Appendix 4D

Half year financial report

Lodged with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A

Sigma Healthcare Limited

ABN 15 088 417 403

Reporting period	**Comparative period**
Half year ended 31 July 2021	Half year ended 31 July 2020

Results for announcement to the market

Group results	31 July 2021 $000	31 July 2020 $000	Change %
Sales revenue from ordinary activities	**1,732,643**	1,642,162	Up 5.5%
Net profit/(loss) after tax (NPAT) (1)	**(786)**	(3,232)	n/a
NPAT attributable to owners of the Company (1)	**(1,300)**	(4,328)	n/a
Underlying EBITDA attributable to owners of the Company (1)	**39,160**	34,146	Up 14.7%
Underlying NPAT attributable to owners of the Company (1)	**14,097**	11,398	Up 23.7%

Net tangible asset per security

	31 July 2021	31 July 2020	Change (%)
Net tangible asset backing per ordinary share (cents per share) (1)	35.6	36.4	Down 2.3%

(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 the financial statements for further detail.

Dividend information

Since the end of the half year financial period, the Directors have resolved to pay an interim dividend of 1.0 cents per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 July 2021. The ex-dividend date is 26 September 2021, the record date is 27 September 2021 and it is expected to be paid on 8 October 2021.

Dividend	Amount per security	Franking percentage
Interim dividend – year ended 31 January 2022	1.0c	100%
Final dividend – year ended 31 January 2021	1.0c	100%
Interim dividend – year ended 31 January 2021	-	-

Gain or loss of control over entities

No control over any material entities was gained or lost during the year ended 31 July 2021.

Details of associates and joint venture entities

There are no associates or joint ventures as at 31 July 2021.

Dividend reinvestment plans

The company does not currently have a dividend reinvestment plan in operation.

Other information

This report is based on the condensed consolidated financial statements which have been reviewed by Deloitte. The half year financial report is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Additional information supporting the Appendix 4D disclosure requirements, including a brief explanation of the figures above, can be found in the Directors' report, notes to the condensed consolidated financial statements in this report, the Sigma 2021/22 Half Year Results Presentation and the Sigma 2021/22 Half Year ASX Release lodged with the ASX. This report is to be read in conjunction with the annual report for the year ended 31 January 2021 and any public announcements made by Sigma Healthcare Limited during the half year.

Reconciliation of reported (IFRS) and underlying EBIT and EBITDA

	31 July 2021 $000	31 July 2020 (1) $000
Reported EBIT	**4,373**	(1,061)
Add: Reported depreciation and amortisation	**13,338**	13,452
Reported EBITDA	**17,711**	12,391
Add back:		
Restructuring, transformation and dual operating costs before tax	**1,642**	7,788
Due diligence, integration and legal costs before tax	**903**	2,302
(Gain) / loss on sale of assets before tax	**1,710**	(1,144)
SAAS – accounting policy change before tax	**17,837**	14,010
Underlying EBITDA	**39,803**	35,347
Less: Reported depreciation and amortisation	**(13,338)**	(13,452)
Underlying EBIT	**26,465**	21,895
Less: Non-controlling interests before interest and tax	**(643)**	(1,201)
Underlying EBIT attributable to owners of the Company	**25,822**	20,694

Reconciliation of reported (IFRS) and underlying NPAT

	31 July 2021 $000	31 July 2020 (1) $000
Reported NPAT attributable to owners of the Company	**(1,300)**	(4,328)
Add back:		
Restructuring, transformation and dual operating costs after tax	**1,150**	5,452
Due diligence, integration and legal costs after tax	**632**	1,611
(Gain) / loss on sale of assets after tax	**1,129**	(1,144)
SAAS – accounting policy change after tax	**12,486**	9,807
Underlying NPAT attributable to owners of the Company	**14,097**	11,398

(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 the financial statements for further detail.

Shareholder information

Sigma will host a presentation to analysts and media on Tuesday 21 September 2021 at 10.00am with all presentation material posted to Sigma's website (www.sigmahealthcare.com.au)

Further information can be obtained from Gary Woodford (Corporate Affairs Manager):

+61 3 9215 9215
investor.relations@sigmahealthcare.com.au

Half year financial report

For the half year ended 31 July 2021

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 January 2021 and any public announcements made by Sigma Healthcare Limited during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Note regarding non-IFRS financial information

Within the Directors' report, the Group has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. The Group uses these measures to assess the performance of the business and believes that the information is useful to investors.

The following non-IFRS measures have not been subject to audit or review but have been extracted from the Group's condensed consolidated financial statements, which have been reviewed by the Group's external auditors:

- Underlying EBITDA – Earnings before interest, tax, depreciation and amortisation adjusted for non-operating items
- Underlying EBIT – Earnings before interest and tax adjusted for non-operating items
- Underlying NPAT – Profit after income tax expense adjusted for non-operating items

These measures should be considered as supplements to the other reported measures in the financial statements that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them.

