



**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**  
Half year ended 31 July 2022

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

**Results for announcement to the market**

Group results	31 July 2022 \$000	31 July 2021 \$000	Change %
Sales revenue from ordinary activities	1,836,102	1,732,643	Up 6%
Net loss after tax	(804)	(786)	n/a
Net loss after tax attributable to owners of the Company	(1,490)	(1,300)	n/a

**Net tangible asset per security**

	31 July 2022	31 July 2021	Change (%)
Net tangible asset backing per ordinary share (cents per share)	33.8	35.6	Down 5.1%

**Dividend information**

Since the end of the half year financial period, the Directors have resolved to pay an interim dividend of 0.50 cents per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 July 2022. The ex-dividend date is 28 September 2022, the record date is 29 September 2022 and it is expected to be paid on 12 October 2022.

Dividend	Amount per security	Franking percentage
Interim dividend – year ended 31 January 2023	0.50c	100%
Final dividend – year ended 31 January 2022	1.0c	100%
Interim dividend – year ended 31 January 2022	1.0c	100%

**Gain or loss of control over entities**

No control over any material entities was gained or lost during the half year ended 31 July 2022.

**Details of associates and joint venture entities**

The Group has ownership interest of 51% of NostraData Pty Ltd (31 January 2022: 51%) and 51% of Wholelife Pharmacy Pty Ltd (31 January 2022: 51%).

**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 conclusion, emphasis of matter or other matter paragraph.

## Appendix 4D

For the half year ended 31 July 2022

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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 2022/23 Half Year Results Presentation and the Sigma 2022/23 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 2022 and any public announcements made by Sigma Healthcare Limited during the half year.

### Shareholder information

Sigma will host a presentation to analysts and media on Monday, 26 September 2022 at 10.00am with all presentation material posted to Sigma's website ([www.sigmahealthcare.com.au](http://www.sigmahealthcare.com.au))

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

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**Half year financial report**  
**For the half year ended 31 July 2022**

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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 2022 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*.

# Directors' Report

For the half year ended 31 July 2022

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

## Directors

The names of the Directors of the Company during the half year reporting period and until the date of this report were (unless otherwise stated):

Mr R Gunston (Deceased 5 July 2022)  
Mr M Sammells (Appointed Chairman 4 August 2022)  
Mr V Ramsunder  
Mr D Manuel  
Ms K Spargo  
Ms C Bartlett

Mr Michael Sammells was appointed Interim Chairman on 6 July 2022, following the sudden passing of Mr Ray Gunston on 5 July 2022. Mr Ray Gunston was a Director of the Company for 12 years, of which 2 years was as Chairman. Mr Michael Sammells was appointed Chairman on 4 August 2022.

## Review of operations

A review of the operations of the Group for the half year is set out in the Sigma 2022/23 Half Year Results Presentation and the Sigma 2022/23 Half Year ASX Release lodged with the ASX and below.

## Financial performance

The Group reported net loss after tax attributable to owners of the Company for the half year ended 31 July 2022 was \$1,490,000, compared against the prior period loss of \$1,300,000.

Loss per share (EPS) was 0.2 cents, compared to 0.1 cents in the prior comparative period (pcp).

The directors have determined a fully franked interim dividend of 0.5 cents per share.

Additional information relating to the dividends for the current and prior periods, including dividends determined by the Board since the end of the half year, is set out in Note 5 of the condensed consolidated financial statements.

## Revenue

Sales revenue was \$1,836,102,000 up 6% on the pcp. Increased revenue growth came from:

- an increase in the sales of Rapid Antigen tests (RATs);
- an increase in hospitals revenue of 7.0% mainly resulting from growth in sales across New South Wales and Victoria;
- an offsetting decrease in retail pharmacy wholesale revenue, impacted by Enterprise Resource Planning (ERP) system implementation;
- an offsetting decrease in Community Service Obligation (CSO) income mainly due to lower Pharmaceutical Benefits Scheme (PBS) sales.

## Gross profit and gross profit margin

Gross profit for the period was \$126,738,000, an increase of 12.0% on the pcp, reflecting a total gross margin increase from 6.5% to 6.9%. The increase in gross margin has been positively supported by higher RATs sales and product mix. Higher stock provisions associated with slow moving and obsolete stock and challenges associated with the roll out of the ERP system in the amount of \$29.1 million offsets the gross margin increase.

