

Executive Chairman's Address to the Annual General Meeting

14 November 2022

2022 has been a year of structural change for the Corum Group. Revenue was \$12m, up 1% on the previous year and the underlying EBITDA of \$3.7m was 15% down on 2021. We had foreshadowed the investment that was planned to build the right team for the future to deliver on the initiatives that will drive revenue and profit growth. Statutory net profit was \$252,000 and excluding one off non-recurring items was \$1.1m. The Group ended the year with a cash balance of \$5.8m.

At half year, the Board sensed a lack of traction on some of the planned initiatives and I was asked to step into the role of Executive Chairman whilst a full review of the business and its activities was carried out. The e-commerce real estate business had been in decline for a number of years and this non-core asset was sold in February for \$500,000.

The main growth opportunity for Corum since the acquisition of PharmX in September 2020 revolves around the potential to build on that EDI business by developing its role as a trade enabler.

The strategy for PharmX since acquisition has remained consistent. Firstly, to grow the number of suppliers on the platform, secondly to increase utilisation rates at pharmacy level, in other words to increase the number of connections between suppliers and pharmacies, and finally to develop a range of new services for suppliers on the platform.

This strategy has seen the number of connections through the gateway increase by 15% year on year and despite the headwind of one of our major customers reducing their use of the platform because of a change in the distribution strategy of a major pharmaceutical company, active connections also grew. Excluding this headwind, active connections grew by 13% on the prior year.

In June of this year the new PharmXchange platform was launched. This is a digital sales and marketing solution for suppliers and improves efficiency in pharmacies and is the first real innovation in PharmX for many years. It is fully integrated with PharmX to enable electronic invoicing and allow suppliers to take advantage of the PharmX messaging functionality without requiring a full PharmX integration. This feature is especially attractive for smaller suppliers that don't have the technical resources to manage a full PharmX integration. The platform also offers tailored digital sales and marketing options for brands and products, and the opportunity for suppliers to showcase their latest promotions. It has integrated payment functionality PharmXpay, to allow payment upfront or on account depending on the individual supplier and pharmacy relationship. There have already been a number of key large suppliers such as Haleon, Revlon, Arrotex and Blackmores sign up. We now have 25 suppliers representing 40 brands and 800 products on board as we manage a controlled retail roll-out where we currently have over 500 pharmacies signed to the platform.

This take up of PharmXchange in its first 4 months of operation is ahead of our expectations and has reaffirmed the strategy of investing internally in initiatives linked to the PharmX platform that are rapidly scaleable. We see further opportunities for this type of capital light business model in other verticals, particularly where the market is fragmented and the level of digitisation is low.

In our Pharmacy software business we have continued to invest in our dispense software to meet the Government requirements, particularly in the area of e prescriptions. The major integration gaps between our CCD product and other market offerings, have now been largely closed.

We are piloting our new Point of Sale product with the Go Vita Health food group, a chain of 120 stores and we launched our Cyber Defence product in the first half of the financial year, the value of which is now beginning to resonate with customers in the light of recent events.

I can also announce that the litigation case that Corum took against Fred IT around the latter's shareholding in PharmX was heard in the Victorian Supreme Court last month. Lay and expert evidence was heard over 8 days and the judge has ordered that written submissions be served by today and oral submissions will take place on Wednesday 23rd November. We expect a judgement early in 2023.

Corum has a strong balance sheet. While we continue to look at acquisition opportunities, the Board believes that investment in organic growth initiatives is a better use of shareholder funds at present, particularly as the company's valuation by the market is significantly different from that of the Board.

Today, Corum is a simpler business as a result of the disposal of the e-commerce real estate business and its focus on the role of a B2B enabler. The Board believes that the business is now structured for sustainable growth with many options and opportunities available in the new year.

I am proud of and grateful for the efforts of both senior management and the team as a whole in what has been an extremely busy few months and I look forward to the business delivering on this reset strategy.

Finally, I'd like to thank you, our shareholders for your ongoing support of the Company.

This announcement has been authorised for lodgement by the Board.

