n/a	n/a	n/a	n/a
Mr D Bayes[1]	n/a	n/a	n/a	n/a	n/a
Mr D Manuel	n/a	n/a	n/a	n/a	n/a
Ms K Spargo	n/a	n/a	n/a	n/a	n/a
Ms C Bartlett	n/a	n/a	n/a	n/a	n/a
Mr M Sammells	n/a	n/a	n/a	n/a	n/a
Subtotal for Non-Executive Directors	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
EXECUTIVES					
Mr M Hooper[2]	10,557,124	-	595,817	9,895,449	65,858
Mr J Sells[3]	5,738,530	-	-	428,608	5,309,922
Mrs J Pearson[4]	2,633,220	1,942,904	130,325	296,940	4,148,859
Subtotal for Executives	**18,928,874**	**1,942,904**	**726,142**	**10,620,997**	**9,524,639**
TOTAL	**18,928,874**	**1,942,904**	**726,142**	**10,620,997**	**9,524,639**

1. The number of rights at 31 January 2022 represents the balance at the date on which Mr D Bayes ceased to be a KMP on 12 May 2021.
2. The number of rights at 31 January 2022 represents the balance at the date on which Mr M Hooper ceased to be a KMP on 31 December 2021.
3. The number of rights at 1 February 2021 represents the balance at the date on which Mr J Sells became a KMP on 18 November 2021.
4. The number of rights at 31 January 2022 represent the balance at the date on which Mrs J Pearson ceased to be a KMP on 18 November 2021

TABLE 4b: Performance rights and options (loan funded shares) holdings of key management personnel continued

2021	Number of Rights/Options at 01/02/2020	Number of Rights/Options granted through Share Plans during the year	Number of Rights/Options Exercised during the year	Number of Rights/Options Lapsed/Forfeited during the year	Number of Rights/Options at 31/01/2021
NON-EXECUTIVE DIRECTORS					
Mr B Jamieson[1]	n/a	n/a	n/a	n/a	n/a
Mr D Bayes	n/a	n/a	n/a	n/a	n/a
Mr R Gunston	n/a	n/a	n/a	n/a	n/a
Mr D Manuel	n/a	n/a	n/a	n/a	n/a
Ms K Spargo	n/a	n/a	n/a	n/a	n/a
Ms C Bartlett	n/a	n/a	n/a	n/a	n/a
Mr M Sammells	n/a	n/a	n/a	n/a	n/a
Subtotal for Non-Executive Directors	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
EXECUTIVES					
Mr M Hooper	10,953,731	8,500,855	738,204	8,159,258	10,557,124
Mr J Sells[2]	3,402,161	2,591,179	-	-	5,993,340
Mrs J Pearson[3]	4,220,888	-	-	1,587,668	2,633,220
Subtotal for Executives	**18,576,780**	**11,092,034**	**738,204**	**9,746,926**	**19,183,684**
TOTAL	**18,576,780**	**11,092,034**	**738,204**	**9,746,926**	**19,183,684**

1. The number of shares at 31 January 2021 represents the balance at the date on which Mr B Jamieson ceased to be a KMP on 13 May 2020.
2. The number of shares at 31 January 2021 represents the balance at the date on which Mr J Sells ceased to be a KMP on 30 September 2020.
3. The number of shares at 1 February 2020 represents the balance at the date on which Mrs J Pearson became a KMP on 1 October 2020.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

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28 March 2022

The Board of Directors
Sigma Healthcare Limited
3 Myer Place
Rowville, VIC, 3178

Dear Board Members

Auditor's Independence Declaration to Sigma Healthcare Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Sigma Healthcare Limited.

As lead audit partner for the audit of the financial statements of Sigma Healthcare Limited for the year ended 31 January 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2022

	Note	2022 $'000	Restated[1] 2021 $'000
Sales revenue	2	**3,446,164**	3,400,379
Cost of goods sold		**(3,219,056)**	(3,161,189)
Gross profit		**227,108**	239,190
Other revenue	2	**112,495**	138,407
Warehousing and delivery expenses		**(154,915)**	(147,182)
Sales and marketing expenses		**(61,668)**	(67,425)
Administration expenses		**(93,016)**	(94,391)
Depreciation and amortisation	3	**(27,691)**	(28,577)
Profit/(loss) before financing costs and tax expense (EBIT)		**2,313**	40,022
Finance income		**221**	362
Finance costs		**(10,841)**	(11,825)
Net finance costs		**(10,620)**	(11,463)
Profit/(loss) before income tax		**(8,307)**	28,559
Income tax benefit	4	**1,971**	16,460
Profit/(loss) for the year		**(6,336)**	45,019
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(4)**	(50)
Income tax relating to components of other comprehensive income	4	**1**	15
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity instruments	18	**718**	(3,950)
Income tax relating to components of other comprehensive income	4	**(215)**	1,185
Other comprehensive income/(loss) for the year (net of tax)		**500**	(2,800)
Total comprehensive income/(loss) for the year		**(5,836)**	42,219
Profit/(loss) attributable to:			
Owners of the Company		**(7,239)**	43,529
Non-controlling interest	20	**903**	1,490
Profit/(loss) for the year		**(6,336)**	45,019
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(6,739)**	40,729
Non-controlling interest	20	**903**	1,490
Total comprehensive income/(loss) for the year		**(5,836)**	42,219
Earnings/(loss) per share (cents) attributable to owners of the Company			
Basic earnings/(loss) per share	5	**(0.7)**	4.4
Diluted earnings/(loss) per share	5	**(0.7)**	4.3

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

1. The comparatives have been restated to reflect the change in accounting policy as a result of implementing the IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement. Refer to "About this report" for a description of the change in accounting policy and the impact.

CONSOLIDATED BALANCE SHEET

As at 31 January 2022

	Note	2022 $'000	Restated[1] 2021 $'000
Current assets			
Cash and cash equivalents	30	**31,145**	16,128
Trade and other receivables	8	**358,683**	327,304
Inventories	9	**321,640**	349,138
Income tax receivable		**66**	-
Prepayments		**50,087**	9,626
Other financial assets	18	**14**	-
Total current assets		**761,635**	702,196
Non-current assets			
Trade and other receivables	8	**783**	1,430
Property, plant and equipment	11	**193,237**	193,628
Goodwill and other intangible assets	12	**128,050**	128,707
Right-of-use assets	14	**88,327**	94,661
Other financial assets	18	**17,632**	15,303
Net deferred tax assets	4	**58,617**	49,148
Total non-current assets		**486,646**	482,877
Total assets		**1,248,281**	1,185,073
Current liabilities			
Bank overdraft	17, 30	**15,375**	66,379
Trade and other payables	10	**407,008**	426,439
Lease liabilities	14	**10,318**	9,034
Provisions	13	**23,027**	16,827
Deferred income		**1,886**	456
Income tax payable		**-**	4,504
Other financial liabilities	18	**-**	18
Total current liabilities		**457,614**	523,657
Non-current liabilities			
Borrowings	17	**165,000**	-
Lease liabilities	14	**132,739**	139,818
Provisions	13	**4,150**	7,239
Total non-current liabilities		**301,889**	147,057
Total liabilities		**759,503**	670,714
Net assets		**488,778**	514,359
Equity			
Contributed equity	15	**1,225,455**	1,219,913
Reserves	16	**2,867**	5,228
Accumulated losses		**(741,134)**	(711,469)
Non-controlling interest	20	**1,590**	687
Total equity		**488,778**	514,359

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

1. The comparatives have been restated to reflect the change in accounting policy as a result of implementing the IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement. Refer to "About this report" for a description of the change in accounting policy and the impact.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2022

		Contributed equity		Reserves						
	Note	Issued capital $'000	Treasury shares $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Options/ performance rights reserve $'000	Employee share reserve $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 31 January 2020		**1,286,194**	**(69,638)**	**2,171**	**276**	**4,732**	**6,022**	**(753,803)**	**786**	**476,740**
Adjustment – accounting policy change: SAAS[1]		-	-	-	-	-	-	(4,314)	-	(4,314)
Balance at 1 February 2020		**1,286,194**	**(69,638)**	**2,171**	**276**	**4,732**	**6,022**	**(758,117)**	**786**	**472,426**
Profit/(loss) for the year[1]		-	-	-	-	-	-	43,529	1,490	45,019
Other comprehensive income/(loss)		-	-	(2,765)	(35)	-	-	-	-	(2,800)
Total comprehensive income/(loss) for the year[1]		**-**	**-**	**(2,765)**	**(35)**	**-**	**-**	**43,529**	**1,490**	**42,219**
Transactions with owners in their capacity as owners:										
Employee shares exercised	15(b)	-	727	-	-	-	-	-	-	727
Share-based remuneration plans		-	-	-	-	861	-	-	-	861
Share buy-back		(50)	-	-	-	-	-	-	-	(50)
Dividends paid	6	-	-	-	-	-	-	-	(1,589)	(1,589)
Dividends applied to equity compensation plan		-	-	-	-	-	(235)	-	-	(235)
Reclassification of settled and expired share-based transactions		-	2,680	-	-	(2,706)	(3,093)	3,119	-	-
		(50)	3,407	-	-	(1,845)	(3,328)	3,119	(1,589)	(286)
Balance at 31 January 2021 [Restated][1]		**1,286,144**	**(66,231)**	**(594)**	**241**	**2,887**	**2,694**	**(711,469)**	**687**	**514,359**
Balance at 1 February 2021 [Restated][1]		**1,286,144**	**(66,231)**	**(594)**	**241**	**2,887**	**2,694**	**(711,469)**	**687**	**514,359**
Profit/(loss) for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(7,239)**	**903**	**(6,336)**
Other comprehensive income/(loss)		**-**	**-**	**503**	**(3)**	**-**	**-**	**-**	**-**	**500**
Total comprehensive income/(loss) for the year[1]		**-**	**-**	**503**	**(3)**	**-**	**-**	**(7,239)**	**903**	**(5,836)**
Transactions with owners in their capacity as owners:										
Employee shares exercised	15(b)	**-**	**320**	**-**	**-**	**-**	**-**	**-**	**-**	**320**
Share-based remuneration plans		**-**	**-**	**-**	**-**	**(13)**	**-**	**-**	**-**	**(13)**
Dividends paid	6	**-**	**-**	**-**	**-**	**-**	**855**	**(20,782)**	**-**	**(19,927)**
Dividends applied to equity compensation plan		**-**	**-**	**-**	**-**	**-**	**(125)**	**-**	**-**	**(125)**
Reclassification of settled and expired share-based transactions		**-**	**5,222**	**-**	**-**	**(1,497)**	**(1,548)**	**(2,177)**	**-**	**-**
Reclassification of revaluation reserve – disposal of investments		**-**	**-**	**(533)**	**-**	**-**	**-**	**533**	**-**	**-**
		-	**5,542**	**(533)**	**-**	**(1,510)**	**(818)**	**(22,426)**	**-**	**(19,745)**
Balance at 31 January 2022[1]		**1,286,144**	**(60,689)**	**(624)**	**238**	**1,377**	**1,876**	**(741,134)**	**1,590**	**488,778**

All items in the consolidated statement of changes in equity are net of tax.

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

1. The comparatives have been restated to reflect the change in accounting policy as a result of implementing the IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement. Refer to "About this report" for a description of the change in accounting policy and the impact.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 January 2022

	Note	2022 $'000	Restated[1] 2021 $'000
Cash flows from operating activities			
Receipts from customers		**3,906,930**	3,855,485
Payments to suppliers and employees		**(3,937,034)**	(3,866,114)
Interest received		**221**	361
Interest paid		**(4,114)**	(7,667)
Income taxes (paid)/refunded		**(12,283)**	4,810
Net cash inflow/(outflow) from operating activities	30	**(46,280)**	(13,125)
Cash flows from investing activities			
Payments for property, plant and equipment, software and intangibles		**(14,204)**	(51,436)
Payments to acquire financial assets	18	**(2,387)**	(6,332)
Proceeds from sale of property, plant and equipment		**-**	182,130
Net cash inflow/(outflow) from investing activities		**(16,592)**	124,362
Cash flows from financing activities			
Net (repayments of)/proceeds from borrowings	30	**165,000**	(250,000)
Repayments of principal on lease liabilities	14	**(16,377)**	(14,564)
Payments for shares bought back	15(a)	**-**	(50)
Proceeds from employee shares exercised		**195**	492
Dividends paid – Sigma		**(19,927)**	-
Dividends paid – non-controlling interests	6	**-**	(1,589)
Net cash inflow/(outflow) from financing activities		**128,891**	(265,711)
Net increase/(decrease) in cash and cash equivalents		**66,019**	(154,474)
Cash and cash equivalents held at the beginning of the financial period		**(50,251)**	104,232
Effects of exchange rate changes on cash and cash equivalents		**2**	(9)
Net cash and cash equivalents at the end of the financial period	30	**15,770**	(50,251)

Net cash and cash equivalents include cash and cash equivalents and bank overdraft as reported in the consolidated balance sheet.