A reconciliation of underlying EBITDA, underlying EBIT and underlying NPAT to the nearest measure prepared in accordance with IFRS is included in the Directors' report.

Prior year restatement

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 has updated its accounting policy in relation to the treatment of configuration or customisation costs relating to cloud computing arrangements, commonly referred to as Software as a Service (SAAS) arrangements to comply with the agenda decision. Under the new policy, some costs incurred to access, configure and customise SAAS arrangements that would have previously been capitalised are now expensed when they do not create an intangible asset that the Group controls, this includes costs on unrestricted use SAAS arrangements.

In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* the change in accounting policy has been adopted retrospectively and prior comparative periods have been restated. Refer to Note 1 in the notes to the condensed consolidated financial statements for further detail.

The Directors present their report on Sigma Healthcare Limited (the Company) and its controlled entities (the Group) for the half year ended 31 July 2021.

Directors

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

Mr R Gunston
Mr M Hooper
Mr D Manuel
Ms K Spargo
Ms C Bartlett
Mr M Sammells
Mr D Bayes (retired 12 May 2021)

As announced on 26 April 2021, Mark Hooper intends to leave the Company at the end of October 2021.

Review of operations

A review of the operations of the Group for the half year is set out in the Sigma 2021/22 Half Year Results Presentation and the Sigma 2021/22 Half Year ASX Release lodged with the ASX and below.

As disclosed in Note 1 in the notes to the condensed 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 review of operations below is based on the restated result and refers to the impact of this change in accounting policy where relevant.

Financial performance

The Group reported net profit after tax (NPAT) attributable to owners of the Company for the half year ended 31 July 2021 was a loss of $1,300,000, which was an improved result from the prior period loss of $4,328,000. Reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $17,711,000 was up 42.9% on the prior period ($12,391,000).

The result in both periods was impacted by non-operating items and a change in accounting policy:

- expenses of $1,642,000 before tax ($1,150,000 after tax) were incurred from the Group's restructuring, transformation and dual operating activities from managing the distribution centre optimisation program and business transformation program (2020: $7,788,000 before tax).
- expenses of $903,000 before tax ($632,000 after tax) in relation to due diligence integration and legal activities (2020: $2,302,000 before tax).
- loss on sale of assets of $1,710,000 before tax ($1,129,000 after tax) associated with the exiting of regional and other distribution centres over the period (2020: gain of $1,144,000 before tax).
- expenses of $17,837,000 before tax ($12,486,000 after tax) as a result of the change in accounting policy regarding configuration or customisation costs in a cloud computing arrangement (2020: $14,010,000 before tax, $9,807,000 after tax). As a result of the change, the Group is required to expense costs associated with software as service (SAAS) arrangements it would have previously capitalised. This change was retrospectively applied to the comparative period as required. Refer to Note 1 for further disclosure.

Removing the impact of these adjustments, underlying NPAT attributable to owners of the company was up 23.7% to $14,097,000 ($11,398,000 in the prior period). Underlying EBITDA of $39,803,000 ($39,160,000 attributable to owners of the company) was up 12.6% from $35,347,000 ($34,146,000 attributable to owners of the company) in the prior period as reported in the below reconciliation.

Included in the result is the impact of accounting for the Group's leases under the lease accounting standard AASB 16 *Leases*. This had the impact of increasing EBITDA by $8,020,000 (2020: $5,390,000), increasing EBIT by $2,754,000 (2020: $1,000,000) and decreasing NPAT by $396,000 (2020: $93,000).

Financial performance (continued)

Reconciliation of reported and underlying EBIT and EBITDA	31 July 2021 $000	31 July 2020 $000
Reported EBIT	**4,373**	(1,061)
Add: Reported depreciation and amortisation	**13,338**	13,452
Reported EBITDA	**17,711**	12,391
Add back:		
Restructuring, transformation and dual operating costs before tax	**1,642**	7,788
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Underlying EBIT	**26,465**	21,895
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Underlying EBIT attributable to owners of the Company	**25,822**	20,694

Reconciliation of reported and underlying NPAT	31 July 2021 $000	31 July 2020 $000
Reported NPAT attributable to owners of the Company	**(1,300)**	(4,328)
Add back:		
Restructuring, transformation and dual operating costs after tax	**1,150**	5,452
Due diligence, integration and legal costs after tax	**632**	1,611
(Gain) / loss on sale of assets after tax	**1,129**	(1,144)
SAAS – accounting policy change after tax	**12,486**	9,807
Underlying NPAT attributable to owners of the Company	**14,097**	11,398

Sales revenue was $1,732,643,000 up 5.5% on the prior period of $1,642,162,000. This result was impacted by a range of contributing factors including:

- an increase in retail pharmacy wholesale revenue (excluding My Chemist/Chemist Warehouse (MC/CW) Group) of 3.0% from new and existing customers;
- an increase in sales to the MC/CW Group compared to the prior period following the full return of their FMCG business;
- an increase in hospitals revenue of 8.9% mainly resulting from growth in sales across Victoria and New South Wales;
- an offsetting impact from lower sales to pharmacies impacted by Covid restrictions particularly CBD pharmacies in the CBD, shopping centres and Airports
- a decrease in export sale due to Covid-19 travel restrictions;
- a decrease in the sale of medical consumables and protective personal equipment;
- a net decrease from reduced prices from ongoing Pharmaceutical Benefits Scheme (PBS) price reform.