## Other revenue

Other revenue, which includes the Group's pharmacy brand member fees, rebates, promotional and marketing income and income from data analytics services, was \$55,209,000, down 3.0% on pcp. The decrease is primarily due to lower settlement discount on early payment to suppliers and reduced rebate income.

## Operating expenses

Other expenses were \$4,863,000, arising from the \$4.9 million asset write-off as a result of warehouse and office relocations from Rowville and Mulgrave.

Warehouse and delivery expenses were \$80,678,000, up 10.9% from the pcp. Several factors contributed to this result, including an increased warehouse cost associated with the new Truganina Distribution Centre (DC) in Victoria, increase in sales activity, shortage of skilled staff and employee cost increases due to enterprise agreements. Freight expense was also higher due to increased fuel cost and contracted rates.

Sales and marketing expenses of \$26,827,000 for the period were down 7.5% on the pcp, arising from higher provision for doubtful debts in the prior year, reorganisation costs, efficiency gains in marketing programs and a decrease in expenditure from fewer retail marketing activities.

Administration expenses for the half year were down 16.0% to \$40,990,000. The result benefited from a decrease in software as service (SAAS) expense (\$4.2 million in the current period and \$17.8 million in the comparative). Excluding this reduction, expenses were higher by \$5.9 million, attributable to increased costs associated with management of the new ERP system and recruitment costs.

# Directors' Report

For the half year ended 31 July 2022

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## Financial performance (continued)

Impairment expense of \$7,916,000 was recorded in the period. This includes recognising an impairment to the carrying value of the MPS cash generating unit (CGU), consisting of goodwill (\$7.0 million), as well as an impairment of Cura business related property, plant and equipment (\$0.9 million). The decrease in the estimated recoverable amount compared to prior years reflects the anticipated discontinuance in the provision of contractual services to the Cura business services agreement.

Depreciation and amortisation of \$15,276,000 was 14.5% higher than the pcp primarily due to the new Truganina Distribution Centre.

Net interest expense of \$6,337,000 was up 24% on the pcp. Interest expense includes \$3.3 million attributable to lease liabilities. Excluding leases, net interest expense was \$3.0 million, \$1.2 million up on the pcp, reflecting the higher average net debt position of the Group which includes the \$70 million Revolving Debt Facility put in place in October 2021 plus higher interest rates in 2022.

## Financial position

The Group's net assets at 31 July 2022 have decreased by 2.2% from \$488,778,000 at 31 January 2022 to \$478,131,000.

Working capital has decreased by 16.0% since 31 January 2022 to \$263,884,000 due to concerted efforts to optimise inventory and higher sales.

The Group's net debt position has decreased to \$85,669,000 at 31 July 2022, from \$149,230,000 at 31 January 2022. This has been driven by positive operating cash flows enabling the pay down of the Revolving Debt Facility of \$70 million in mid-July 2022.

## ERP system (SAP S/4HANA)

As reported in the prior corresponding period and the annual report for the year ended 31 January 2022, to support the Group's investment in network infrastructure, people and emerging businesses, the Group invested in the SAP S4HANA ERP system (which went live in August 2021).

Since April 2022, Sigma has progressively made significant strides to achieve stability in our ERP platform and the performance of our DCs.

It is positive to see most of our DCs are consistently achieving delivery in full (DIF) metrics of around 97% of available stock and despatch on time (DOT) metrics of close to 99% as at September 2022.

## COVID-19

The Group is committed to supporting Government and community efforts to limit the spread of Covid-19 and continues to adhere to National Cabinet and State Health departments' recommendations. The health and well-being of team members and other business stakeholders remains a priority.

The Group is managing the continued impacts of Covid-19 as part of usual business operations and associated risks are being managed by understanding the effect of Covid-19 across all key risk areas.

The Group's operations were less impacted during the six-month period ended 31 July 2022 by the Covid-19 pandemic and resulting government restrictions than compared to the prior corresponding period. During the six-month period ended July 2021, Covid-19 lockdowns and travel restrictions, most notably in VIC and NSW, had an impact on retail through reduced footfall. This impacted Wholesale sales volumes for Pharmacies.

The Group have reviewed their inventory holdings of excess and slow moving Covid-19 specific product lines that have a finite useful life and or cannot be returned to suppliers. Based on management judgement, overlaying current and anticipated market conditions, projected sales run rates and inventory turnover trends and other analysis, additional inventory provisions were taken up on Covid-19 specific product lines in the six-month period ended July 2022.