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

1. The comparatives have been restated to reflect the change in accounting policy as a result of implementing the IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement. Refer to "About this report" for a description of the change in accounting policy and the impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 January 2022

About this report

This section provides information about the consolidated Group and how the financial statements have been prepared.

Sigma Healthcare Limited (the "Company") is a for-profit company incorporated and domiciled in Australia. The financial report was authorised for issue by the Directors on 28 March 2022.

Basis of preparation

The financial statements are general purpose financial statements that:

- have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- in order to conform with the current period's presentation, certain comparatives have been re-classified;
- have been prepared on a historical cost basis, except for investments which have been measured at fair value; and
- are presented in Australian dollars (Sigma's functional and presentation currency) with all values rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Other significant accounting policies are contained in the notes to the consolidated financial statements to which they relate.

Principles of consolidation

These financial statements are of the consolidated entity consisting of the Company and its subsidiaries (together referred to as "Sigma" or the "Group"). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Refer to Note 21 for a list of subsidiaries controlled at year end.

The financial report includes the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such an entity. In preparing the financial report, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity, are eliminated in full. Non-controlling interests are presented separately in the financial statements.

Foreign currency

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. Foreign exchange gains and losses are brought to account in profit or loss, except when deferred in equity as qualifying cash flow hedges. The assets and liabilities of foreign controlled subsidiaries are translated into Australian currency at rates of exchange current at balance date, while revenues and expenses are translated at the average rate calculated for the period. Exchange rate differences arising on translation are taken to the foreign currency translation reserve.

Goods and services tax ("GST")

Revenues, expenses, liabilities and assets are recognised net of GST, except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability. Cash flows are included in the consolidated cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Finance costs

Finance costs includes interest expense and borrowing costs and are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. Finance costs which are directly attributable to the acquisition of, or production of, a qualifying asset are capitalised as part of the cost of that asset using the weighted average cost of borrowings.

Significant changes in the current reporting period

As disclosed below under "Change in accounting policy – intangible assets (restatement)" the comparative financial statements have been restated to reflect the change in accounting policy as a result of the implementation of an IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement. Refer below for a description of the change in accounting policy and the impact.

The introduction of new accounting standards did not lead to any material change in measurement or disclosure in these financial statements. Refer to Note 31 for details of other new accounting standards and interpretations, as well as standards issued but not yet effective.

Key judgements and estimates

Preparation of the financial report requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements used in applying the accounting policies can be found in the following notes:

Judgement Area	Note
Carrying value of receivables	8
Carrying value of inventory	9
Impairment of goodwill	12

Change in accounting policy – intangible assets (restatement)

Implementation costs relating to Software as a Service (SAAS) platforms

In March 2021, the IFRS Interpretation Committee (IFRIC) released an agenda decision relating to the application of IAS 38 *Intangible Assets to Configuration or Customisation Costs in a Cloud Computing Arrangement.*

The Group previously capitalised costs incurred in configuring or customising a supplier's application software in a cloud-based computing arrangement, commonly known as Software as a Service (SAAS) arrangements, as intangible assets as the Group considered that it would benefit from those costs over the life of the asset.

The Group has updated its accounting policy to comply with the IFRIC agenda decision, which is to recognise those costs as intangible assets only if the configuration or customisation activities creates an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, including costs incurred to access, configure and customise unrestricted use SAAS arrangements.

The Group has applied AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and the change in accounting policy has been adopted retrospectively and prior comparative periods have been restated.

Impact of change the change in accounting policy and revision of previously issued financial statements

The notes below disclose the impact of the change in accounting policy in the financial information of the Group at the beginning of comparative period, during and at the end of the comparative period, and includes a summary of the impact during and at the end of the current period.

a) Adjustments as at 1 February 2020 (opening balance of comparative period)

At the commencement of the comparative period, 1 February 2020, the Group had a capitalised value of cost incurred to implement, customise or configure SAAS arrangements of $6.2 million. As a result of the change in accounting policy, the written down value of these assets has been expensed, with the impact recorded to opening accumulated losses.

Consolidated balance sheet Extract	1 February 2020 $'000	Restatement $'000	Restated 1 February 2020 $'000
Assets			
Non-current assets			
Goodwill, other intangible assets	135,367	(6,163)	129,204
Net deferred tax assets	24,996	1,849	26,845
Total non-current assets	**476,122**	**(4,314)**	**471,808**
Total assets	**1,212,067**	**(4,314)**	**1,207,753**
Equity			
Accumulated losses	(753,803)	(4,314)	(758,117)
Total equity	**476,740**	**(4,314)**	**472,426**

b) Adjustments to comparative information

For the comparative period to 31 January 2021, the Group capitalised costs to implement, customise or configure SAAS arrangements of $25.6 million, the Group also recorded $2.4 million of depreciation and amortisation on previously capitalised SAAS costs.

As at 31 January 2021, the Group had a capitalised value of cost incurred to implement, customise or configure SAAS arrangements of $29.4 million. This value includes $23.2 million in costs for the full year to 31 January 2021 and $6.2 million as at 1 February 2020 as noted above in (a). The impact on the financial statements is reflected in the tables below.

b) Adjustments to comparative information continued

Consolidated statement of comprehensive income Extract	31 January 2021 $'000	Restatement $'000	Restated 31 January 2021 $'000
Administration expenses	(68,792)	(25,599)	(94,391)
Depreciation and amortisation	(30,988)	2,411	(28,577)
Profit/(loss) before finance costs and income tax (EBIT)	**63,210**	**(23,188)**	**40,022**
Profit before income tax	**51,747**	**(23,188)**	**28,559**
Income tax expense	9,504	6,956	16,460
Profit/(loss) for the year	**61,251**	**(16,232)**	**45,019**
Total comprehensive income/(loss) for the year	**58,451**	**(16,232)**	**42,219**
Profit attributable to:			
Owners of the Company	59,761	(16,232)	43,529
Total comprehensive income attributable to:			
Owners of the Company	56,961	(16,232)	40,729
Earnings per share (cents) attributable to owners of the Company			
Basic earnings/(loss) per share	6.1	(1.7)	4.4
Diluted earnings/(loss) per share	5.9	(1.6)	4.3

Consolidated balance sheet Extract	31 January 2021 $'000	Restatement $'000	Restated 31 January 2021 $'000
Assets			
Non-current assets			
Goodwill, other intangible assets	158,059	(29,352)	128,707
Net deferred tax assets	40,342	8,806	49,148
Total non-current assets	**503,423**	**(20,546)**	**482,877**
Total assets	**1,205,619**	**(20,546)**	**1,185,073**
Equity			
Accumulated losses	(690,923)	(20,546)	(711,469)
Total equity	**534,905**	**(20,546)**	**514,359**

Consolidated statement of cash flows Extract	31 January 2021 $'000	Restatement $'000	Restated 31 January 2021 $'000
Cash flows from operating activities			
Payments to suppliers and employees	(3,840,515)	(25,599)	(3,866,114)
Net cash inflow/(outflow) from operating activities	**12,474**	**(25,599)**	**(13,125)**
Cash flows from investing activities			
Payments for property, plant and equipment, software and intangibles	(77,035)	25,599	(51,436)
Net cash inflow/(outflow) from investing activities	**98,763**	**25,599**	**124,362**

Consolidated statement of changes in equity Extract	31 January 2021 $'000	Restatement $'000	Restated 31 January 2021 $'000
Accumulated losses			
Profit/(loss) for the year	59,761	(16,232)	43,529
Total comprehensive income/(loss) for the year	**59,761**	**(16,232)**	**43,529**
Balance of accumulated losses at 31 January 2021	**(690,923)**	**(20,546)**	**(711,469)**
Total equity			
Profit/(loss) for the year	61,251	(16,232)	45,019
Total comprehensive income/(loss) for the year	**58,451**	**(16,232)**	**42,219**
Balance of equity at 31 January 2021	**534,905**	**(20,546)**	**514,359**

Change in accounting policy – intangible assets (restatement) continued

c) Impact on current period

For the current period to 31 January 2022, the Group capitalised costs to implement, customise or configure SAAS arrangements of $31.8 million, the Group also recorded $0.8 million of depreciation and amortisation on previously capitalised SAAS costs. The change in accounting policy has had the following impact on the financial statements for the year ended 31 January 2022, after the restatement of prior periods:

- a decrease in intangible assets of $31.0 million;
- an increase in deferred tax assets of $9.3 million;
- an increase in operating expenses of $31.8 million;
- a decrease in depreciation expense of $0.8 million;
- an increase in cash outflows from operating activities of $31.8 million, and an offsetting decrease in cash outflows from investing activities;
- a decrease in tax expense of $9.3 million;
- a decrease in profit after tax of $21.7 million;
- a decrease in basic and diluted earnings of 2.2 cents per share and 2.1 cents per share respectively.

Financial performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the year and, where relevant, the accounting policies applied, and the critical judgements and estimates made.

1. Segment information

Information on segments

Management has determined the operating segments based on the reports reviewed and used by the Group's chief operating decision makers (CODM) to make strategic and operating decisions. The CODM have been identified as the Chief Executive Officer and Managing Director (CEO) and Chief Financial Officer (CFO) as disclosed in the Remuneration Report on pages 10 to 29. For the year ended 31 January 2022, it was concluded that the Group continues to operate only in the Healthcare segment.

The aggregation criteria under AASB 8 *Operating segments* has been applied to include the results of the operations of Sigma, Central Healthcare, NostraData, Medication Packaging Systems Australia (MPS) and Medical Industries Australia (MIA) within the Healthcare segment. Sigma, MIA, NostraData and MPS are separate cash generating units for impairment testing purposes.

Segment information provided to the CODM

The CODM primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation adjusted for the effects of non-operating items ("Underlying EBITDA") to assess the operating performance of the business. The Group deems Underlying EBITDA to be the most relevant measure of operating performance in the short to medium term, as the significant capital expenditure program currently in progress will result in an increase in depreciation and amortisation expense in the medium term.

Underlying EBITDA reconciles to profit before tax for the Group as follows:

	2022 $'000	Restated[1] 2021 $'000
Profit/(loss) before income tax	**(8,307)**	28,559
Add: Restructuring, transformation and dual operating costs before tax	**11,736**	14,716
Add: Due diligence, integration and legal costs before tax	**1,363**	3,687
Add: SAAS – accounting policy change before tax	**31,811**	25,599
Add: (Gain)/loss on sale of assets before tax	**1,647**	(29,444)
Less: Non-controlling interests before interest and tax	**(1,281)**	(2,096)
Add: Net finance costs	**10,620**	11,463
Add: Depreciation and amortisation	**27,691**	28,577
Underlying EBITDA attributable to owners of the Company	**75,280**	81,061

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

Geographical segments

The Group operates predominantly within Australia.

Information on major customers

One customer group contributed revenues which forms 25% of the Group revenues (2021: 22%). This customer has a service contract which is in place until June 2024. Sales revenue for the period to 31 January 2022 was $860.2 million (2021: $758.7 million).