Gross profit for the period was $113,119,000 ($121,423,000 in the prior period) a decrease of 4.6% reflecting a total gross margin decrease to 6.5% from 7.4%. The decrease in gross margin has been driven by the return to a more normal sales product mix following the panic buying and increased personal protective equipment sales during the prior period which were not repeated in the current period.

Other revenue of $55,167,000 was up 4.4% from $52,860,000 in the prior period. The Group realised increased co-op, promotional and rebate income across the current period. Although Covid-19 still impacted some 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 $72,766,000, down 3.4% from $75,339,000 in the prior period. There were several contributing factors to this result, including:

- a decrease in redundancy, restructuring and dual operating costs associated with the distribution centre optimisation program and business transformation activities;
- improved efficiency and automation across the upgraded distribution network;
- an offsetting increase from volume growth from the MC/CW Group; and
- an offsetting increase in payroll costs in accordance with enterprise agreements.

Financial performance (continued)

Sales and marketing expenses of $29,019,000 for the period were down 24.5% from $38,438,000 in the prior period. The decrease is attributable to the prior period impact of additional provision for doubtful debts and redundancy and transformation costs associated with the Group's transformation activities. Excluding these items, expenses were down $1.9 million or 4.9%, attributable to cost efficiencies associated with the Group's transformational efforts and a decrease in expenditure from less retail activities due to Covid-19 restrictions.

Administration expenses for the half year were up 1.4% to $48,790,000 ($48,115,000 in the prior period). The result is impacted by the change in accounting policy associated with software as service (SAAS) arrangements as noted above. Excluding this impact, expenses were down 6.6%, or $3.2 million, attributable to cost efficiencies associated with the lower headcount and the Group's transformational efforts over the last 18 months.

Depreciation and amortisation of $13,338,000 was 0.8% lower than the $13,452,000 in the prior period. Excluding the impact of the change in accounting policy for SAAS arrangements, depreciation expense was $14,111,000, 3.0% lower than the prior period ($14,548,000), reflecting a decrease associated with the sale and leaseback of the Kemps Creek and Berrinba distribution centres in August 2020, offset by increased depreciation on the right of use assets associated with the same sites.

Net interest expense of $5,109,000 was down 1.4% from $5,181,000 in the prior period. Interest expense includes $3.3 million attributable to lease liabilities, an increase of $2.2 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 $1.8m, $2.3m down on prior period, reflecting the lower net debt position of the Group and lower interest rates.

Income tax expense of $50,000 was recorded for the period, compared to a $3,010,000 benefit in the prior period. Profit before tax and income tax expense in both periods has been impacted by the change in accounting policy associated with SAAS arrangements.

Financial position

The Group's net assets at 31 July 2021 have decreased by $9,890,000 or 1.9% from $514,359,000 at 31 January 2021 to $504,469,000. This decrease reflects the impact of a final dividend for the year end 31 January 2021. The change in accounting policy for SAAS arrangements has also impacted the closing balance of net assets as a result of the impact on profit for the period.

Working capital (trade receivables and inventory offset by trade creditors) has increased by $8,912,000 or 3.0% since 31 January 2021 to $304,565,000. The Cash Conversion Cycle (CCC), being the net of Days Sales Outstanding (DSO), Days Inventory on Hand (DIO) and Days Payable Outstanding (DPO), has remained consistent at 31 days. The contributing factors to this increase have been the overall increase in wholesale volume 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 $82,044,000 at 31 July 2021, from $50,251,000 at 31 January 2021. This has been driven by the continuing capital expenditure, most notably on its IT assets, offset by positive operating cash flows (excluding the impact of the change in accounting policy for SAAS arrangements).

Underlying return on invested capital ("ROIC")[1] for the current period was 9.8%, largely consistent with the 9.9% for the full year ending 31 January 2021. The small decrease reflects increased earnings, but increased net debt as a result of the continued investment cycle of the Group.

[1] *Underlying pre-tax ROIC is based on the last 12 months of underlying earnings (underlying EBIT), and net assets adjusted for capital work in progress on the construction of assets not yet utilised.*

COVID-19

The Group is committed to supporting Government and community efforts to limit the spread of Covid-19. 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 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 total sales volume was negatively affected overall in some states in line with government lockdown restrictions. 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.

The Sigma retail business continued to be negatively impacted as a result of 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.

The provision for expected credit losses has decreased during the period, with some provisions raised at the year end for debtors in areas hardest hit by the impact of the pandemic, such as airports and large shopping centres, being written back since the year end, although the impact on the result was not material.

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 closures of, or reduction in operations at, the Group's distribution centres as a result of the pandemic, although NSW sites were impacted by two positive cases of Covid-19 late in the period.