## Material risks

There has not been a material change in the Group's risk profile since 31 January 2022. Details of the Group's risks are outlined in the operating and financial review in the 31 January 2022 annual financial report.

## Subsequent events

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

### Dividend

Since the end of the half year financial period, the Directors have resolved to pay an interim dividend of 0.50 cent per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 July 2022. The ex-dividend date is 28 September 2022, the record date is 29 September 2022 and it is expected to be paid on 12 October 2022. The total estimated amount payable is \$5.3 million.

### Debt Facility

On 10 October 2021, the Group entered a \$70 million, three-year revolving debt facility with Westpac for general corporate purposes and business development activities, with a maturity date of 10 October 2024, secured against the company owned Distribution Centres at Truganina (VIC) and Canning Vale (WA). The utilised debt on the revolving facility was paid down in mid-July 2022. In August 2022, the Board approved for the voluntary early termination of the revolving debt facility. Process has commenced to release the securitisation over the DCs.

Other than the matters discussed above, there has not been any other matter or circumstances that has arisen since 31 July 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 financial years not otherwise disclosed.

# Directors' Report

For the half year ended 31 July 2022

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## 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 7.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act 2001*, dated 26 September 2022.



**Michael Sammells**  
Chairman



**Vikesh Ramsunder**  
CEO and Managing Director

Melbourne,  
26 September 2022

26 September 2022

The Board of Directors  
Sigma Healthcare Limited  
Level 6, 2125 Dandenong Road  
Clayton, VIC, 3168

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

Yours sincerely

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

*Delaney*

X Delaney  
Partner  
Chartered Accountants

# Condensed consolidated statement of comprehensive income

For the half year ended 31 July 2022

	Note	31 July 2022 \$'000	31 July 2021 \$'000
Sales revenue	4	1,836,102	1,732,643
Cost of goods sold		(1,709,364)	(1,619,524)
<b>Gross profit</b>		<b>126,738</b>	<b>113,119</b>
Other revenue	4	55,209	56,891
Other expenses		(4,863)	(1,724)
Warehousing and delivery expenses		(80,678)	(72,766)
Sales and marketing expenses		(26,827)	(29,019)
Administration expenses		(40,990)	(48,790)
Impairment expense	3	(7,916)	-
Depreciation and amortisation	3	(15,276)	(13,338)
<b>Profit before finance costs and income tax (EBIT)</b>		<b>5,397</b>	<b>4,373</b>
Finance income		128	122
Finance costs	3	(6,465)	(5,231)
<b>Net finance costs</b>		<b>(6,337)</b>	<b>(5,109)</b>
<b>Loss before income tax</b>		<b>(940)</b>	<b>(736)</b>
Income tax expense / (benefit)		136	(50)
<b>Loss for the half year</b>		<b>(804)</b>	<b>(786)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(45)	19
Income tax relating to components of other comprehensive income		13	(6)
<i>Items that will not be reclassified to profit or loss:</i>			
Net change in fair value of equity instruments		(999)	(3)
Income tax relating to components of other comprehensive income		300	1
<b>Other comprehensive income / (loss) for the half year (net of tax)</b>		<b>(731)</b>	<b>11</b>
<b>Total comprehensive loss for the half year</b>		<b>(1,535)</b>	<b>(775)</b>
<i>Profit / (Loss) attributable to:</i>			
Owners of the Company		(1,490)	(1,300)
Non-controlling interest		686	514
<b>Loss for the half year</b>		<b>(804)</b>	<b>(786)</b>
<i>Total comprehensive income / (loss) attributable to:</i>			
Owners of the Company		(2,221)	(1,289)
Non-controlling interest		686	514
<b>Total comprehensive loss for the half year</b>		<b>(1,535)</b>	<b>(775)</b>
<b>Loss per share (cents) attributable to owners of the Company</b>			
Basic earnings / (loss) per share		(0.2)	(0.1)
Diluted earnings / (loss) per share		(0.1)	(0.1)