2. Sales and other revenue

	2022 $'000	2021 $'000
Sales revenue	**3,446,164**	3,400,379
Other revenue		
Commissions and fees	**52,303**	49,866
Membership revenue	**17,096**	16,761
Marketing services and promotional revenue	**37,015**	34,453
Sundry revenue	**7,728**	7,958
Profit/(loss) on sale of property, plant and equipment	**(1,647)**	29,369
Total other revenue	**112,495**	138,407

Recognition and measurement

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the revenue streams summarised above and, in the tables, below.

The presentation of revenue and other income is consistent with the revenue information that is disclosed for segment reporting (refer to Note 1) as the Group has one reportable segment.

For each revenue stream, the Group has assessed the recognition, including the timing, of revenue in accordance with AASB 15 *Revenue from Contracts with Customers*. A summary of the nature, performance obligations under the relevant contracts and timing of revenue recognition by stream is summarised below.

Sales Revenue

Revenue stream	Description	Performance obligation	Timing of recognition
Sale of goods	Sales of goods to customers, which include an agreed period over which the inventory can be returned. Consideration recognised is net of settlement credits and a provision for returns.	Delivery of good to customer	Point in time
Community service obligation (CSO) income	Income earned from the Government to fulfil minimum delivery requirements for specified medicines to pharmacies in accordance with the Community Pharmacy Agreement ('CPA').	Compliance with obligations of the CPA	Over time

Other Revenue

Revenue stream	Description	Performance obligation	Timing of recognition
Commissions and fees	Fees billed for services performed by the Group, including deliveries of dangerous goods and administration of discounts on products sold.	Completion of services to be provided	Point in time
Packaging services fees	Income received for the provision of dose administration services.	Provision of dose administration service to customer	Point in time
Membership revenue	Fees received to provide access to use the intellectual property associated with the Group's banners.	Over the term of the licence agreement	Over time
Marketing services and promotional revenue	Income received from suppliers for promotional and advertising services rendered.	Completion of services to be rendered	Point in time
Sundry revenue	Revenue from other services provided, including provision of data and other licencing fees.	Completion of the service requirements	Over time

Contract costs

The Group provides upfront incentives to franchisees upon signing of the franchise agreement. These costs represent incremental costs of obtaining a contract and are deferred and amortised over the life of the agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 January 2022

3. Expenses

	Note	2022 $'000	Restated[1] 2021 $'000
Profit before tax includes the following specific expenses:			
Employee benefits expense		143,663	152,556
Defined contribution plans		8,976	8,761
Employee share-based payments expense	29	(13)	860
Total employee benefits expense		152,626	162,177
Amortisation – brand names	12	328	495
Amortisation – software	12	3,087	2,924
Depreciation – buildings	11	1,683	1,780
Depreciation – plant and equipment	11	12,024	12,420
Depreciation – right-of-use assets	14	10,569	10,958
Total depreciation and amortisation		27,691	28,577
Write down of inventories to net realisable value		10,252	4,300
Net impairment loss on trade debtors		6,764	6,113

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

Employee benefits expense

Employer contributions to defined contribution superannuation plans are recognised as an expense in the profit or loss as they are paid or payable. Refer to Note 13 and Note 29 for details on provisions for employee benefits and details of share-based payments.

Write down of inventories

Included in cost of goods sold in the consolidated statement of comprehensive income. Refer to Note 9 for details or inventories.

Impairment of trade debtors

Included in sales and marketing expenses in the consolidated statement of comprehensive income. Refer to Note 8 for details of trade and other receivables.

4. Taxation

	2022 $'000	Restated[1] 2021 $'000
(a) Income tax expense		
Current tax	7,563	2,778
Deferred tax	(9,685)	(17,857)
Adjustments for current income tax of prior periods	151	(1,381)
Total income tax (benefit)/expense	(1,971)	(16,460)
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable:		
Profit/(loss) before income tax	(8,307)	28,559
Tax at the Australian company tax rate of 30% (2021: 30%)	(2,492)	8,568
Tax effect of differential corporate tax rates	(6)	(6)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Recoupment of capital losses not previously recorded	46	(22,947)
Other items	419	(1,447)
Amounts under/(over) provided in prior periods	62	(628)
Total income tax benefit	(1,971)	(16,460)
(c) Amounts recognised directly in equity		
Net change in fair value of financial asset	215	(1,185)
Exchange differences on translation of foreign operations	(1)	(15)
Total amounts recognised directly in equity	214	(1,200)

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

(d) Deferred tax

	2022 $'000	Restated[1] 2021 $'000
Trade and other receivables	8,035	6,499
Inventories	5,225	2,976
Trade and other payables and accruals	3,469	5,219
Provisions for employee benefits	6,020	6,530
Intangible assets	(203)	8,551
Property, plant and equipment	17,351	190
Tax losses	-	-
Right-of-use assets and lease liabilities	17,319	16,257
Other	1,401	2,926
Net deferred tax assets	58,617	49,148
Deferred tax assets	85,767	83,436
Deferred tax liabilities	(27,150)	(34,288)
Net deferred tax assets	58,617	49,148

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

All movements in temporary differences above have been charged to income except for exchange differences on foreign operations and tax on the fair value change of investments, which were recognised in other comprehensive income.

Unrecognised deferred tax losses

Deferred tax assets have not been recognised in respect of capital losses of $194,273,811 tax effected (2021: $194,070,633) because it is not probable that the Group will have sufficient future capital gains available against which the deferred tax asset could be utilised. These capital losses predominantly arose from the historic sale of the Group's pharmaceutical division.

Income tax – recognition and measurement

Current tax

Income tax payable represents the amount expected to be paid to taxation authorities on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of prior periods.

Deferred tax

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised there.

Australian tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax-consolidated Group with effect from 19 December 2005 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Sigma Healthcare Limited and has assumed the current tax liabilities and any deferred tax assets arising from unused tax losses of the members in the tax consolidated group. Refer to Note 21 for disclosure of the wholly owned subsidiaries which are members of the tax consolidated group.

4. Taxation continued

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within the Group" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Nature of tax funding arrangements and tax sharing arrangements

Entities in the tax consolidated group entered into a tax funding arrangement with the head entity. The arrangements require payments to/(from) the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated Group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

5. Earnings per share

	2022	Restated[1] 2021
(a) Basic and diluted earnings/(loss) per share		
Basic (cents per share)	**(0.7)**	4.4
Diluted (cents per share)	**(0.7)**	4.3
(b) Reconciliation of earnings used in calculating basic and diluted earnings/(loss) per share		
Profit/(Loss) attributable to owners of the Company ($000's)	**(7,239)**	43,529
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (No. '000's)	**988,392**	986,437
Adjustments for calculation of diluted earnings per share:		
Performance rights/options (No. '000's)	**28,604**	24,478
Effect of shares held under Sigma Employee Share Plan (No. '000's)	**9,748**	6,834
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (No. '000's)	**1,026,744**	1,017,749

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

Performance Rights and Options

Rights and options are considered dilutive and are included in the calculation of diluted earnings per share. Full details of share rights and options are included in Note 29 and in the Remuneration Report.

6. Dividends

	2022		2021	
	Cents per share	$'000	Cents per share	$'000
Recognised amounts				
Final dividend – prior year	1.0	10,593	-	-
Interim dividend – current year	1.0	10,593	-	-
Dividends recognised by the parent entity		21,186		-
Less: dividends paid on the shares held by Sigma Employee Share Plan		(404)		-
Less: dividends paid on the shares under the Sigma Employee Share Plan		(855)		-
Dividends recognised by non-controlling interests		-		1,589
Dividends paid by the Group		19,927		1,589

All dividends declared and subsequently paid by the Company have been franked to 100% at the 30% company income tax rate. Dividends are recognised when an obligation to pay a dividend arises, following declaration of the dividend by the Company's Board of Directors.

	2022 $'000	2021 $'000
Dividend franking account		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021: 30%)	4,560	6,967

The above amounts represent the balance of the franking account as at the end of the year, adjusted for franking credits in relation to the payment of the amount of the current income tax payable.

7. Subsequent events

Subsequent to 31 January 2022, the following events and transactions have occurred:

Dividend

Since the end of the year, the Directors have resolved to pay a final dividend of 1.0 cent per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 January 2022. The ex-dividend date is 4 April 2022, the record date is 5 April 2022 and it is expected to be paid on 22 April 2022. The total amount payable is $10.6 million.

Other than the matters discussed above, there has not been any other matter or circumstances that have arisen since 31 January 2022 that have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years not otherwise disclosed.

Operating assets and liabilities

This section provides information relating to the operating assets and liabilities of the Group used to generate the Group's performance.

8. Trade and other receivables
9. Inventories
10. Trade and other payables
11. Property, plant and equipment
12. Goodwill and other intangible assets
13. Provisions and contingencies
14. Right-of-use assets and lease liabilities

8. Trade and other receivables

	2022 $'000	2021 $'000
Current		
Trade receivables	368,583	329,145
Provision for expected credit losses	(25,267)	(19,262)
Other receivables	15,367	17,421
Total current receivables	358,683	327,304
Non-current		
Trade receivables	-	643
Other loans receivable	783	787
Total non-current receivables	783	1,430
Movements in the provision for expected credit losses:		
Carrying value at the beginning of the year	19,262	16,995
Provision raised during the year	7,012	6,115
Receivables written off during the year as uncollectible	(1,007)	(3,848)
Carrying value at the end of the year	25,267	19,262

8. Trade and other receivables continued

Trade receivables

Trade and other receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment (expected credit losses). They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Trade debtors generally have terms of 30 days.

Impairment of trade receivables

The Group measures the provision for expected credit losses (ECL) using the simplified approach to measure ECL, which uses a lifetime expected loss allowance for all trade receivables. The Group determines lifetime expected credit losses for groups of trade receivables with shared credit risk characteristics. Groupings are based on customer, trading term and ageing.

An expected credit loss rate is determined for each group, based on the historic credit loss rates for the group, adjusted for other current observable data that may materially impact the Group's future credit risk. This other observable data includes the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For information on the Group's credit risk management refer to Note 18.

	Not due $'000	0-30 days $'000	31-60 days $'000	60+ days $'000	Total $'000
2022					
Trade receivables	**342,545**	**15,104**	**4,949**	**5,985**	**368,583**
Provision for expected credit losses	**17,679**	**3,313**	**1,548**	**2,727**	**25,267**
2021					
Trade receivables	306,593	12,889	1,586	8,720	329,788
Provision for expected credit losses	10,974	2,158	450	5,681	19,262

9. Inventories

	2022 $'000	2021 $'000
At Cost		
Finished goods	**339,055**	359,058
Provision for obsolescence	**(17,415)**	(9,920)
Net inventories	**321,640**	349,138

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average cost. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale.

The provision for inventory obsolescence is based on management judgement, with consideration given to historical inventory write-offs, inventory turnover trends and other analysis. The actual amount of inventory write-offs could be higher or lower than the allowance made.

10. Trade and other payables

	Note	2022 $'000	2021 $'000
Current			
Trade payables		**352,273**	365,469
Other payables and accruals		**54,735**	60,970
Total current payables	18	**407,008**	426,439
Non-current			
Other payables and accruals		**-**	-
Total non-current payables		**-**	-

Trade payables, other payables and accruals represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. Trade and other payables are stated at amortised cost. Trade payables are unsecured and are normally settled within 30 to 60 days of the invoice date.

The carrying amounts of the Group's trade and other payables are denominated in Australian dollars. For an analysis of the financial risks associated with trade and other payables refer to Note 18.

11. Property, plant and equipment

	Note	Land and buildings $'000	Plant and equipment $'000	Total $'000
At 1 February 2020				
Cost		137,988	180,087	318,075
Accumulated depreciation		(3,633)	(58,518)	(62,151)
Net book amount		134,355	121,569	255,924
Year ended 31 January 2021				
Opening net book amount		134,355	121,569	255,924
Additions		22,298	19,703	42,001
Disposals		(84,184)	(5,913)	(90,097)
Depreciation	3	(1,780)	(12,420)	(14,200)
Closing net book amount		70,689	122,939	193,628
At 31 January 2021				
Cost		73,203	189,107	262,310
Accumulated depreciation		(2,514)	(66,168)	(68,682)
Net book amount		**70,689**	**122,939**	**193,628**
Year ended 31 January 2022				
Opening net book amount		**70,689**	**122,939**	**193,628**
Additions		**1,868**	**12,609**	**14,477**
Disposals		**-**	**(1,161)**	**(1,161)**
Depreciation	3	**(1,683)**	**(12,024)**	**(13,707)**
Closing net book amount		**70,874**	**122,363**	**193,237**
At 31 January 2022				
Cost		**74,797**	**188,609**	**263,406**
Accumulated depreciation		**(3,923)**	**(66,246)**	**(70,169)**
Net book amount		**70,874**	**122,363**	**193,237**

Capital work in progress

Included in property, plant and equipment at 31 January 2022 is $2,034,000 (2021: $27,437,000) of capital work in progress.