Overall the financial performance of the Group reflected improved underlying profitability from good overall sales growth, offset partially by lower sales volumes of PPE and medical consumables and reduced merchandise, marketing and aged-care income, but supported by operational expense savings and a lower expected credit loss provision.

Material risks

There has not been a material change in the Group's risk profile since 31 January 2021. Details of the Group's risks are outlined in the operating and financial review in the 31 January 2021 financial report.

Consideration of the impact and risks associated with Covid-19 is reported above in the Directors' Report.

Subsequent events

Subsequent to 31 July 2021 the following events and transactions have occurred:

<u>Dividend</u>

Since the end of the half year financial period, the Directors have resolved to pay an interim dividend of 1.0 cent per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 July 2021. The ex-dividend date is 26 September 2021, the record date is 27 September 2021 and it is expected to be paid on 8 October 2021. 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 July 2021 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 financial years not otherwise disclosed.

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. In accordance with that Corporations Instrument, the amounts shown in the directors' report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act* 2001, dated 20 September 2021.

Raymond Gunston
Chairman

Mark Hooper
Managing Director

Melbourne,
20 September 2021

Deloitte.

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20 September 2021

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

Dear Board Members

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 review of the financial statements of Sigma Healthcare Limited for the half-year ended 31 July 2021, 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants

Condensed consolidated statement of comprehensive income

For the half year ended 31 July 2021

	Note	31 July 2021 $'000	Restated [1] 31 July 2020 $'000
Sales revenue	4	**1,732,643**	1,642,162
Cost of goods sold		**(1,619,524)**	(1,520,739)
Gross profit		**113,119**	121,423
Other revenue	4	**55,167**	52,860
Warehousing and delivery expenses		**(72,766)**	(75,339)
Sales and marketing expenses		**(29,019)**	(38,438)
Administration expenses		**(48,790)**	(48,115)
Depreciation and amortisation	3	**(13,338)**	(13,452)
Profit / (loss) before finance costs and income tax (EBIT)		**4,373**	(1,061)
Finance income		**122**	230
Finance costs	3	**(5,231)**	(5,411)
Net finance costs		**(5,109)**	(5,181)
Profit before income tax		**(736)**	(6,242)
Income tax expense		**(50)**	3,010
Profit / (loss) for the half year		**(786)**	(3,232)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**19**	(54)
Income tax relating to components of other comprehensive income		**(6)**	16
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity instruments		**(3)**	(3,850)
Income tax relating to components of other comprehensive income		**1**	1,155
Other comprehensive income / (loss) for the half year (net of tax)		**11**	(2,733)
Total comprehensive income / (loss) for the half year		**(775)**	(5,965)
Profit attributable to:			
Owners of the Company		**(1,300)**	(4,328)
Non-controlling interest		**514**	1,096
Profit / (loss) for the half year		**(786)**	(3,232)
Total comprehensive income attributable to:			
Owners of the Company		**(1,289)**	(7,061)
Non-controlling interest		**514**	1,096
Total comprehensive income / (loss) for the half year		**(775)**	(5,965)
Earnings per share (cents) attributable to owners of the Company			
Basic earnings / (loss) per share		**(0.1)**	(0.4)
Diluted earnings / (loss) per share		**(0.1)**	(0.4)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the condensed 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 Note 1 for a description of the change in accounting policy and the impact.

Condensed consolidated balance sheet

As at 31 July 2021

	Note	31 July 2021 $'000	Restated [1] 31 January 2020 $'000
Current assets			
Cash and cash equivalents		**15,480**	16,128
Trade and other receivables		**355,212**	327,304
Inventories		**353,684**	349,138
Prepayments		**10,260**	9,626
Total current assets		**734,636**	702,196
Non-current assets			
Trade and other receivables		**3,625**	1,430
Property, plant and equipment	6	**192,073**	193,628
Goodwill and other intangible assets	7	**127,620**	128,707
Right-of-use assets	8	**89,731**	94,661
Other financial assets		**15,351**	15,303
Net deferred tax assets		**53,933**	49,148
Total non-current assets		**482,333**	482,877
Total assets		**1,216,969**	1,185,073
Current liabilities			
Bank overdraft	9	**57,524**	66,379
Trade and other payables		**443,390**	426,439
Borrowings	9	**-**	-
Lease liabilities	8	**8,888**	9,034
Provisions		**17,783**	16,827
Deferred income		**734**	456
Income tax payable		**1,304**	4,504
Other financial liabilities		**-**	18
Total current liabilities		**529,623**	523,657
Non-current liabilities			
Borrowings	9	**40,000**	-
Lease liabilities	8	**135,599**	139,818
Provisions		**7,278**	7,239
Total non-current liabilities		**182,877**	147,057
Total liabilities		**712,500**	670,714
Net assets		**504,469**	514,359
Equity			
Contributed equity	10	**1,221,927**	1,219,913
Reserves		**2,924**	5,228
Accumulated losses		**(721,583)**	(711,469)
Non-controlling interest		**1,201**	687
Total equity		**504,469**	514,359

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes to the condensed 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 Note 1 for a description of the change in accounting policy and the impact.