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



# Condensed consolidated balance sheet

As at 31 July 2022

	Note	31 July 2022 \$'000	31 January 2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		20,329	31,145
Trade and other receivables		362,404	358,683
Inventories		299,197	321,640
Income tax receivable		-	66
Prepayments		5,404	50,087
Other financial assets		-	14
<b>Total current assets</b>		<b>687,334</b>	<b>761,635</b>
<b>Non-current assets</b>			
Trade and other receivables		235	783
Property, plant and equipment	6	193,758	193,237
Goodwill and other intangible assets	7	120,330	128,050
Right-of-use assets	8	92,789	88,327
Other financial assets		16,632	17,632
Net deferred tax assets		65,867	58,617
<b>Total non-current assets</b>		<b>489,611</b>	<b>486,646</b>
<b>Total assets</b>		<b>1,176,945</b>	<b>1,248,281</b>
<b>Current liabilities</b>			
Bank overdraft	9	10,998	15,375
Trade and other payables		424,667	407,008
Lease liabilities	8	8,801	10,318
Provisions		17,703	23,027
Deferred income		1,411	1,886
Income tax payable		210	-
Other financial liabilities		15	-
<b>Total current liabilities</b>		<b>463,805</b>	<b>457,614</b>
<b>Non-current liabilities</b>			
Borrowings	9	95,000	165,000
Lease liabilities	8	136,502	132,739
Provisions		3,507	4,150
<b>Total non-current liabilities</b>		<b>235,009</b>	<b>301,889</b>
<b>Total liabilities</b>		<b>698,814</b>	<b>759,503</b>
<b>Net assets</b>		<b>478,131</b>	<b>488,778</b>
<b>Equity</b>			
Contributed equity	10	1,230,382	1,225,455
Reserves		3,385	2,867
Accumulated losses		(756,932)	(741,134)
Non-controlling interest		1,296	1,590
<b>Total equity</b>		<b>478,131</b>	<b>488,778</b>

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

# Condensed consolidated statement of changes in equity

For the half year ended 31 July 2022

	Note	Contributed equity		Reserves						Total equity
		Issued capital	Treasury shares	Fair value reserve	Foreign currency translation reserve	Options / performance rights reserve	Employee share reserve	Accumulated losses	Non-controlling interest	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Balance at 1 February 2021</b>		<b>1,286,144</b>	<b>(66,231)</b>	<b>(594)</b>	<b>241</b>	<b>2,887</b>	<b>2,694</b>	<b>(711,469)</b>	<b>687</b>	<b>514,359</b>
Profit / (loss) for the half year		-	-	-	-	-	-	(1,300)	514	(786)
Other comprehensive income / (loss)		-	-	(2)	13	-	-	-	-	11
<b>Total comprehensive income / (loss) for the half year</b>		<b>-</b>	<b>-</b>	<b>(2)</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>(1,300)</b>	<b>514</b>	<b>(775)</b>
<b>Transactions with owners in their capacity as owners:</b>										
Employee shares exercised		-	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)
<b>Balance at 31 July 2021</b>		<b>1,286,144</b>	<b>(64,217)</b>	<b>(1,131)</b>	<b>254</b>	<b>2,080</b>	<b>1,721</b>	<b>(721,583)</b>	<b>1,201</b>	<b>504,469</b>
<b>Balance at 1 February 2022</b>		<b>1,286,144</b>	<b>(60,689)</b>	<b>(624)</b>	<b>238</b>	<b>1,377</b>	<b>1,876</b>	<b>(741,134)</b>	<b>1,590</b>	<b>488,778</b>
Profit / (loss) for the half year		-	-	-	-	-	-	(1,490)	686	(804)
Other comprehensive income / (loss)		-	-	(699)	(32)	-	-	-	-	(731)
<b>Total comprehensive income / (loss) for the half year</b>		<b>-</b>	<b>-</b>	<b>(699)</b>	<b>(32)</b>	<b>-</b>	<b>-</b>	<b>(1,490)</b>	<b>686</b>	<b>(1,535)</b>
<b>Transactions with owners in their capacity as owners:</b>										
Employee shares exercised	10(b)	-	512	-	-	-	-	-	-	512
Share-based remuneration plans		-	-	-	-	1,534	-	-	-	1,534
Dividends paid	5	-	-	-	-	-	410	(10,378)	(980)	(10,948)
Dividends applied to equity compensation plan		-	-	-	-	-	(210)	-	-	(210)
Reclassification of settled and expired share-based transactions		-	4,415	-	-	-	(485)	(3,930)	-	-
		-	4,927	-	-	1,534	(285)	(14,308)	(980)	(9,112)
<b>Balance at 31 July 2022</b>		<b>1,286,144</b>	<b>(55,762)</b>	<b>(1,323)</b>	<b>206</b>	<b>2,911</b>	<b>1,591</b>	<b>(756,932)</b>	<b>1,296</b>	<b>478,131</b>

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.