Recognition and measurement

Property, plant and equipment is recorded at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. Property, plant and equipment, other than freehold land, is depreciated or amortised on a straight-line basis over the expected useful life for the asset. Estimated useful lives and depreciation methods are reviewed at the end of the reporting period. The following estimated useful lives are used in the calculation of depreciation:

Item	Useful life	Depreciation method
Land	n/a	No depreciation
Buildings	40 years	Straight line
Plant and equipment	2 to 20 years	Straight line

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the period the item is derecognised.

Property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash generating units or CGUs).

12. Goodwill and other intangible assets

	Note	Goodwill $'000	INTANGIBLES Brand names $'000	Software $'000	Other intangibles $'000	Total $'000
At 1 February 2020						
Cost		102,960	25,892	31,807	940	161,599
Accumulated amortisation		-	(13,374)	(18,081)	(940)	(32,395)
Net book amount [Restated][1]		102,960	12,518	13,726	-	129,204
Year ended 31 January 2021						
Opening net book amount		102,960	12,518	13,726	-	129,204
Additions		-	-	6,570	-	6,570
Foreign currency movements		-	(33)	-	-	(33)
Disposals		-	-	(3,615)	-	(3,615)
Amortisation	3	-	(495)	(2,924)	-	(3,419)
Closing net book amount [Restated][1]		102,960	11,990	13,757	-	128,707
At 31 January 2021						
Cost		102,960	25,692	33,275	940	162,867
Accumulated amortisation		-	(13,702)	(19,518)	(940)	(34,160)
Net book amount [Restated][1]		**102,960**	**11,990**	**13,757**	**-**	**128,707**
Year ended 31 January 2022						
Opening net book amount		**102,960**	**11,990**	**13,757**	**-**	**128,707**
Additions		**-**	**-**	**2,756**	**-**	**2,756**
Foreign currency movements		**-**	**2**	**-**	**-**	**2**
Disposals		**-**	**-**	**-**	**-**	**-**
Amortisation	3	**-**	**(328)**	**(3,087)**	**-**	**(3,415)**
Closing net book amount		**102,960**	**11,664**	**13,426**	**-**	**128,050**
At 31 January 2022						
Cost		**102,960**	**25,681**	**36,147**	**940**	**165,728**
Accumulated amortisation		**-**	**(14,017)**	**(22,721)**	**(940)**	**(37,678)**
Net book amount		**102,960**	**11,664**	**13,426**	**-**	**128,050**

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

Included in intangible assets at year end is $1,594,000 of capital work in progress (31 January 2021: $4,321,000).

Other intangibles consist of customer relationships and supplier contracts.

Recognition and measurement

Intangibles are carried at cost less accumulated amortisation and impairment losses where applicable. Intangible assets acquired separately are capitalised at cost or if arising from a business combination at fair value as at the date of acquisition.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets acquired at the date of acquisition. Goodwill is measured at cost and subsequently measured at cost less any impairment losses.

Brand names

Brand names have a finite useful life and are carried at cost less accumulated amortisation. Where acquired in a business combination, cost represents the fair value at the date of acquisition. They are amortised over their expected useful lives, which vary from 25 to 60 years.

Software

Software assets acquired by the Group are initially recognised at cost, and subsequently measured at cost less accumulated amortisation and any impairment losses. Internally developed systems are capitalised once the project is assessed to be feasible. The costs capitalised include consulting, licensing and direct labour costs. Costs incurred in determining project feasibility are expensed as incurred. Software assets are amortised on a straight-line basis over their useful lives. The estimated useful lives are generally 3 to 7 years. The estimated useful lives and amortisation method are reviewed annually at the end of the reporting period.

Impairment of assets

Assets with finite useful lives are subject to amortisation and are reviewed for impairment at each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped into CGUs. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Allocation of goodwill to cash generating units

For impairment testing purposes, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the business combination. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to other assets in the CGU pro rata on the basis of the carrying amount of each asset in the CGU. On disposal of an operating unit within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation. The Group's goodwill is allocated to the Group's updated CGUs as follows:

	2022 $'000	2021 $'000
Goodwill allocation to cash generating units		
Sigma	**77,519**	77,519
NostraData	**6,157**	6,157
Medical Packaging Systems (MPS)	**10,759**	10,759
Medical Industries Australia (MIA)	**8,525**	8,525
Total goodwill	**102,960**	102,960

Impairment testing of goodwill

MIA and NostraData CGU

The recoverable amount of the MIA and NostraData CGUs has been determined based on value in use (ViU) calculations which use cash flow projections covering a five-year period, with cash flows beyond this period extrapolated using a long-term growth rate.

The cash flows for the five-year period are based on the most recent financial budget and the long-term growth rate used is 2.5% (2021: 2.5%). These cash flows have been discounted using a pre-tax risk adjusted discount rate of 9.7% – 10.6% (2021: 9.8% – 9.9%).

For these CGUs, management believes that any reasonable possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

Sigma CGU and MPS CGU

The Group has tested the Sigma and MPS CGU's for impairment at 31 January 2022 by comparing the recoverable amount to the carrying amount for both CGU's. The recoverable amount was determined for both CGU's by applying the Fair Value Less Costs of Disposal (FVLCD) basis using a discounted cash flow valuation model. This FVLCD methodology has been used as there are planned restructuring initiatives and changes proposed to enhance business performance over the forecast period.

The following describes each key assumption on which management has based its cash flow projections to undertake this impairment testing of the CGU's goodwill and other non-cash assets.

- **Cash flow forecasts** – Sigma CGU: covering a period of five years – the cash flows across the first year is based on the most recent financial budget with the remaining four years extrapolated using a growth rate of 2.5%. The cash flows in the budget include the benefits from the Group's ongoing investment in the Group's distribution centre network and increased sales from medical consumable products. Costs associated with executing these initiatives have been included as part of the forecast.
- **Cash flow forecasts** – MPS CGU: covering a period of five years – the cash flows across the first 3 years are based on the most recent financial budget and financial forecast, with the remaining two years extrapolated using a growth rate of 2.5%. The cash flows in the budget include the forecast of cost efficiencies from modest capital investment and an increase in sales and contribution from volume growth, both from new and existing customers. Costs associated with executing these initiatives have been included as part of the forecast.
- **Terminal value:** is calculated using a long-term growth rate based on the cash flow forecast for year five. The long-term growth rate applied is 2.5%, which is based on management expectations of the CGU's long-term performance after considering current conditions and available external market data.
- **Discount rates:** Cash flow forecasts have been discounted using a pre-tax risk adjusted discount rate of 11.2% – 11.3% (2021: 11.0% – 11.7%).

For the Sigma CGU, the recoverable value is 117% of the carrying value and management have assessed that it is sensitive to reasonable changes to the cash flow forecast assumptions, specifically, if the cost efficiencies and increased sales are not achieved effectively and efficiently. If the cash flows from these initiatives included in the CGU are 13% less than forecast, then the carrying value of the CGU would equal its recoverable amount.

For the MPS CGU, the recoverable value is 159% of the carrying value and management have assessed that it is sensitive to reasonable changes to the cash flow forecast assumptions, specifically, if the cost efficiencies and volume growth are not achieved effectively and efficiently. If the cash flows from these initiatives included in the CGU are 20% less than forecast, then the carrying value of the CGU would equal its recoverable amount.

13. Provisions and contingencies

Provisions

	2022 $'000	2021 $'000
Current		
Employee benefits	**17,194**	15,841
Restructuring	**4,230**	-
Lease make good	**1,004**	817
Other	**599**	169
Total current provisions	**23,027**	16,827
Non-current		
Employee benefits	**337**	1,239
Lease make good	**3,813**	6,000
Total non-current provisions	**4,150**	7,239

Provisions are recognised when a present legal, equitable or constructive obligation exists as a result of a past event, it can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it is recorded at the present value of those cash flows.

Lease make good

A provision for lease make good/restoration is recognised in relation to the properties held under lease. The Group recognises the provision for property leases which contain specific clauses to restore the property to a specific condition. The provision at balance date represents management's best estimate of the present value of the future make good costs required.

Employee benefits

The employee benefits liability represents accrued wages and salaries, leave entitlements and other incentives recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when they are settled and include related on-costs, such as worker's compensation insurance, superannuation and payroll tax.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled beyond twelve months from the reporting date are measured at the present value of estimated future payments for the services provided by employees up to the end of the reporting period. This calculation requires judgement in determining future increase in wages and salary rates, future on-cost rates and expected settlement dates based on staff turnover history. The liability is discounted using the Australian corporate bond rates which most closely match the terms to maturity of the entitlement.

Restructuring

Restructuring provisions are recognised at the point when a detailed plan for the restructure has been developed and implementation has commenced. The cost of restructuring provided is the estimated future cash flows, discounted at the appropriate rate which reflects the risks of the cash flow.

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of a current employee according to a detailed formal plan without possibility of withdrawal or upon the provision of an offer to encourage voluntary redundancy.

Other claims

The Group is exposed to various claims and litigations in the normal course of business. The Group assesses each claim to determine any potential liability to the Group on a case by case basis.

14. Right-of-use assets and lease liabilities

The Group leases various distribution centres and premises as well as warehouse machinery, motor vehicles and office equipment, typically for fixed periods of 3 to 15 years. The Group's leases may have extension options in order to maximise operational flexibility when managing contracts. These options are exercisable only by the Group and not the respective lessor. The lease agreements are negotiated individually and do not impose any covenants.

(a) Lease liabilities

The movement in lease liabilities from 1 February 2021 to the year end 31 January 2022 is presented below:

	Total $'000
At 31 January 2021	
Current lease liability	9,034
Non-current lease liability	139,818
Lease liability	148,852
Year ended 31 January 2022	
Opening lease liability at 1 February 2021	148,852
Additions	4,588
Disposals	(613)
Interest incurred	6,607
Payments on lease liabilities	(16,377)
Closing lease liability	143,057
At 31 January 2022	
Current lease liability	10,318
Non-current lease liability	132,739
Lease liability	143,057

(b) Right-of-use assets

The recognised right-of-use assets relate to the following assets:

	Land and buildings $'000	Plant and equipment $'000	Total $'000
At 31 January 2021			
Cost	105,436	7,271	112,707
Accumulated depreciation	(15,269)	(2,777)	(18,046)
Net book amount	90,167	4,494	94,661
Year ended 31 January 2022			
Opening net book amount	90,167	4,494	94,661
Additions	4,168	574	4,742
Disposals	(507)	-	(507)
Depreciation	(8,718)	(1,851)	(10,569)
Closing net book amount	85,110	3,217	88,327
At 31 January 2022			
Cost	93,042	4,609	97,651
Accumulated depreciation	(7,932)	(1,392)	(9,324)
Net book amount	85,110	3,217	88,327

(c) Amounts recognised in the consolidated statement of comprehensive income

	Note	2022 $'000	2021 $'000
Depreciation expense on right-of-use assets	3	10,569	10,958
Interest expense on lease liabilities		6,607	4,974
Operating expenses on leases		2,277	3,231

Operating expenses on leases are for short-term leases and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. These leases are not included in right-of-use assets or corresponding lease liabilities in accordance with AASB 16 *Leases*.

14. Right-of-use assets and lease liabilities continued

(d) Leases – recognition and measurement

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the definition of a lease in accordance with AASB 16. In line with the standard, a contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date for all leases with the exception of leases of low value assets (predominantly office equipment) or short-term leases. The Group recognises lease payments associated with low value or short-term leases as an expense on a straight-line basis over the lease term.