Condensed consolidated statement of changes in equity

For the half year ended 31 July 2021

	Note	Contributed equity		Reserves						
		Issued capital	Treasury shares	Fair value reserve	Foreign currency translation reserve	Options / performance rights reserve	Employee share reserve	Accumulated losses	Non-controlling interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 half year[(1)]		-	-	-	-	-	-	(4,328)	1,096	(3,232)
Other comprehensive income / (loss)		-	-	(2,695)	(38)	-	-	-	-	(2,733)
Total comprehensive income / (loss) for the half year [(1)]		**-**	**-**	**(2,695)**	**(38)**	**-**	**-**	**(4,328)**	**1,096**	**(5,965)**
Transactions with owners in their capacity as owners:										
Employee shares exercised		-	493	-	-	-	-	-	-	493
Share-based remuneration plans		-	-	-	-	680	-	-	-	680
Dividends paid	5	-	-	-	-	-	-	-	(1,590)	(1,590)
Dividends applied to equity compensation plan		-	-	-	-	-	(163)	-	-	(163)
Reclassification of settled and expired share-based transactions		-	2,046	-	-	(2,703)	(2,949)	3,606	-	-
		-	2,539	-	-	(2,023)	(3,112)	3,606	(1,590)	(580)
Balance at 31 July 2020 [Restated] [(1)]		**1,286,194**	**(67,099)**	**(524)**	**238**	**2,709**	**2,910**	**(758,839)**	**292**	**465,881**
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 half year		**-**	**-**	**-**	**-**	**-**	**-**	**(1,300)**	**514**	**(786)**
Other comprehensive income / (loss)		**-**	**-**	**(2)**	**13**	**-**	**-**	**-**	**-**	**11**
Total comprehensive income / (loss) for the half year [(1)]		**-**	**-**	**(2)**	**13**	**-**	**-**	**(1,300)**	**514**	**(775)**
Transactions with owners in their capacity as owners:										
Employee shares exercised	10(b)	**-**	**268**	**-**	**-**	**-**	**-**	**-**	**-**	**268**
Share-based remuneration plans		**-**	**-**	**-**	**-**	**689**	**-**	**-**	**-**	**689**
Dividends paid	5	**-**	**-**	**-**	**-**	**-**	**423**	**(10,386)**	**-**	**(9,963)**
Dividends applied to equity compensation plan		**-**	**-**	**-**	**-**	**-**	**(109)**	**-**	**-**	**(109)**
Reclassification of settled and expired share-based transactions		**-**	**1,746**	**-**	**-**	**(1,496)**	**(1,287)**	**1,037**	**-**	**-**
Reclassification of revaluation reserve – disposal of investments		**-**	**-**	**(535)**	**-**	**-**	**-**	**535**	**-**	**-**
		-	**2,014**	**(535)**	**-**	**(807)**	**(973)**	**(8,814)**	**-**	**(9,115)**
Balance at 31 July 2021 [(1)]		**1,286,144**	**(64,217)**	**(1,131)**	**254**	**2,080**	**1,721**	**(721,583)**	**1,201**	**504,469**

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 condensed 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 Note 1 for a description of the change in accounting policy and the impact.

Condensed consolidated statement of cash flows

For the half year ended 31 July 2021

	Note	31 July 2021 $'000	Restated (1) 31 July 2020 $'000
Cash flows from operating activities			
Receipts from customers		**1,949,995**	1,813,982
Payments to suppliers and employees		**(1,949,415)**	(1,811,336)
Interest received		**122**	230
Interest paid		**(1,771)**	(4,833)
Income taxes paid		**(8,037)**	(648)
Net cash inflow / (outflow) from operating activities		**(9,106)**	(2,605)
Cash flows from investing activities			
Payments for property, plant and equipment, software and intangibles		**(4,330)**	(33,824)
Payments to acquire financial assets		**(639)**	(1,163)
Proceeds from sale of property, plant and equipment		**-**	10,130
Net cash inflow / (outflow) from investing activities		**(4,969)**	(24,857)
Cash flows from financing activities			
Net (repayments of) / proceeds from borrowings		**40,000**	(91,011)
Repayments of principal on lease liabilities		**(8,020)**	(5,203)
Proceeds from employee shares exercised		**268**	330
Dividends paid – Sigma	5	**(9,963)**	-
Dividends paid – non-controlling interests		**-**	(1,100)
Net cash inflow / (outflow) from financing activities		**22,284**	(96,984)
Net increase / (decrease) in cash and cash equivalents		**8,210**	(124,446)
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		**(3)**	-
Net cash and cash equivalents at the end of the financial period		**(42,044)**	(20,214)

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

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes to the condensed 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 Note 1 for a description of the change in accounting policy and the impact.