# Condensed consolidated statement of cash flows

For the half year ended 31 July 2022

	Note	31 July 2022 \$'000	31 July 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		2,083,736	1,949,995
Payments to suppliers and employees		(1,976,205)	(1,949,415)
Interest received		128	122
Interest paid		(3,169)	(1,771)
Income taxes paid		(6,532)	(8,037)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>97,958</b>	<b>(9,106)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment, software and intangibles		(15,115)	(4,330)
Payments to acquire financial assets		-	(639)
<b>Net cash outflow from investing activities</b>		<b>(15,115)</b>	<b>(4,969)</b>
<b>Cash flows from financing activities</b>			
Net (repayments of) / proceeds from borrowings		(70,000)	40,000
Repayments of principal on lease liabilities		(8,628)	(8,020)
Proceeds from employee shares exercised		302	268
Dividends paid – Sigma	5	(9,968)	(9,963)
Dividends paid – non-controlling interests	5	(980)	-
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(89,274)</b>	<b>22,285</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(6,431)</b>	<b>8,210</b>
Cash and cash equivalents held at the beginning of the financial period		15,770	(50,251)
Effects of exchange rate changes on cash and cash equivalents		(8)	(3)
<b>Net cash and cash equivalents at the end of the financial period</b>		<b>9,331</b>	<b>(42,044)</b>

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.

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 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 2022 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.

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.

New and revised standards and amendments thereof and interpretations effective for the current half year period that are relevant to the Group include:

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*  
AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

The adoption of these standards above did not have any material impact on the disclosures or amounts recognised in the condensed consolidated financial statements for the half year ended 31 July 2022.

A number of other new standards and amendments to standards are effective for annual periods beginning after 1 February 2022 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.

## 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 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.

### Geographical segments

The Group operates predominantly within Australia.

### Information on major customers

Revenue from one customer group contributes 23.9% of the Group's revenues (2021: 25.9%). Sales revenue for the half year ended 31 July 2022 was \$439,518,000 (2021: \$449,098,000).

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 3. Expenses

	Note	31 July 2022 \$'000	31 July 2021 \$'000
<b>Loss before tax includes the following specific expenses:</b>			
Write down of inventories to net realisable value		29,115	2,153
Net (gain) / loss on trade debtors		568	(639)
Impairment loss - goodwill <sup>1</sup>		6,989	-
Impairment loss – property, plant and equipment <sup>2</sup>		927	-
<b>Finance costs:</b>			
Interest on borrowings		3,160	1,911
Interest – right-of-use-assets		3,305	3,320
<b>Total finance costs</b>		<b>6,465</b>	<b>5,231</b>
<b>Depreciation and amortisation:</b>			
Amortisation – brand names	7	241	83
Amortisation – software	7	1,606	1,483
Depreciation – buildings	6	278	839
Depreciation – plant and equipment	6	7,475	5,668
Depreciation – right-of-use assets	8	5,676	5,265
<b>Total depreciation and amortisation</b>		<b>15,276</b>	<b>13,338</b>

### <sup>(1)</sup> Impairment loss - goodwill

Following a review of market conditions, including inflation and interest rates expectations, Sigma has adjusted discount rates and reduced forecast growth rates and cash flows across the MPS CGU, resulting in an impairment charge being recorded. The Group has recognised an impairment to the carrying value of the MPS cash generating unit (CGU) of \$7.0 million. The decrease in the estimated recoverable amount compared to prior year reflects the anticipated discontinuance in the provision of contractual services to the Cura business services agreement. These factors, together with uncertainties surrounding future growth rates, have contributed to a lower estimation of future cash flows attributable to this CGU resulting in the impairment charge. Refer Note 7.

### <sup>(2)</sup> Impairment loss - property, plant and equipment

The Group performs a review for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Following the impairment of the MPS goodwill, the Group has recognised the balance of the impairment charge to the Cura business related property, plant and equipment of \$0.9 million (\$0.6 million after tax), due to the anticipated discontinuance in the provision of contractual services to the Cura business services agreement. Refer Note 6.