Lease liability

Lease liabilities are initially measured at the present value of all lease payments that are not paid at the commencement of the contract, discounted using the rate implicit in the lease, or if a rate is not implied, the Group's incremental borrowing rate.

Lease payments included for the purpose of measuring the lease liability include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on a rate or index;
- expected payments under residual value guarantees; and
- payments of penalties for termination of a lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are allocated between the lease liability and finance costs. The finance cost is recorded to profit or loss over the lease term (interest expense) to produce a constant periodic rate of interest on the lease liability for each year.

Lease liabilities are remeasured when there is a lease modification, a change in future lease payments (e.g. a change in an index or rate) or a change in lease term, most notably if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded to profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are recorded at cost comprising the following amounts:

- the amount of the initial lease liability;
- lease payments made at or prior to the lease commencement, less any lease incentives received;
- initial direct costs incurred; and
- estimated costs to dismantle, remove or restore the leased asset.

Right-of-use-assets are subsequently measured at cost less accumulated depreciation and any impairment losses. The assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment as per Note 11.

Right-of-use assets are assessed for impairment in accordance with AASB 136 *Impairment of Assets* as disclosed in Note 12. The value of right-of-use assets will be reduced by any impairment losses and adjusted for certain remeasurements of the lease liabilities.

Extension periods (lease term)

The Group assesses at lease commencement whether it is reasonably certain to exercise any applicable lease extension options, and when reasonably certain, such a period is included in the lease term for determining the lease liability. In making the determination, management considers all facts and circumstances that create an economic incentive to exercise an extension option.

The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment that is within the control of the Group.

Capital structure and financing

This section provides information relating to the Group's capital structure and its exposure to financial risks, how they affect the Group's financial position and performance, and how the risks are managed.

15. Contributed equity

	2022 $'000	2021 $'000
Issued capital:		
Ordinary shares fully paid	**1,286,144**	1,286,144
Issued capital held by equity compensation plan:		
Treasury shares	**(60,689)**	(66,231)
Total contributed capital	**1,225,455**	1,219,913

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction, net of tax, from the proceeds.

Treasury Shares

The shares held by the Sigma Employee Share Administration Pty Ltd are treasury shares which are the Company's ordinary shares which, as at the end of the year, have not vested to Group employees, and are therefore controlled by the Group.

(a) Movements in ordinary share capital

	No. of Shares	$'000
Balance at 1 February 2020	1,059,356,416	1,286,194
Shares bought on market	(80,000)	(50)
Balance at 31 January 2021	**1,059,276,416**	**1,286,144**
Shares bought on market	-	-
Balance at 31 January 2022	**1,059,276,416**	**1,286,144**

(b) Movements in treasury share capital

	No. of Shares	$'000
Balance at 1 February 2020	(74,964,795)	(69,638)
Shares bought on market	-	-
Employee shares exercised	2,882,210	727
Reclassification of settled and expired share-based transactions	-	2,680
Balance at 31 January 2021	**(72,082,585)**	**(66,231)**
Shares bought on market	**-**	**-**
Employee shares exercised	**1,545,311**	**320**
Reclassification of settled and expired share-based transactions	**-**	**5,222**
Balance at 31 January 2022	**(70,537,274)**	**(60,689)**

Capital management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern so it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to minimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Share buy-back

In October 2012, the Company announced that as part of its ongoing capital management strategy it would undertake an on-market share buy-back of up to 10% of its issued ordinary shares. The share buy-back commenced on 2 October 2012. During March 2018, the buyback was refreshed to provide capacity to buy-back a further 10% of issued ordinary shares.

16. Reserves

	2022 $'000	2021 $'000
Reserves:		
Fair value reserve	**(624)**	(594)
Foreign currency translation reserve	**238**	241
Options/performance rights reserve	**1,377**	2,887
Employee share reserve	**1,876**	2,694
Total	**2,867**	5,228

The Group's reserves are presented in the consolidated statement of changes in equity. The nature and purpose of each reserve is presented below.

16. Reserves continued

Fair value reserve

The fair value reserve represents the cumulative gains and losses arising on the revaluation of the investment in other financial assets that have been recognised in other comprehensive income. Amounts will not be subsequently reclassified to profit or loss but may be reclassified within equity.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

Option/performance rights reserve

This reserve is used to recognise the fair value of shares, performance rights and options issued to employees.

Employee share reserve

This reserve is used to recognise dividends paid by the Company that were eliminated on consolidation on unvested shares held by Sigma Employee Share Plan referred to in Note 29. The reserve will reverse against share capital held by the equity compensation plan when the shares vest.

17. Borrowings

	2022 $'000	2021 $'000
Current		
Secured bank overdraft	15,375	66,379
Secured cash advance facilities	-	-
Total current borrowings	15,375	66,379
Non-current		
Secured cash advance facilities	165,000	-
Total non-current borrowings	165,000	-

Recognition and measurement

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, borrowings are stated at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months from balance date and intends to do so.

Credit facilities

The Group maintains the following credit facilities:

	2022		2021	
	Total facility $'000	Unused $'000	Total facility $'000	Unused $'000
Secured bank overdraft facility	135,000	119,625	135,000	68,621
Secured cash advance facilities	185,000	20,000	115,000	115,000
Corporate credit card	3,000	2,896	3,096	3,042

Westpac debt facility (Receivables Purchase Facility)

The Company has a debt facility with the Westpac Banking Corporation (Westpac), which includes:

- **Tranche A** – an overdraft facility of $135 million. This expires 20 November 2023. $15.4 million was drawn down at balance date and is classified as current borrowings in "Secured bank overdraft".
- **Tranche B** – a cash advance facility of $115 million. This expires 20 November 2023. $95.0 million was drawn down at balance date and is classified as non-current borrowings in "Secured cash advance facilities".

Tranche A and Tranche B are secured using eligible trade receivables of Sigma Healthcare Limited and Central Healthcare Services Pty Ltd. The facility imposes rights and obligations on the Group with respect to the quality and maintenance of the receivables, collection of receivables, settlement and reporting to the financier.

The total facility is subject to fixed charge cover, gearing and minimum shareholder funds covenants. The Group monitors compliance with its financial covenants on a monthly basis and reports compliance on half-yearly basis in line with testing dates. The Group has complied with all such requirements in the current and previous period.

Westpac revolving debt facility (Revolving Debt Facility)

In October 2021 the Group agreed to a $70 million three-year revolving debt facility with Westpac for general corporate purposes and business development activities. The new revolving facility expires 10 October 2024. $70.0 million was drawn down at balance date (fully drawn) and is classified as non-current borrowings in "Secured cash advance facilities".

The Revolving Debt Facility is secured by first ranking mortgages on two of the Group's distribution centres.

The facility is subject to the same fixed charge cover, gearing and minimum shareholder funds covenants as the Receivables Purchase Facility. The Group has complied with all such requirements in the current period.

Borrowing costs capitalised

The amount of borrowing costs capitalised for the year ended 31 January 2022 relating to the borrowings was $672,500 (2021: $750,833). The interest rate applicable to the debt facilities is variable, and Sigma does not hedge the interest rate. The costs associated with the debt facilities are recorded in "finance costs" in the consolidated statement of comprehensive income.

Debtor securitisation programme (Sigma Rewards Facility)

The Group operates a debtor securitisation programme. This programme allows the Group to receive cash in advance due to the fact that substantially all the risks and rewards of ownership of debtors within the programme are transferred to a third party. Accordingly, the debtors are recorded off balance sheet. The costs associated with this programme are recorded in "sales and marketing expenses" in the consolidated statement of comprehensive income. The facility expires 20 November 2023 and has a limit of $15 million, with $13 million utilised as at 31 January 2022.

18. Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks which includes the use of financial instruments, including derivatives, if deemed appropriate, although use of derivatives is minimal, both in the current period and historically.

The Group Treasury Policy, approved by the Board, governs the management of foreign currency risk, interest rate risk, credit risk and liquidity risk, with mandatory monthly reporting requirements. The use of financial derivatives is also governed by the Treasury Policy which provides written principals on their use. The Group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds the following financial assets and liabilities at year end:

	2022 $'000	2021 $'000
Financial assets		
Cash and cash equivalents	**31,145**	16,128
Trade and other receivables	**359,466**	328,734
Other financial assets	**17,646**	15,303
Total financial assets	**408,257**	360,165
Financial liabilities		
Trade and other payables	**407,008**	426,439
Borrowings	**180,375**	66,379
Other financial liabilities	**-**	18
Total financial liabilities	**587,383**	492,836

(a) Market risk

(i) Foreign exchange risk

The Group operates predominantly within Australia with the majority of operations denominated in Australian dollars. The Group does make payments to some suppliers in foreign currencies, predominantly in United States dollars, Euros and New Zealand dollars, which does provide exposure to fluctuations in the value of these financial commitments due to the changes in foreign currency rates.

In accordance with the Treasury Policy, the Group manages the risk of foreign currency rate fluctuations by using forward foreign exchange contracts to fix the exchange rates when committed cashflows in foreign currencies are above an approved criteria. In practice, the use of these instruments and having contracts outstanding as at period end dates has not been common, as often payment commitments are not significant, or short term in nature.

At 31 January 2022, the Group has outstanding forward foreign exchange contracts with an Australian dollar notional value of $0.6 million (2021: $1.6 million). All contracts have a value date of less than six months from year end. The unrealised gain on these contracts is $14,000 at year end (recorded on the consolidated balance sheet as "other financial assets"). The quantitative exposure to profit on these outstanding contracts at period end due to fluctuations in foreign exchange rates is not material.

18. Financial risk management continued

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk from changes in interest rates on the Group's interest-bearing liabilities. As interest rates fluctuate, the amount of interest payable on financing where the interest rate is not fixed will also fluctuate.

The Group may seek to mitigate its exposure to fluctuations in interest rates by entering into interest rate hedging contracts for a portion of forecast interest rate exposures. The Group did not enter into any interest rate hedge contracts during the year ended 31 January 2022 (2021: nil).

The following table summarises the principal amount on outstanding balances at balance date and the weighted average interest rate for these balances throughout the year. The table also summarises the Group's exposure to interest rate risk using a sensitivity analysis performed using a 100-basis point variation. The sensitivity has been measured by the quantitative impact on profit before tax ("profit" in the table) if the variation were to occur.

	31 January 2022				31 January 2021			
	Balance $'000	Weighted avg. rate	-1% Profit $'000	+1% Profit $'000	Balance $'000	Weighted avg. rate	-1% Profit $'000	+1% Profit $'000
Cash and cash equivalents	**31,145**	**0.10%**	**(311)**	**311**	16,128	0.10%	(161)	161
Borrowings – secured	**(180,375)**	**2.86%**	**1,804**	**(1,804)**	(66,379)	2.92%	664	(664)
Total (decrease)/ increase			**1,493**	**(1,493)**			503	(503)

(iii) Equity price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, rather than changes in interest rates and/or exchange rates. These price movements may be caused by factors specific to the individual financial asset, its issuer, or factors affecting all similar financial assets traded on the market.

The Group has exposure to equity price risk through investments in shares of listed entities that are traded in an active market and investments in shares in unlisted entities not traded in an active market recorded in "Other financial assets". These investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The potential impact of movements in price risk on the Group's profit and loss and equity resulting from 10% increase/decrease in value of equity securities at reporting date are shown below. The sensitivity has been performed using a 10% variation as management consider this to be reasonable having regard to historic movements in equities.
The sensitivity has been measured by the quantitative impact on profit before tax ("profit" in the table) if the variation were to occur.

	31 January 2022			31 January 2021		
	Balance $'000	-10% Profit $'000	+10% Profit $'000	Balance $'000	-10% Profit $'000	+10% Profit $'000
Other financial assets						
Investments – active market (Level 1)	**5,758**	**(576)**	**576**	7,046	(705)	705
Investments – non-traded (Level 3)	**11,874**	**(1,187)**	**1,187**	8,257	(826)	826

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The Group has endeavoured to minimise credit risk by dealing with creditworthy counterparties.