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1. Basis of financial report preparation and significant accounting policies

Statement of compliance

This general purpose financial report for the half year ended 31 July 2021 has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This half year financial report does not include all the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report, together with any public announcements made by Sigma Healthcare Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In order to conform with the current period's presentation, certain comparatives have been re-classified.

Management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are evaluated on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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. In accordance with that Corporations Instrument, the amounts shown in the directors' report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

New accounting standards and interpretations

The Group has adopted all new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of these standards above did not have any impact on the disclosures or amounts recognised in the condensed consolidated financial statements for the half year ended 31 July 2021.

A number of other new standards and amendments to standards are effective for annual periods beginning after 1 February 2021 and for some, earlier application is permitted. The Group has not early adopted any of these standards in preparing these condensed consolidated financial statements. They are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

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.

Change in accounting policy – intangible assets (restatement) continued

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.

Condensed consolidated balance sheet Extract	1 February 2020 $'000	Restatement $'000	Restated 1 February 2020 $'000
Assets			
Non-current assets			
Goodwill, other intangible assets and capital work in progress	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 July 2020, the Group capitalised costs to implement, customise or configure SAAS arrangements of $14.0 million, the Group also recorded $1.1 million of depreciation and amortisation on previously capitalised SAAS costs. The impact on the financial statements is reflected in the tables below.

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 Note 1(a). The impact on the financial statements is reflected in the tables below.

Condensed consolidated statement of comprehensive income Extract	31 July 2020 $'000	Restatement $'000	Restated 31 July 2020 $'000
Administration expenses	(34,105)	(14,010)	(48,115)
Depreciation and amortisation	(14,548)	1,096	(13,452)
Profit / (loss) before finance costs and income tax (EBIT)	**11,852**	**(12,913)**	**(1,061)**
Profit before income tax	**6,671**	**(12,913)**	**(6,242)**
Income tax expense	(864)	3,874	3,010
Profit / (loss) for the half year	**5,807**	**(9,039)**	**(3,232)**
Total comprehensive income / (loss) for the half year	**3,074**	**(9,039)**	**(5,965)**
Profit attributable to:			
Owners of the Company	4,711	(9,039)	(4,328)
Total comprehensive income attributable to:			
Owners of the Company	1,978	(9,039)	(7,061)
Earnings per share (cents) attributable to owners of the Company			
Basic earnings / (loss) per share	0.5	(0.9)	(0.4)
Diluted earnings / (loss) per share	0.5	(0.9)	(0.4)

Condensed consolidated balance sheet Extract	31 January 2021 $'000	Restatement $'000	Restated 31 January 2021 $'000
Assets			
Non-current assets			
Goodwill, other intangible assets and capital work in progress	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**

Change in accounting policy – intangible assets (restatement) continued

b) Adjustments to comparative information (continued)

Condensed consolidated statement of cash flows Extract	**31 July 2020 $'000**	**Restatement $'000**	**Restated 31 July 2020 $'000**
Cash flows from operating activities			
Payments to suppliers and employees	(1,797,326)	(14,010)	(1,811,336)
Net cash inflow / (outflow) from operating activities	**11,405**	**(14,010)**	**(2,605)**
Cash flows from investing activities			
Payments for property, plant and equipment, software and intangibles	(47,834)	14,010	(33,824)
Net cash inflow / (outflow) from investing activities	**(38,867)**	**14,010**	**(24,857)**

Condensed consolidated statement of changes in equity Extract	**31 July 2020 $'000**	**Restatement $'000**	**Restated 31 July 2020 $'000**
Accumulated losses			
Profit / (loss) for the half year	4,711	(9,039)	(4,328)
Total comprehensive income / (loss) for the half year	**4,711**	**(9,039)**	**(4,328)**
Balance of accumulated losses at 31 July 2020	**(745,486)**	**(13,353)**	**(758,839)**
Total equity			
Profit / (loss) for the half year	5,807	(9,039)	(3,232)
Total comprehensive income / (loss) for the half year	**3,074**	**(9,039)**	**(5,965)**
Balance of equity at 31 July 2020	**479,234**	**(13,353)**	**465,881**

c) Impact on current period

For the current period to 31 July 2021, the Group capitalised costs to implement, customise or configure SAAS arrangements of $17.8 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 half year ended 31July 2021, after the restatement of prior periods:

- a decrease in intangible assets of $17.1 million;
- an increase in deferred tax assets of $5.1 million;
- an increase in operating expenses of $17.8 million;
- a decrease in depreciation expense of $0.7 million;
- an increase in cash outflows from operating activities of $17.8 million, and an offsetting decrease in cash outflows from investing activities;
- a decrease in tax expense of $5.1 million;
- a decrease in profit after tax of $12.0 million;
- a decrease in basic and diluted earnings of 1.2 cents per share.