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 4. Sales and other revenue

	31 July 2022 \$'000	31 July 2021 \$'000
<b>Sales revenue</b>	<b>1,836,102</b>	<b>1,732,643</b>
<b>Other revenue</b>		
Commissions and fees	21,153	21,812
Membership revenue	8,205	8,592
Marketing services and promotional revenue	18,899	18,702
Sundry revenue	6,952	7,785
<b>Total other revenue</b>	<b>55,209</b>	<b>56,891</b>

### 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 the 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.

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 5. Dividends

	31 July 2022 \$'000	31 July 2021 \$'000
<b>Dividends paid during the half year:</b>		
Dividends recognised by the parent entity	10,593	10,593
Less: dividends paid on shares held by Sigma employee share plan	(215)	(207)
Less: dividends paid on shares issued under the Sigma employee share plan	(410)	(423)
Dividends recognised by non-controlling interests	980	-
<b>Dividends paid by the group</b>	<b>10,948</b>	<b>9,963</b>

Since the end of the period, a fully franked interim dividend of 0.50 cent per share has been declared by the Directors (see Note 14).

## 6. Property plant and equipment

	Note	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>At 31 January 2022</b>				
Cost		74,797	188,609	263,406
Accumulated depreciation		(3,923)	(66,246)	(70,169)
<b>Net book amount</b>		<b>70,874</b>	<b>122,363</b>	<b>193,237</b>
<b>Half year ended 31 July 2022</b>				
Opening net book amount		70,874	122,363	193,237
Additions		2,022	12,167	14,189
Impairment loss <sup>(1)</sup>		-	(927)	(927)
Disposals		-	(4,988)	(4,988)
Depreciation	3	(278)	(7,475)	(7,753)
<b>Closing net book amount</b>		<b>72,618</b>	<b>121,140</b>	<b>193,758</b>
<b>At 31 July 2022</b>				
Cost		76,794	166,097	242,891
Accumulated depreciation		(4,176)	(44,957)	(49,133)
<b>Net book amount</b>		<b>72,618</b>	<b>121,140</b>	<b>193,758</b>

<sup>(1)</sup> Impairment loss recognised relates to Cura plant and equipment. Refer Note 7 for further discussion.

## Capital Work in Progress

Included in property, plant and equipment at 31 July 2022 is \$7,602,000 (31 January 2022: \$2,034,000) of capital work in progress. The majority of this balance is attributable to building extension costs for the Truganina distribution centre in Victoria.

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 7. Goodwill and intangible assets

	Note	Goodwill \$'000	INTANGIBLES		Total \$'000	
			Brand names \$'000	Software \$'000		Other intangibles \$'000
<b>At 31 January 2022</b>						
Cost		102,960	25,681	36,147	940	165,728
Accumulated amortisation		-	(14,017)	(22,721)	(940)	(37,678)
<b>Net book amount</b>		<b>102,960</b>	<b>11,664</b>	<b>13,426</b>	<b>-</b>	<b>128,050</b>
<b>Half year ended 31 July 2022</b>						
Opening net book amount		<b>102,960</b>	<b>11,664</b>	<b>13,426</b>	<b>-</b>	<b>128,050</b>
Additions		-	-	<b>1,142</b>	-	<b>1,142</b>
Foreign currency movements		-	(26)	-	-	(26)
Impairment loss <sup>(1)</sup>		(6,989)	-	-	-	(6,989)
Amortisation	3	-	(241)	(1,606)	-	(1,847)
<b>Closing net book amount</b>		<b>95,971</b>	<b>11,397</b>	<b>12,962</b>	<b>-</b>	<b>120,330</b>
<b>At 31 July 2022</b>						
Cost		<b>95,971</b>	<b>25,435</b>	<b>34,153</b>	<b>940</b>	<b>156,499</b>
Accumulated amortisation and impairment		-	(14,038)	(21,191)	(940)	(36,169)
<b>Closing net book amount</b>		<b>95,971</b>	<b>11,397</b>	<b>12,962</b>	<b>-</b>	<b>120,330</b>

<sup>(1)</sup> Impairment loss recognised relates to MPS goodwill. Refer below for further discussion.

### Capital Work in Progress

Included in intangible assets at 31 July 2022 is \$2,211,000 (31 January 2022: \$1,594,000) of capital work in progress.

Other intangibles consist of customer relationships and supplier contracts.

### Impairment of goodwill, intangible assets and non-current 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 cash generating units (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group recognised the following non-cash impairment expense related to non-current assets:

	31 July 2022 \$'000	31 July 2021 \$'000
Impairment of goodwill - MPS	6,989	-
Impairment of property, plant and equipment – Cura business	927	-
<b>Total impairment expense</b>	<b>7,916</b>	<b>-</b>

### 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 CGUs as follows:

	31 July 2022 \$'000	31 July 2021 \$'000
<b>Goodwill allocation to cash generating units</b>		
Sigma	77,519	77,519
NostraData	6,157	6,157
Medical Packaging Systems (MPS)	3,770	10,759
Medical Industries Australia (MIA)	8,525	8,525
<b>Total goodwill</b>	<b>95,971</b>	<b>102,960</b>



# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## Impairment testing of goodwill

Management has performed impairment testing following a review of market conditions and an assessment of the indicators of impairment at the end of the reporting period.