The principal activity of the Group gives rise to a significant trade receivables value within the financial assets of the Group. The credit risk on the trade receivables of the Group is generally the carrying amount, net of any provisions for impairment losses.

Credit assessments are undertaken to determine the credit quality of the customer, taking into account their financial position, past experience and other relevant factors. Individual risk limits are granted in accordance with the internal credit policy and authorised via appropriate personnel as defined by the Group's delegation of authority manual. The utilisation of credit limits by customers, and associated security arrangements, are monitored by management.

The Group registers its retention of title on the Personal Properties Securities Register and seeks additional security as collateral where appropriate in accordance with its credit policy.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves, marketable securities and access to cash via committed credit facilities in order to meet commitments as and when they fall due. Forecast and actual cash flows are closely monitored in line with Sigma's Treasury Policy and reported to the Board on a monthly basis.

The Group's finance facilities and the amounts unused at balance date are summarised in Note 17. The weighted average term to maturity of committed bank facilities and rolling cash flow forecasts are periodically provided to management and the Board. Predominantly all of the Group's financial assets and liabilities are due within the next twelve months, with the exception of the Group's debt facilities as disclosed in Note 17.

(d) Fair value of financial instruments

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** – inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** – inputs are unobservable inputs for the asset or liability.

Financial instruments at fair value

The financial assets and liabilities recorded at fair value by the Group are investments (other financial assets) and forward foreign exchange contracts.

The investments in listed entities are considered Level 1 financial instruments as the fair value is based on a quoted price in an active market, and investments in unlisted entities are considered Level 3 financial instruments as the fair value is based on unobservable inputs for the asset or liability.

For forward foreign exchange contracts, these are considered level 2 financial instruments with their fair value determined by present value of future cash flows based on the forward exchange rates at the year end date.

The investments and value of the forward foreign exchange contracts are classified as fair value through other comprehensive income and fair value is determined in the manner described above.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Balance at 1 February 2021	7,046	(18)	8,257	15,285
Purchases	256	14	3,617	3,887
Disposals	(1,500)	-	-	(1,500)
Transfer of revaluation reserve to retained earnings	(762)	-	-	(762)
Movements in fair value – gain/(loss)	718	18	-	736
Balance at 31 January 2022	**5,758**	**14**	**11,874**	**17,646**

Group structure

This section provides information about Sigma's group structure and how any changes have affected the financial position and performance of the Group.

19. Business acquisitions

Recognition and measurement

Business combinations are accounted for using the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at the acquisition date.

The fair value of the consideration transferred comprises the initial cash paid to the sellers and an estimate for any future payments the Group may be liable to pay, based on future performance of the business. This latter amount is classified as contingent consideration and is classified as a financial liability. Amounts classified as a financial liability are subsequently measured at fair value with any changes in fair value recognised in profit or loss. Acquisition related costs are expensed as incurred in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (no more than 12 months from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

20. Non-controlling interest

	2022 $'000	2021 $'000
Non-controlling interest		
Balance at beginning of the year	**687**	786
Share of profit for the year	**903**	1,490
Dividends paid	**-**	(1,589)
Total	**1,590**	687

The non-controlling interests on the date of acquisition is measured at the non-controlling shareholders' proportion of the net fair value of the identifiable assets assumed. Transactions with non-controlling interests are recorded directly in retained earnings.

21. Details of controlled entities

The consolidated financial statements include the assets, liabilities and results of the following controlled entities:

	Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Parent Entity			
Sigma Healthcare Limited[b]	Australia		
Subsidiaries			
Chemist Club Pty Limited[a,c]	Australia	**100**	100
Sigma Company Limited[a,c]	Australia	**100**	100
Allied Master Chemists of Australia Limited[a,c]	Australia	**100**	100
Guardian Pharmacies Australia Pty Ltd[a,c]	Australia	**100**	100
Sigma Employee Share Administration Pty Ltd	Australia	**100**	100
Sigma NZ Limited	New Zealand	**100**	100
Pharmacy Wholesalers (Wellington) Limited	New Zealand	**100**	100
QDL Limited[a,c]	Australia	**100**	100
Sigma (W.A.) Pty Ltd[a,c]	Australia	**100**	100
Central Healthcare Pty Ltd[a,c]	Australia	**100**	100
Central Healthcare Services Pty Ltd[a,c]	Australia	**100**	100
Linton Street Pty Ltd[a,c]	Australia	**100**	100
PriceSave Pty Ltd[a,c]	Australia	**100**	100
PharmaSave Australia Pty Ltd[a,c]	Australia	**100**	100
Discount Drugstores Pty Ltd[a,c]	Australia	**100**	100
NostraData Pty Ltd	Australia	**51**	51
MPS Hold Co. Pty Ltd[a,c]	Australia	**100**	100
Medical Industries Australia Hold Co. Pty Ltd[a,c]	Australia	**100**	100
Wholelife Pharmacy Pty Ltd	Australia	**51**	51

a. These wholly owned companies are subject to a deed of cross guarantee (see Note 24).
b. Sigma Healthcare Limited is the head entity within the tax consolidated group.
c. These wholly owned subsidiaries are members of the tax consolidated group.

22. Related party disclosures

The Company

Sigma Healthcare Limited is the parent entity of the Group.

Controlled entities

Interests in controlled entities are set out in Note 21. The Company transacted business throughout the financial period with certain controlled entities in respect of purchases of goods and services. These transactions were undertaken on normal commercial terms and conditions.

Key management personnel

Disclosures relating to key management personnel are set out in Note 28 and in the Remuneration Report.

Other transactions with Directors

Mr D Manuel and his Director-related entities purchased pharmacy products from the Group in the ordinary course of business and on normal commercial terms and conditions. The amount of these purchases during the year ended 31 January 2022 was $8,348,124 (2021: $7,510,106). The amounts receivable at balance date from Directors or Director-related entities included within trade debtors in Note 8 was $1,109,924 (2021: $1,109,231). Amounts receivable from Directors or Director-related entities are subject to the Group's normal trading terms and conditions.

Other transactions entered into by Sigma Healthcare Limited and the Group with Directors and their Director-related entities are within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings.

23. Parent company financial information

The individual financial statements for the parent entity show the following aggregate amounts.

	2022 $'000	2021 $'000
Balance sheet		
Current assets	**160,046**	147,730
Non-current assets	**363,542**	363,888
Total assets	**523,588**	511,618
Current liabilities	**215,038**	202,613
Non-current liabilities	**-**	-
Total liabilities	**215,038**	202,613
Net assets	**308,550**	309,005
Equity		
Issued capital	**281,511**	281,511
Reserves	**(4)**	1,170
Accumulated profit	**27,043**	26,324
Total equity	**308,550**	309,005
Financial performance		
Profit for the year	**21,285**	17,606
Total comprehensive income for the year	**21,285**	17,606

(a) Guarantees entered into by parent entity

The parent entity has provided financial guarantees in respect of the total debt facility (Note 17). As at 31 January 2022, the balance drawn from the total facility is $180,375,000 (2021: $66,379,000). The facility is secured by way of deed over eligible trade receivables.

In addition, under the terms of a Deed of Cross Guarantee dated 20 January 2006, entered into accordance with the *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785*, the Company has undertaken to meet any shortfall which might arise on the winding up of controlled entities which are party to the Deed (see Note 24). No deficiencies of assets exist in any of these entities. No liability was recognised by the parent entity or the Group in relation to these cross guarantees, as the fair value of the guarantees is immaterial.

23. Parent company financial information continued

(b) Parent company investment in subsidiary companies

Investments in subsidiaries are carried at cost in the individual financial statements of Sigma Healthcare Limited. An impairment loss is recognised whenever the carrying amount of the investment exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less costs of disposal. The carrying value of the parent's investment in subsidiaries as at 31 January 2022 was $363,511,000 (2021: $363,511,000).

(c) Receivables from controlled entities

The parent entity did not have any material expected credit losses in respect of any intercompany loan receivable during the current period. The parent loan receivable is not overdue and eliminates on consolidation.

(d) Contingent liabilities of the parent entity

Refer to Note 13 for further information on contingent liabilities for the Group. The parent entity did not have any other contingent liabilities as at 31 January 2022 (2021: nil).

(e) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 31 January 2022 (2021: nil).

24. Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 the wholly owned Australian controlled entities listed in Note 21 footnote (a) are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of financial reports. These entities which are also referred to in the Directors' declaration are, together with the Company, all members of the 'Extended Closed Group' as defined under the ASIC Corporations Instrument and are parties to a Deed of Cross Guarantee dated 20 January 2006 which provides that the parties to the Deed will guarantee to each creditor payment in full of any debt of these entities on winding up of that entity.

A statement of comprehensive income and balance sheet comprising the Company and those Australian controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee at 31 January 2022, are set out below:

(a) Statement of comprehensive income

	2022 $'000	Restated[1] 2021 $'000
Sales revenue	**3,446,164**	3,400,344
Cost of goods sold	**(3,219,056)**	(3,161,159)
Gross profit	**227,108**	239,185
Other revenue	**100,974**	128,110
Warehousing and delivery expenses	**(154,914)**	(147,182)
Sales and marketing expenses	**(53,760)**	(61,020)
Administration expenses	**(93,009)**	(93,025)
Depreciation and amortisation	**(27,399)**	(28,274)
Profit/(loss) before financing costs and tax expense (EBIT)	**(1,000)**	37,794
Finance income	**221**	429
Finance costs	**(10,841)**	(11,821)
Net finance costs	**(10,620)**	(11,392)
Profit/(loss) before income tax	**(11,620)**	26,402
Income tax benefit/(expense)	**2,957**	17,128
Profit/(loss) for the year	**(8,664)**	43,530
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(4)**	(50)
Income tax relating to components of other comprehensive income	**1**	15
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity instruments	**718**	(3,950)
Income tax relating to components of other comprehensive income	**(215)**	1,185
Other comprehensive income/(loss) for the year (net of tax)	**500**	(2,800)
Total comprehensive income/(loss) for the year	**(8,164)**	40,730
Summary of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial period	**(708,355)**	(750,690)
Impact on adoption of new standards	**-**	(4,314)
Profit/(loss) for the year	**(8,664)**	43,530
Reclassification of settled and expired share-based transactions	**(2,176)**	3,119
Reclassification of revaluation reserve – disposal of investments	**533**	-
Dividends paid	**(20,782)**	-
Accumulated losses at the end of the financial period	**(739,444)**	(708,355)

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

(b) Balance sheet

	2022 $'000	Restated[1] 2021 $'000
Current assets		
Cash and cash equivalents	**26,229**	13,465
Trade and other receivables	**355,729**	325,126
Inventories	**321,645**	349,092
Income tax receivable	**261**	-
Prepayments	**49,733**	9,439
Other financial assets	**5,268**	-
Total current assets	**758,865**	697,122
Non-current assets		
Trade and other receivables	**783**	1,430
Property, plant and equipment	**193,027**	193,458
Goodwill and other intangible assets	**128,717**	129,249
Right-of-use assets	**88,327**	94,661
Other financial assets	**17,631**	15,303
Net deferred tax assets	**57,415**	48,014
Total non-current assets	**485,900**	482,115
Total assets	**1,244,765**	1,179,237
Current liabilities		
Bank overdraft	**15,375**	66,379
Trade and other payables	**381,377**	404,054
Borrowings	**-**	-
Lease liabilities	**10,318**	9,034
Provisions	**22,697**	16,534
Deferred income	**498**	302
Income tax payable	**-**	4,412
Other financial liabilities	**-**	18
Total current liabilities	**429,265**	500,733
Non-current liabilities		
Borrowings	**165,000**	-
Lease liabilities	**132,739**	139,818
Provisions	**4,150**	7,239
Total non-current liabilities	**301,889**	147,057
Total liabilities	**731,154**	647,790
Net assets	**512,611**	531,447
Equity		
Contributed equity	**1,249,427**	1,234,815
Reserves	**2,628**	4,987
Accumulated losses	**(739,444)**	(708,355)
Total equity	**512,611**	531,447

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

Other disclosures

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements.