2. 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). For the half year ended 31 July 2021, 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:

	31 July 2021 $'000	Restated [1] 31 July 2020 $'000
Profit before income tax	**(736)**	(6,242)
Add: Restructuring, transformation and dual operating costs before tax	**1,642**	7,788
Add: Due diligence, integration and legal costs before tax	**903**	2,302
Add: SAAS – accounting policy change before tax	**17,837**	14,010
Add: (Gain) / loss on sale of assets before tax	**1,710**	(1,144)
Less: Non-controlling interests before interest and tax	**(643)**	(1,201)
Add: Net finance costs	**5,109**	5,181
Add: Depreciation and amortisation	**13,338**	13,452
Underlying EBITDA attributable to owners of the company	**39,160**	34,146

Geographical segments

The Group operates predominantly within Australia.

Information on major customers

Revenue from one customer group contributes 25.9% of the Group's revenues (2020: 19.0%). Sales revenue for the half year ended 31 July 2021 was $449,098,000 (2020: $306,252,000).

3. Profit for the half year

	Note	**31 July 2021 $'000**	Restated [1] 31 July 2020 $'000
Profit before tax includes the following specific expenses:			
Write down of inventories to net realisable value		**2,153**	2,393
Net impairment (gain)/loss on trade debtors		**(639)**	4,649
Finance costs:			
Interest on borrowings		**1,911**	4,278
Interest – right-of-use-assets		**3,320**	1,133
Total finance costs		**5,231**	5,411
Depreciation and amortisation:			
Amortisation – brand names	7	**83**	252
Amortisation – software	7	**1,483**	1,628
Depreciation – buildings	6	**839**	1,126
Depreciation – plant and equipment	6	**5,668**	6,056
Depreciation – right-of-use assets	8	**5,265**	4,390
Total depreciation and amortisation		**13,338**	13,452

[1] The comparatives have been restated to reflect a change in accounting policy. Refer to Note 1 for details

4. Sales and other revenue

	31 July 2021 $'000	31 July 2020 $'000
Sales revenue	**1,732,643**	1,642,162
Other revenue		
Commissions and fees	**21,812**	21,374
Membership revenue	**8,592**	8,218
Marketing services and promotional revenue	**18,702**	14,138
Sundry revenue	**7,785**	7,987
Profit / (loss) on sale of assets	**(1,724)**	1,143
Total other revenue	**55,167**	52,860

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 segment reporting (refer to Note 2) as the Group has one reportable segment.

For each revenue stream, the Group has assessed the recognition of revenue, including the timing, 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
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 of 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.

5. Dividends

	31 July 2021 $'000	31 July 2020 $'000
Dividends paid during the half year:		
Dividends recognised by the parent entity	**10,593**	-
Less: dividends paid on shares held by Sigma employee share plan	**(207)**	-
Less: dividends paid on shares issued under the Sigma employee share plan	**(423)**	-
Dividends recognised by non-controlling interests	**-**	1,590
Dividends paid by the group	**9,963**	1,590

Since the end of the half year a fully franked interim dividend of 1.0 cent per share has been declared by the Directors (see Note 12).

6. Property plant and equipment

	Note	Land and buildings $'000	Plant and equipment $'000	Total $'000
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**
Half year ended 31 July 2021				
Opening net book amount		**70,689**	**122,939**	**193,628**
Additions		**-**	**6,071**	**6,071**
Disposals		**-**	**(1,119)**	**(1,119)**
Depreciation		**(839)**	**(5,668)**	**(6,507)**
Closing net book amount		**69,850**	**122,223**	**192,073**
At 31 July 2021				
Cost		**72,927**	**182,330**	**255,257**
Accumulated depreciation		**(3,077)**	**(60,107)**	**(63,184)**
Net book amount		**69,850**	**122,223**	**192,073**

Capital Work in Progress

Included in property, plant and equipment at 31 July 2021 is $31,974,000 (31 January 2021: $27,437,000) of capital work in progress. The majority of this balance is attributable to construction of plant and equipment for the Truganina distribution center in Victoria.

7. Goodwill and intangible assets

	Note	Goodwill $'000	INTANGIBLES Brand names $'000	Software $'000	Other intangibles $'000	Total $'000
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**
Half year ended 31 July 2021						
Opening net book amount		**102,960**	**11,990**	**13,757**	**-**	**128,707**
Additions		**-**	**-**	**469**	**-**	**469**
Foreign currency movements		**-**	**10**	**-**	**-**	**10**
Disposals		**-**	**-**	**-**	**-**	**-**
Amortisation		**-**	**(83)**	**(1,483)**	**-**	**(1,566)**
Closing net book amount		**102,960**	**11,917**	**12,743**	**-**	**127,620**
At 31 July 2021						
Cost		**102,960**	**25,771**	**33,744**	**940**	**163,415**
Accumulated amortisation		**-**	**(13,854)**	**(21,001)**	**(940)**	**(35,795)**
Closing net book amount		**102,960**	**11,917**	**12,743**	**-**	**127,620**

Other intangibles consist of customer relationships and supplier contracts.

Impairment of goodwill

Goodwill is not amortised and is tested at least annually for impairment. At the end of the reporting period, the Group assesses whether there is any indication of impairment and no indication was evident at balance date.

