

ASX Release

6 June 2023

Sigma Healthcare Limited
ABN 15 088 417 403
ASX code: SIG
Level 6, 2125 Dandenong Road
Clayton VIC 3168 Australia
T 1800 500 760
T +61 (03) 9215 9215
F +61 (03) 9215 9188
sigmahealthcare.com.au

Sigma awarded Chemist Warehouse Supply Contract

Sigma Healthcare Limited (Sigma) is pleased to announce it has signed a binding term sheet with Chemist Warehouse for the supply of both Pharmaceutical Benefits Scheme (PBS) medicines and Fast-Moving-Consumer-Goods (FMCG) product for a period of five years commencing on 1 July 2024.

Sigma is the incumbent supplier for FMCG product which currently represents approximately 29% of Sigma Group net sales revenue. Under the terms of the new supply agreement, the current FMCG contract will be renewed, and Sigma will secure the additional supply of PBS medicines to Chemist Warehouse. Sigma estimates that total sales of products to Chemist Warehouse will generate a minimum of \$3 billion in revenue in the first full year of the contract.

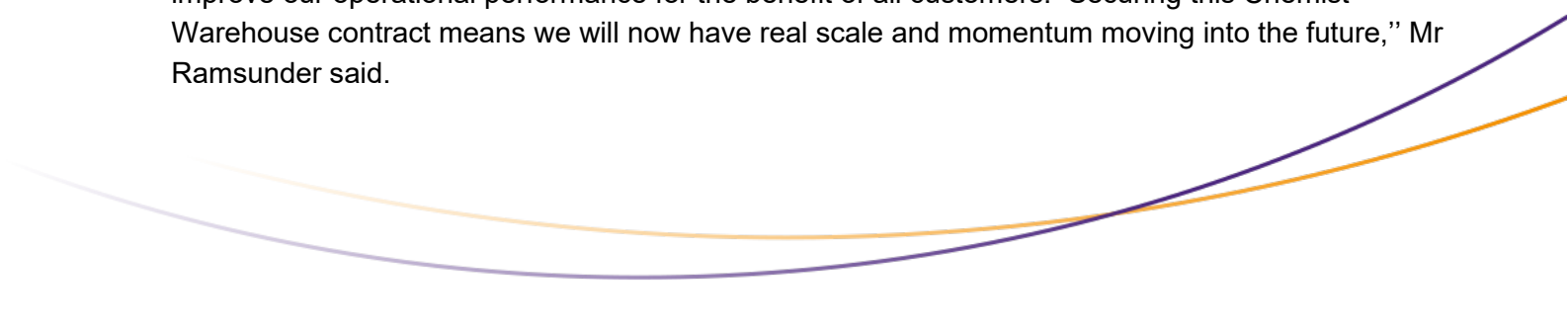
Sigma CEO Vikesh Ramsunder commented: "The decision by Chemist Warehouse to award Sigma this supply contract is wonderful news for our company and our shareholders. The contract allows us to leverage our highly automated distribution centres and latent spare capacity after multiple years of investment. We thank Chemist Warehouse for their confidence in our service capability and awarding of the contract."

The consideration to be provided by Sigma for the award of the supply agreement includes:

- The issue of Sigma shares to Chemist Warehouse at the start of the supply contract. The shares to be issued to Chemist Warehouse will represent approximately 10.7% (post issuance) of Sigma's issued share capital and will be issued with a value of \$0.642 per share. This share placement helps align both parties' long-term strategic interests.
- A right for Chemist Warehouse to acquire certain non-core assets from Sigma, which assets have a value of \$24.5 million. If Chemist Warehouse chooses not to acquire those assets, then Sigma will make a net cash payment to Chemist Warehouse of \$24.5 million.

Once fully implemented the terms of the supply contract are anticipated to support Sigma's medium-term EBIT margin guidance of 1.5% to 2.5%. With the current agreement continuing until June 2024, there is no impact on Sigma's existing FY24 EBIT guidance of \$26 million to \$31 million.

"Sigma has worked tirelessly the past 12 months to build a stronger company and to significantly improve our operational performance for the benefit of all customers. Securing this Chemist Warehouse contract means we will now have real scale and momentum moving into the future," Mr Ramsunder said.



Sigma and Chemist Warehouse are working together to finalise the long form agreements to fully document these arrangements by 30 June 2023.

This announcement is authorised by order of the Board.

Contact:

Gary Woodford
Corporate Affairs Manager
Sigma Healthcare Limited
gary.woodford@sigmahealthcare.com.au
0417 399 204 | 03 9215 9632

Steve Dabkowski
BlueDot Media
steve@bluedot.net.au
0419 880 486