The Group's half year impairment testing is performed using the Value In Use (VIU) methodology. In assessing the recoverable amount, the model estimates future cash flow projections covering a five-year period, with cash flows beyond this period extrapolated using a long-term growth rate. The VIU uses data from the Group's last approved budget and is management's best estimate of income, expenses, capital expenditure and cash flows for each CGU. Cash flow beyond the five-year period are extrapolated using estimated growth rates which are determined with regards to the long-term performance of each CGU.

### Sigma CGU and MPS CGU

Following the impairment indicators assessment, the Group has tested the Sigma and MPS CGU's for impairment at 31 July 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 VIU method. Management has assessed that these two CGUs are sensitive to key assumptions used in the forecast of cash flows.

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 extrapolated out to five years using a growth rate of 7.21% in the first year, followed by 2.5% for the remaining four years. The cash flows in the budget include the benefits from the Group's ongoing investment in the Group's distribution centre network and expected efficiency savings. 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 first year is based on the most recent financial budget extrapolated out to five years using a growth rate of 2.5% for each year. 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 and reflects MPS as a standalone business following the discontinuance of the Cura business services agreement. 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 8.68% (Sigma CGU), 9.46% (MPS CGU).

For the Sigma CGU, the recoverable value is 115% 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. Assumptions on the gross margin and terminal capital expenditure are also assessed as highly sensitive to the model. This uncertainty, and any adverse movements in key assumptions, may lead to an impairment.

For the MPS CGU, the recoverable value is 80% of the carrying value and management has judged the recoverable amount of the CGU to be impaired by 20%, with an impairment charge of \$7.0 million recognised for MPS goodwill. The decrease in the recoverable amount reflects the material reduction in forecasted cash flows from the anticipated discontinuance of the Cura business services agreement in the second half of 2022. Management have assessed that it is sensitive to reasonable changes to the cash flow forecast assumptions, specifically, if the volume growth from the new initiatives are achieved and gross margins strengthen over the coming years. If the cash flows from these initiatives included in the CGU are 25% more than forecast, then the carrying value of the CGU would equal its recoverable amount. This is not considered a reasonable outcome, hence the impairment charge at 31 July 2022.

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 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
<b>At 31 January 2022</b>			
Cost	93,042	4,609	97,651
Accumulated depreciation	(7,932)	(1,392)	(9,324)
<b>Net book amount</b>	<b>85,110</b>	<b>3,217</b>	<b>88,327</b>
<b>Half year ended 31 July 2022</b>			
Opening net book amount	85,110	3,217	88,327
Additions	12,347	1,468	13,815
Disposals	(3,677)	-	(3,677)
Depreciation	(4,743)	(933)	(5,676)
<b>Closing net book amount</b>	<b>89,037</b>	<b>3,752</b>	<b>92,789</b>
<b>At 31 July 2022</b>			
Cost	100,699	6,352	107,051
Accumulated depreciation	(11,662)	(2,600)	(14,262)
<b>Net book amount</b>	<b>89,037</b>	<b>3,752</b>	<b>92,789</b>

### Lease liabilities

The movement in lease liabilities from 1 February 2022 to the half-year ended 31 July 2022 is presented below:

	Total \$'000
<b>At 31 January 2022</b>	
Current lease liability	10,318
Non-current lease liability	132,739
<b>Lease liability at 31 January 2022</b>	<b>143,057</b>
<b>Half year ended 31 July 2022</b>	
Opening lease liability at 1 February 2022	143,057
Additions	13,953
Disposals	(6,384)
Interest incurred	3,305
Payments on lease liabilities	(8,628)
<b>Closing lease liability at 31 July 2022</b>	<b>145,303</b>
<b>At 31 July 2022</b>	
Current lease liability	8,801
Non-current lease liability	136,502
<b>Lease liability at 31 July 2022</b>	<b>145,303</b>

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 9. Borrowings

	31 July 2022 \$'000	31 January 2022 \$'000
<b>Current</b>		
Secured bank overdraft	10,998	15,375
<b>Total current borrowings</b>	<b>10,998</b>	<b>15,375</b>
<b>Non-current</b>		
Secured cash advance facilities	95,000	165,000
<b>Total non-current borrowings</b>	<b>95,000</b>	<b>165,000</b>