Impairment of other intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. At the end of each reporting period, the Group assesses whether there is any indication that intangible assets may be impaired. No such indication was evident at balance date.

(1) The comparatives have been restated to reflect a change in accounting policy. Refer to Note 1 for details.

8. Leases

Right-of-use (ROU) assets

The recognised ROU 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**
Half year ended 31 July 2021			
Opening net book amount	**90,167**	**4,494**	**94,661**
Additions	**-**	**335**	**335**
Disposals	**-**	**-**	**-**
Depreciation	**(4,384)**	**(881)**	**(5,265)**
Closing net book amount	**85,783**	**3,948**	**89,731**
At 31 July 2021			
Cost	**100,831**	**7,204**	**108,035**
Accumulated depreciation	**(15,048)**	**(3,256)**	**(18,304)**
Net book amount	**85,783**	**3,948**	**89,731**

Lease liabilities

The movement in lease liabilities from 1 February 2021 to the period end 31 July 2021 is presented below:

	Total $'000
At 31 January 2021	
Current lease liability	9,034
Non-current lease liability	139,818
Lease liability at 31 January 2021	**148,852**
Half year ended 31 July 2021	
Opening lease liability at 1 February 2021	**148,852**
Additions	**335**
Disposals	**-**
Interest incurred	**3,319**
Payments on lease liabilities	**(8,020)**
Closing lease liability at 31 July 2021	**144,486**
At 31 July 2021	
Current lease liability	**8,888**
Non-current lease liability	**135,599**
Lease liability at 31 July 2021	**144,486**

9. Borrowings

	31 July 2021 $'000	31 January 2021 $'000
Current		
Secured bank overdraft	**57,524**	66,379
Secured cash advance facilities	**-**	-
Other secured loans	**-**	-
Total current borrowings	**57,524**	66,379
Non-current		
Secured cash advance facilities	**40,000**	-
Other secured loans	**-**	-
Unsecured loans	**-**	-
Total non-current borrowings	**40,000**	-

Credit facilities

The Group maintains the following credit facilities:

	31 July 2021		**31 January 2021**	
	Total facility $'000	**Unused $'000**	Total facility $'000	Unused $'000
Credit standby facilities				
Secured bank overdraft facility	**135,000**	**77,476**	135,000	68,621
Secured cash advance facilities	**115,000**	**75,000**	115,000	115,000
Corporate credit card	**3,096**	**3,012**	3,096	3,042

Westpac debt facility (Receivables Purchase Facility)

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

- Tranche A – an overdraft facility of $135 million. This expires 20 November 2023. $57.5 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. $40.0 million was drawn down at balance date and is classified as non-current borrowings in "Secured cash advance facilities" if used.

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.

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 condensed consolidated statement of comprehensive income. The facility expires 20 November 2023 and has a limit of $15 million, with $13.3 million utilised as at 31 July 2021.

10. Contributed equity

	31 July 2021 $'000	31 January 2021 $'000
Issued Capital:		
Ordinary shares fully paid	**1,286,144**	1,286,144
Issued capital held by equity compensation plan:		
Treasury shares	**(64,217)**	(66,231)
Total contributed equity	**1,221,927**	1,219,913

(a) Movements in ordinary share capital

	No. of shares	$'000
Balance at 31 July 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 July 2021	**1,059,276,416**	**1,286,144**

(b) Movements in treasury share capital

	No. of shares	$'000
Balance at 31 July 2020	(72,455,327)	(67,099)
Shares bought on market	-	-
Employee shares exercised	372,742	234
Reclassification of settled and expired share-based transactions	-	634
Balance at 31 January 2021	**(72,082,585)**	**(66,231)**
Shares bought on market	**-**	**-**
Employee shares exercised	**1,473,595**	**268**
Reclassification of settled and expired share-based transactions	**-**	**1,746**
Balance at 31 July 2021	**(70,608,990)**	**(64,217)**

11. Contingent liability

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.

12. Events subsequent to balance date

Dividend

Since the end of the half year financial period, the Directors have resolved to pay an interim dividend of 1.0 cent per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 July 2021. The ex-dividend date is 26 September 2021, the record date is 27 September 2021 and it is expected to be paid on 8 October 2021. 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 July 2021 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 financial years not otherwise disclosed.

Directors' declaration

For the half year ended 31 July 2021

In the opinion of the Directors of Sigma Healthcare Limited:

a) the financial statements and notes set out on pages 10 to 23 are in accordance with the *Corporations Act 2001* including:
   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 July 2021 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date, and

b) there are reasonable grounds to believe that Sigma Healthcare Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors, pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Raymond Gunston
Chairman

Mark Hooper
Managing Director

Melbourne
20 September 2021

Deloitte.

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

Conclusion

We have reviewed the half-year financial report of Sigma Healthcare Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated balance sheet as at 31 July 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 10 to 24.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 July 2021, and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 July 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Deloitte.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants
Melbourne, 20 September 2021