25. Expenditure commitments

Expenditure commitments existed at the end of year in respect of:

	2022 $'000	2021 $'000
Capital expenditure contracted but not provided for in the financial report and payable	**40,997**	55,557
Total expenditure commitments	**40,997**	55,557

26. Auditor's remuneration

During the year the auditors of Sigma Healthcare Limited earned the following remuneration:

	2022 $	2021 $
Auditors of the parent entity – Deloitte Touche Tohmatsu		
Audit and review of financial reports of the entity or any controlled entity	**437,000**	387,200
Other advisory services	**1,500**	28,000
Total remuneration	**438,500**	415,200

The directors are satisfied that the provision of these non-audit services ("Other advisory services") by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Further detail is provided in the Directors' Report.

27. Guarantees

Guarantees existed at the end of year in respect of:

	2022 $'000	2021 $'000
Bank guarantees	6,040	9,391
Total guarantees	**6,040**	**9,391**

28. Key management personnel compensation

The compensation paid or payable to key management personnel of the Group is set out below:

	2022 $	2021 $
Short-term employee benefits	3,041,568	5,694,239
Post-employment benefits	136,251	148,022
Long-term benefits	34,139	39,352
Termination payments	-	-
Share-based payments	37,534	663,295
Total key management personnel compensation	**3,249,492**	**6,544,908**

Key management personnel ("KMP") and remuneration disclosures are provided in the Remuneration Report on pages 10 to 29.

Disclosures relating to related party transactions with Directors or key management personnel are set out in Note 22.

29. Employee share plans and share-based payments

Expenses arising from share-based payment transactions

Expenses arising from share-based payment transactions attributable to employees recognised during the period were as follows:

	2022 $'000	2021 $'000
Share-based payment expense:		
Shares (loan funded) issued under the employee share plan and executive long-term incentive plan	259	426
Shares issued under the short-term employee benefits	-	-
Rights issued under the executive long-term incentive plan	(410)	224
Rights issued under the short-term incentive plan	138	210
Total	**(13)**	**860**

The Group has an employee share plan and share-based remuneration schemes for executive and non-executive management (excluding non-executive directors).

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the options/performance rights reserve.

Employee share plan

The Group's Employee Share Plan periodically offers ordinary shares to all full or part time employees of the Group. The ordinary shares issued under the plan rank equally with all other fully paid ordinary shares on issue. Interest free loans are offered to acquire the shares. The price at which shares are issued is determined by the weighted average price of ordinary shares over the five trading days prior to and including the date of issue of shares. The Employee Share Plan is administered by Sigma Employee Share Administration Pty Ltd (SESA), a controlled entity. At balance date 17,621,011 shares are on issue (2021: 17,642,253).

Interest free loans from SESA to employees are for a period of 10 years and are secured by the shares issued. The loans are repayable from dividends received on the shares and from voluntary loan repayments. If an employee leaves employment within the Group, they can repay the loan in full and acquire unrestricted ownership of the shares. If the employee does not wish to acquire the shares and repay the loan, the shares are transferred to SESA for later sale on market to repay the remaining balance of the loan.

Share-based remuneration schemes

The Group has the following share-based remuneration schemes:

Executive loan funded share plan (long-term incentive plan):

The Group has a loan funded share plan for executives and senior employees. Participants are provided an interest free limited recourse loan to purchase shares in the Company if pre-defined vesting conditions are met three years from grant date. For the year ended 31 January 2020 (grant date: 1 February 2019) the Group used a rights issue (see below) for the executive long-term incentive (LTI) plan as opposed to issuing loan funded shares. From the year ended 31 January 2021 the Group reverted to using loan funded shares for the executive long-term incentive plan.

Executive long-term incentive plan – rights issue (zero exercise price):

As noted above, for the year ending 31 January 2020 (grant date: 1 February 2019) the Company implemented a rights issue for the executive long-term incentive plan. Participants were issued rights with a three-year performance period subject to service and forfeiture conditions.

Executive short-term incentive plans – rights issue (zero exercise price):

During the year ending 31 January 2020 (grant date: 1 February 2019) the Company implemented a rights issue as part of an executive short-term incentive plan designed to drive successful business transformation outcomes covering the two-year period to 31 January 2021.

During the year ending 31 January 2022 (grant date: 1 December 2021) the Company implemented a rights issue as part of an executive short-term incentive plan covering the 12-month period to 31 November 2022.

In accordance with the provisions of these share-based remuneration schemes, executives and non-executive managers within the Group are granted options to purchase ordinary shares at various issue prices (loan funded schemes) or acquire shares at a zero-exercise price (rights issues).

Details of the features of each share-based remuneration scheme are provided on pages 17 to 20 of the Remuneration Report.

Loan funded share plans

Unvested shares held under any loan funded share plans are owned by the Group until they vest. Unvested shares are held at cost and are eliminated on consolidation within equity.

Dividends paid by Sigma Healthcare Limited on shares held under loan funded share plans not issued to employees are eliminated in full on consolidation. Any Dividends applied to repay loan balances are recorded in a separate reserve account as they represent part of the exercise price "paid" by the employee. Dividends of forfeited shares are subsequently transferred back to retained earnings/accumulated losses.

Outstanding share options and rights

The tables below reconcile the outstanding share options granted under the Group's share-based remuneration schemes at the beginning and end of the financial year.

Executive loan funded share plan (long-term incentive (LTI) plan)

	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year
2022					
Number of outstanding loan funded shares	**37,964,717**	**11,423,679**	**-**	**(26,924,712)**	**22,463,684**
Weighted average exercise price	**$0.72**	**$0.68**	**-**	**$0.78**	**$0.64**
2021					
Number of outstanding loan funded shares	38,087,960	22,773,509	-	(22,896,752)	37,964,717
Weighted average exercise price	$0.94	$0.60	-	$0.96	$0.72

29. Employee share plans and share-based payments continued

Executive long-term incentive (LTI) plan – rights issue (zero exercise price)

	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year
2022					
Number of outstanding performance rights	**3,068,186**	**-**	**-**	**(1,643,304)**	**1,424,882**
Total	**3,068,186**	**-**	**-**	**(1,643,304)**	**1,424,882**
2021					
Number of outstanding performance rights	3,347,515	-	-	(279,329)	3,068,186
Total	3,347,515	-	-	(279,329)	3,068,186

Executive short-term incentive (STI) plans – rights issue (zero exercise price)

	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year
2022					
Number of outstanding performance rights	**1,854,765**	**1,722,490**	**(987,569)**	**-**	**2,589,686**
Total	**1,854,765**	**1,722,490**	**(987,569)**	**-**	**2,589,686**
2021					
Number of outstanding performance rights	3,533,492	-	(1,242,115)	(436,612)	1,854,765
Total	3,533,492	-	(1,242,115)	(436,612)	1,854,765

Fair value of options granted

The fair value of options granted are independently determined by an external consultant engaged by the Company. The fair value of each option granted is measured on the date of grant using the Black-Scholes option pricing model that considers the terms and components on the option and market-based performance hurdles. It does not consider non-market-based performance hurdles.

The fair value and inputs into the valuation for share options granted during the year and unexercised are set out below:

	Executive LTI plan – rights issue ROIC tranche	**Executive LTI plan – rights issue TSR tranche**
Grant date	1 February 2021	1 February 2021
Fair value	$0.17	$0.12
Inputs into the model:		
Grant date share price	$0.675	$0.675
Exercise price	$0.675	$0.675
Expected volatility	30%	30%
Vesting life	3 Years	3 Years
Option life	5 Years	5 Years
Expected dividend yield	4.0%	4.0%
Risk free interest rate	0.38%	0.38%

	Executive STI plan – rights issue (zero exercise price)
Grant date	1 December 2021
Fair value	$0.48
Inputs into the model:	
Grant date share price	$0.510
Exercise price	$0.000
Expected volatility	30%
Vesting life	1 Year
Option life	4 Years
Expected dividend yield	4.0%
Risk free interest rate	N/A

30. Notes to the statement of cash flows

Reconciliation of cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments and notes with maturity of three months or less when purchased. Cash as shown in the statement of cash flows is reconciled to the related items in the consolidated balance sheet as follows:

	Note	2022 $'000	2021 $'000
Cash and cash equivalents:			
Cash and bank balances		**31,145**	16,128
Secured bank overdraft facility	17	**(15,375)**	(66,379)
Total		**15,770**	(50,251)

Reconciliation of profit for the year to net cash flows from operating activities

	2022 $'000	Restated[1] 2021 $'000
Profit/(loss) for the year	**(6,336)**	45,019
Depreciation expense	**24,276**	25,158
Amortisation expense	**3,415**	3,419
Interest expense on leases	**6,607**	4,974
Share-based payments expense	**(13)**	860
Impairment of financial assets	**-**	1,300
(Profit)/loss on sale of property, plant and equipment	**1,647**	(29,263)
Other	**246**	(185)
Change in assets and liabilities:		
Change in inventories	**27,498**	(33,645)
Change in net taxes	**(14,253)**	(11,663
Change in prepayments	**(40,205)**	82
Change in trade and other receivables	**(30,732)**	(30,925)
Change in trade payables	**(7,112)**	5,140
Change in provisions	**2,512**	3,135
Change in other payables and deferred income	**(13,830)**	3,486
Net cash flows from operating activities	**(46,280)**	(13,125)

1. The comparatives have been restated to reflect a change in accounting policy. Refer to "About this report" for details.

Reconciliation of liabilities arising from financing activities

	Secured loans $'000	Unsecured loans $'000	Total $'000
2021			
Total liability 1 February 2020	250,070	140	250,210
Cash flow	(250,000)	-	(250,000)
Non-cash flow	(70)	(140)	(210)
Total liability 31 January 2021	-	-	-
2022			
Cash flow	**165,000**	**-**	**165,000**
Non-cash flow	**-**	**-**	**-**
Total liability 31 January 2022	**165,000**	**-**	**165,000**

The secured bank overdraft facility is not included in financing activities as it is considered with cash and cash equivalents.

31. New accounting standards

New accounting standards and interpretations

In the current period, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods commencing on or after 1 February 2021, including the following:

- AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*

None of these standards have had a material impact on the Group in the current period and are not expected to have a material impact in future reporting periods or on foreseeable future transactions.

Standards on issue but not yet effective

The following new accounting standards and interpretations have been published that are not mandatory for the 31 January 2022 year end reporting period and have not yet been applied by the Group within this financial report:

- AASB 10 *Consolidated Financial Statements and AASB 128 Investments in Associates (amendments)* – Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted
- AASB 17 *Insurance Contracts* – Effective for annual periods beginning on or after 1 January 2023
- AASB 2020–1 and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* – Effective for annual periods beginning on or after 1 January 2023
- AASB 2020–3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* – Effective for annual periods beginning on or after 1 January 2022
- AASB 2021–2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* – Effective for annual periods beginning on or after 1 January 2023
- AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021* – Effective for annual periods beginning on or after 1 April 2021
- AASB 2021–5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and liabilities arising from a Single Transaction* – Effective for annual periods beginning on or after 1 January 2023

The Group does not believe these new accounting standards, amendments and interpretations will have a material impact on the financial statements in future periods.

DIRECTORS' DECLARATION

For the year ended 31 January 2022

The Group does not believe these new accounting standards, amendments and interpretations will have a material impact on the financial statements in future periods.

In the opinion of the Directors of Sigma Healthcare Limited:

(a) the financial statements and notes, set out on pages 31 to 64, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 January 2022 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards, the *Corporate Regulations 2001*, and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

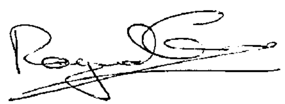
There are reasonable grounds to believe that the Company and the controlled entities identified in Note 21 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

Within the "About this report" section in the notes to the financial statements is confirmation that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the year ended 31 January 2022 pursuant to Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board.



Mr Raymond M Gunston
Chairman

Melbourne
28 March 2022

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report to the members of Sigma Healthcare Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sigma Healthcare Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 January 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 January 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Assessment of the recoverability of goodwill
Refer to note 12
 	
As at 31 January 2022, the Group had goodwill totalling \$103.0 million. The recovery of goodwill is subject to judgement in determining assumptions and estimates involved in evaluating the recoverable values of the cash generating units ("CGUs').
 	