### Credit facilities

The Group maintained the following credit facilities:

	31 July 2022		31 January 2022	
	Total facility \$'000	Unused \$'000	Total facility \$'000	Unused \$'000
<b>Credit standby facilities</b>				
Secured bank overdraft facility	135,000	124,002	135,000	119,625
Secured cash advance facilities	185,000	90,000	185,000	20,000
Corporate credit card	3,000	2,669	3,000	2,896

### Westpac debt facility (Receivables Purchase Facility)

At 31 July 2022, 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. \$11.0 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”.
- **Revolving debt facility** – a revolving facility of \$70m. This expires 10 October 2024. There is no utilisation at balance date and is classified 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 Revolving Debt Facility is secured by first ranking mortgages on two of the Group's distribution centres. Since the end of the half year, the Board approved for the voluntary early termination of this facility. Process has commenced to release the securitisation over the DCs. Refer to Note 14.

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 reporting periods.

### 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 \$11.9 million utilised as at 31 July 2022.

# Notes to the condensed consolidated financial statements

For the half year ended 31 July 2022

## 10. Contributed equity

	31 July 2022 \$'000	31 January 2022 \$'000
<b>Issued Capital:</b>		
Ordinary shares fully paid	1,286,144	1,286,144
<b>Issued capital held by equity compensation plan:</b>		
Treasury shares	(55,762)	(60,689)
<b>Total contributed equity</b>	<b>1,230,382</b>	<b>1,225,455</b>

### (a) Movements in ordinary share capital

	No. of shares	\$'000
Balance at 31 July 2021	1,059,276,416	1,286,144
Shares bought on market	-	-
<b>Balance at 31 January 2022</b>	<b>1,059,276,416</b>	<b>1,286,144</b>
Shares bought on market	-	-
<b>Balance at 31 July 2022</b>	<b>1,059,276,416</b>	<b>1,286,144</b>

### (b) Movements in treasury share capital

	No. of shares	\$'000
Balance at 31 July 2021	(70,608,990)	(64,217)
Employee shares exercised	71,716	52
Reclassification of settled and expired share-based transactions	-	3,476
<b>Balance at 31 January 2022</b>	<b>(70,537,274)</b>	<b>(60,689)</b>
Employee shares exercised	2,080,994	512
Reclassification of settled and expired share-based transactions	-	4,415
<b>Balance at 31 July 2022</b>	<b>(68,456,280)</b>	<b>(55,762)</b>

## 11. Expenditure commitments

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

	31 July 2022 \$'000	31 July 2021 \$'000
Capital expenditure contracted but not provided for in the financial report and payable	18,368	24,613
<b>Total expenditure commitments</b>	<b>18,368</b>	<b>24,613</b>

## 12. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half year, \$1.4 million of rights of Company shares (and the corresponding share-based payment expense of \$481,787) and loan funded shares equal to 120% of total employment cost (and the corresponding share-based payment expense of \$175,598) was issued to the CEO and Managing Director, Mr. V. Ramsunder.

## 13. 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.

## 14. 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 0.50 cent per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 July 2022. The ex-dividend date is 28 September 2022, the record date is 29 September 2022 and it is expected to be paid on 12 October 2022. The total estimated amount payable is \$5.3 million.

### Debt Facility

On 10 October 2021, the Group entered a \$70 million, three-year revolving debt facility with Westpac for general corporate purposes and business development activities, with a maturity date of 10 October 2024, secured against the company owned Distribution Centres at Truganina (VIC) and Canning Vale (WA). The utilised debt on the revolving facility was paid down in mid-July 2022. In August 2022, the Board approved for the voluntary early termination of the revolving debt facility. Process has commenced to release the securitisation over the DCs.

Other than the matters discussed above, there has not been any other matter or circumstance that has arisen since 31 July 2022 that has 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.

In the opinion of the Directors of Sigma Healthcare Limited:

- a) the financial statements and notes set out on pages 8 to 20 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 2022 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



**Michael Sammells**  
Chairman

Melbourne  
26 September 2022



**Vikesh Ramsunder**  
CEO and Managing Director

## 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 2022, 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 8 to 21.

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 2022, 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 2022 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.

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

*Delaney*  
X Delaney  
Partner

Chartered Accountants  
Sydney, 26 September 2022