As disclosed in note 12, management applied a 'value in use' approach for all CGUs except for the Sigma and Medical Packaging Services ("MPS") CGUs where a 'fair value less cost of disposal' approach was adopted.
 	
Under both approaches, a discounted cash flow model was prepared, which included significant assumptions relating to:
• Future cash flows for each CGU;
• Discount rates; and
• Terminal value growth rates.
 	
Changes to these assumptions can impact the recoverable amount determined for each CGU. As disclosed in note 12, the Sigma and MPS CGUs are more sensitive to these changes due to lower headroom than the other CGUs. Accordingly, our key audit matter is pinpointed to the recoverable amounts of the Sigma and MPS CGUs.
	Our procedures included, but were not limited to:
	• Assessing the determination of the Group's CGUs based on our understanding of the nature of the Group's businesses and how independent cash flows are derived;
	• Assessed the design and implementation of relevant controls within management's impairment assessment process, including the preparation, review and board approval of cash flow forecasts supporting this process; and
	• In conjunction with our valuation specialists we evaluated the key assumptions used in management's recoverable amount analysis for the Sigma and MPS CGUs including:
	  o Assessing the basis for management's forecast revenue, EBITDA, cash flows and terminal value growth assumptions including consideration of historical growth trends, business case analysis and support for future forecast revenue growth and cost savings and external market information;
	  o Assessing management's historical forecasting accuracy of the Group's operating results;
	  o Recalculating an expected discount rate and comparing this to the rate calculated by management;
	  o Performing sensitivity analysis on the impairment model using varied discount rates and growth projections to simulate alternative market conditions and outcomes; and
	  o Assessing the integrity and clerical accuracy of the impairment models prepared by management.
	
	We also assessed the appropriateness of the disclosures in the notes to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Valuation of trade receivables
Refer to note 8
 	
The Group has total trade receivables of $368.6 million as at 31 January 2022, made up of a significant number of individual pharmacies and groups of pharmacies under common ownership. The Group has recognised a trade receivables provision of $25.3 million as at 31 January 2022, an increase of $6.0 million in the current period.
 	
Significant judgement is involved in relation to credit risk exposures and losses expected to be incurred from individual pharmacies and pharmacy groups.
	Our procedures included, but were not limited to:
	• Obtaining an understanding of the process undertaken by management to identify individual trade receivable balances that are potentially unrecoverable;
	• Assessed the design and implementation of relevant controls within management's credit approval process; and
	• Challenging management's view of credit risk and recoverability for pharmacy groups by:
	    o Assessing the completeness of management's identified overdue and 'at risk' debtors by assessing historical payments, outstanding balances, receipt of payment subsequent to year end and key assumptions regarding debtors' financial position; and
	    o Assessing the adequacy of the provision against the identified population of overdue and 'at risk' trade debtors.
	
	We also assessed the appropriateness of the disclosures of the quantitative and qualitative considerations in relation to credit risk in the financial statements.

Valuation of inventory
Refer to note 9
 	
The Group has total inventory of $339.1 million as at 31 January 2022, and is recognised at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average cost. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale. The Group has recognised an inventory provision of $17.4 million as at 31 January 2022, an increase of $7.5 million in the current period. Significant judgement is involved in relation to determining the inventory provision and considers historical inventory write-offs, inventory turnover trends and other analysis.
	Our procedures included, but were not limited to:
	• Obtaining an understanding of the process undertaken by management to identify individual inventory balances that are obsolete, slow moving or have other characteristics that suggest the balance is unrecoverable;
	• Reviewing the Group's inventory provision policy and assessing the design and implementation of relevant controls within management's inventory costing and provision processes; and
	• Challenging management's view of slow moving and obsolete inventory by:
	    o Assessing the completeness of management's assessment through audit procedures on the determination of cost and net realisable value; and
	    o Assessing the adequacy of the provision against historical inventory write-offs, inventory turnover and other analysis.
	
	We also assessed the appropriateness of the disclosures of the quantitative and qualitative considerations in relation to the inventory provision in the financial statements.

Deloitte.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report and also includes the following information which will be included in the annual report (but does not include the financial report or our auditors report thereon): Annual Review, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Review, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

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the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 29 of the Directors' Report for the year ended 31 January 2022.

In our opinion, the Remuneration Report of Sigma Healthcare Limited, for the year ended 31 January 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants
Melbourne, 28 March 2022

SHAREHOLDER INFORMATION

Equity security holders

As at 18 March 2022, the Company has 1,059,276,416 ordinary shares on issue. Further details of the Company's equity securities are as follows:

Largest holders

The following table shows the 20 largest registered shareholders as at 18 March 2022 (as named on the register of shareholders):

	Ordinary shares	
Name	**Number held**	**% of issued shares**
CITICORP NOMINEES PTY LIMITED	207,368,837	19.58%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	186,194,116	17.58%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	119,543,560	11.29%
NATIONAL NOMINEES LIMITED	44,625,366	4.21%
PACIFIC CUSTODIANS PTY LIMITED	41,901,785	3.96%
SIGMA EMPLOYEE SHARE ADMIN P/L	30,522,244	2.88%
BNP PARIBAS NOMINEES PTY LTD	27,013,845	2.55%
BNP PARIBAS NOMS PTY LTD	22,953,760	2.17%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,757,918	2.15%
MR MARK ROBERT HOOPER	11,860,636	1.12%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	3,998,705	0.38%
JEFFREY SELLS	3,602,441	0.34%
ETIAM PTY LIMITED	3,114,371	0.29%
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	2,905,208	0.27%
CITICORP NOMINEES PTY LIMITED	2,419,916	0.23%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,310,068	0.22%
BNP PARIBAS NOMINEES PTY LTD	2,230,804	0.21%
MRS TRUDIE ANNE HOOPER	2,000,000	0.19%
NABRU NOMINEES PTY LIMITED	1,500,000	0.14%
MR PETER URBAN	1,438,262	0.14%
Total top 20 holders	740,261,842	69.88%
Total other holders	319,014,574	30.12%
Grand total	1,059,276,416	100.00%

Note: Excludes shares that are subject to trading restrictions.

SHAREHOLDER INFORMATION CONTINUED

Substantial shareholders

The following table shows the substantial holders as notified to the Company in substantial holding notices as at 18 March 2022:

Name	Number of equity securities	Voting power
Allan Gray Australia Pty Ltd	118,577,396	11.19%
Paradice Investment Management Pty Ltd	96,323,928	9.09%
Mitsubishi UFJ Financial Group, Inc.	76,161,143	7.19%
Spheria Asset Management Pty Ltd	53,255,186	5.03%

Holdings distribution

Range	Number of holders
100,001 and Over	510
10,001 to 100,000	5,073
5,001 to 10,000	2,964
1,001 to 5,000	6,815
1 to 1,000	1,763
Total	17,125
Unmarketable Parcels	1,145

Voting rights

The voting rights attaching to each class of equity securities are set out as below:

Ordinary shares

Holders of ordinary shares have the right to vote at every general meeting of the Company and at separate meetings of holders of Ordinary Shares. At a general or separate meeting, every holder of ordinary shares present in person or by proxy has, on poll, one vote for each ordinary share held.

Performance rights

Performance rights have been issued to employees as part of long-term and short-term incentive plans for the financial year ended 31 January 2022.

- The maximum number of ordinary shares which may be issued if the performance conditions are achieved is 4,014,568.
- Participants do not have voting rights.

FIVE YEAR SUMMARY

	2022 $'m	2021 $'m	2020 $'m	2019 $'m	2018 $'m
Operating results					
Sales revenue	**3,446.2**	3,400.4	3,244.3	3,976.8	4,094.4
EBITDA	**30.0**	68.6	24.2	76.5	92.8
EBIT	**2.3**	40.0	(3.1)	63.0	83.7
Profit/(loss) before tax	**(8.3)**	28.6	(15.8)	52.0	78.7
Profit/(loss) after tax	**(6.3)**	45.0	(11.5)	37.0	55.4
Financial position					
Working capital	**313.3**	294.2	233.8	406.2	378.8
Fixed assets (including intangibles)[5]	**409.6**	417.0	434.7	349.6	253.9
Lease liabilities	**143.1**	148.9	50.1	-	-
Other assets/(liabilities)	**58.2**	2.4	4.0	1.7	(3.8)
Capital employed[1]	**638.0**	564.6	622.4	757.5	628.9
Net debt/(net cash)	**149.2**	50.3	146.0	243.2	113.6
Net assets	**488.8**	514.4	476.4	514.3	515.3
Shareholder related					
Dividend					
– ordinary per share	**2.0c**	-	3.0c	4.0c	5.5c
– total dividends	**21.2**	-	31.8	42.4	58.8
Earnings/(loss) per share	**(0.7c)**	4.4c	(1.3c)	3.8c	5.6c
Dividend payout ratio	**n/a**	-	n/a	116%	106%
Net tangible asset backing per share	**34c**	36c	32c	37c	37c
Market capitalisation (balance date)	**477**	699	636	572	949
Ratio and returns					
EBIT margin[2]	**0.1%**	1.2%	-0.1%	1.5%	2.0%
Gearing[3]	**23.4%**	8.9%	23.5%	32.1%	18.1%
Interest cover[4]	**2.8x**	6.0x	1.9x	6.9x	18.5x

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.

The 2021 result has restated to reflect the change in accounting policy as a result of implementing the IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement.

CONTACT

Company Details

Sigma Healthcare Limited

Business Support Centres

Registered Office*

3 Myer Place
Rowville VIC 3178 Australia

Tel +61 (0)3 9215 9215
Tel 1800 500 760
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56–58 Jephson Street
Toowong QLD 4066 Australia
Tel +61 (0)7 3720 5500

www.sigmahealthcare.com.au

Directors

Refer to pages 24 to 25
of the Annual Review or visit
www.sigmahealthcare.com.au

Company Secretary

Kara McGowan
General Counsel and
Company Secretary

Registered Office*

3 Myer Place
Rowville VIC 3178 Australia

Auditors

Deloitte Touche Tohmatsu

Share Registry Details

Link Market Services
Locked Bag A14
Sydney South
NSW 1235 Australia
Tel (within Australia) 1300 554 474
Email: **registrars@linkmarketservices.com.au**

www.linkmarketservices.com.au

Sigma Healthcare Sites

580-610 Dohertys Road
Truganina VIC 3029 Australia

2 Imperata Close
Kemps Creek NSW 2178

12 William Dean Street
Eastern Creek NSW 2766 Australia

53–101 Wayne Goss Drive
Berrinba QLD 4117 Australia

16–20 Bell Street
Townsville QLD 4810 Australia

35 Burma Road
Pooraka SA 5095

3/2205 Coonawarra Road
Winnellie NT 0820 Australia

10 Craft Street
Canning Vale WA 6155 Australia

McKay Avenue Grove Estate
Glenorchy TAS 7010 Australia

MPS Sites

www.mpsconnect.com.au

8 Clunies Ross Court
Eight Mile Plains QLD 4113 Australia
Tel 1800 003 938 (within Australia)

11 Spireton Place
Pendle Hill NSW 2145 Australia
Tel 1800 003 938 (within Australia)

29 Connell Road
Oakleigh VIC 3166 Australia
Tel 1800 003 938 (within Australia)

For investor, media or government enquiries in relation to Sigma Healthcare

Gary Woodford
Corporate Affairs Manager

Tel +61 (0)3 9215 9215
Email **investor.relations@sigmahealthcare.com.au**

* From 1 June 2022 Sigma Healthcare's new registered address and Business Support Centre is:
Level 4-6 M-City Office Building and Business District 2107-2125 Dandenong Road Clayton VIC 3168.

Sigma Healthcare Limited

Registered Office*
3 Myer Place
Rowville VIC 3178 Australia

www.sigmahealthcare.com.au

* From 1 June 2022 Sigma Healthcare's new registered address and Business Support Centre is:

Level 4-6 M-City Office Building
and Business District
2107-2125 Dandenong Road
Clayton VIC 3168