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Corum Group Limited

Annual General Meeting

Executive Chairman Nick England
14 November 2022

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Corum Board



Nick England
Chairman

- 35 years of senior executive experience
- Global roles in Australia, the UK and Europe
- Exec roles with Alliance UniChem PLC (now AB Walgreens)
- Responsible for strategy, sales and business performance.
- Pharmacist



Dennis Bastas
Non-Executive Director

- Majority shareholder and Executive Chairman of two of Australia's leading generic pharmaceutical companies, Arrotex Pharmaceuticals and Juno Pharmaceuticals.
- Chairman of myDNA – a world leading pharmacogenomic and health platform



Jon Newberry
Non-Executive Director

- 30 years experience in senior executive and Board roles for ASX listed companies
- Head of Corporate Finance & Projects for ASX listed Downer EDI
- Chairman of Repurpose It Pty Ltd
- Previously Chief Executive Officer of ASX listed Clarity OSS Limited



Jayne Shaw
Non-Executive Director

- Executive roles in two Australian private hospitals
- Founded consulting business sold to Healthsouth (US)
- Co-founder Vision Group, listed on the ASX.
- Board member Mable Technologies, Woolcock Institute, and Citadel

Key Achievements FY22



Financial Results¹

Corum Group grew revenues by 1% to \$12m.
Underlying² EBITDA of \$3.7m, down 15% on prior year.
Reported NPAT of \$252k, with underlying² NPAT excluding non-recurring items of \$1.1m.
Cash on hand \$5.8m



eCommerce

Disposal of the non-core eCommerce Real Estate business in February 2022 for \$500k, which had been in decline for a number of years.



PharmX

Growth of 10% in suppliers connected to the PharmX platform.
Growth of 13%³ in active connections through the gateway.
Focus on engagement at a pharmacy level



Cyber Defence

Cyber Defence product was launched in H1 of FY22 and is continuing to gain traction.

PharmXchange - progress to date

PharmXchange Progress To Date

- Pilot Program announced end of **June 2022**
- Currently signed **25 Suppliers** representing **40 brands** and over **800 products** on the platform
- Initial Suppliers include leading global pharmacy Suppliers **Haleon** (previously GSK Consumer Healthcare), **Revlon**, **Arrotex** and **Blackmores**
- Over **500 Pharmacies** now signed to the platform
- Pharmacy interest across a broad range of Banners & Independents



Appendix

Profit & Loss

Profit & Loss (A\$000's)	H1'22	H2'22	FY'22	H1'21	H2'21	FY'21	Δ PCP	Δ H1'22
Revenue	\$6,101	\$5,850	\$11,951	\$5,862	\$6,013	\$11,875	1%	-4%
Health	\$6,101	\$5,850	\$11,951	\$5,862	\$6,013	\$11,875	0.6%	-4.1%
Expenses								
Materials and consumables	(\$828)	(\$571)	(\$1,399)	(\$867)	(\$732)	(\$1,599)	-12.5%	-31.0%
Employee Benefits	(\$3,098)	(\$2,940)	(\$6,038)	(\$2,881)	(\$3,188)	(\$6,069)	-0.5%	-5.1%
Marketing	(\$135)	(\$129)	(\$264)	(\$58)	(\$103)	(\$161)	64.0%	-4.4%
Technology, communication and cloud costs	(\$466)	(\$389)	(\$855)	(\$345)	(\$485)	(\$830)	3.0%	-16.5%
Legal	(\$334)	(\$558)	(\$892)	(\$384)	(\$347)	(\$731)	22.0%	67.1%
Consulting	-	(\$227)	(\$227)	(\$42)	(\$44)	(\$86)	164.0%	#DIV/0!
Other	(\$25)	(\$117)	(\$142)	(\$65)	\$46	(\$19)	647.4%	368.0%
Share based payments	(\$37)	\$16	(\$21)	-	-	-	n.a.	-143.2%
R&D tax benefit	\$207	\$224	\$431	\$197	\$418	\$615	-29.9%	8.2%
Total Expenses	(\$4,716)	(\$4,691)	(\$9,407)	(\$4,445)	(\$4,435)	(\$8,880)	5.9%	-0.5%
Statutory EBITDA	\$1,385	\$1,159	\$2,544	\$1,417	\$1,578	\$2,995	-15.1%	-16.3%
EBITDA (Underlying)	\$1,697	\$1,973	\$3,670	\$2,189	\$2,147	\$4,336	-15.4%	16.3%
Depreciation and amortisation	(\$996)	(\$1,179)	(\$2,175)	(\$746)	(\$1,028)	(\$1,774)	22.6%	18.4%
EBIT (Underlying)	\$701	\$794	\$1,495	\$1,443	\$1,119	\$2,562	-41.6%	13.3%
Finance costs	(\$40)	(\$31)	(\$71)	(\$18)	(\$116)	(\$134)	-47.0%	-22.5%
Income tax (expense) / benefit	(\$261)	(\$19)	(\$280)	\$91	(\$359)	(\$268)	4.5%	-92.7%
NPAT (Underlying)	\$400	\$744	\$1,144	\$1,516	\$644	\$2,160	-47.0%	86.0%
One-off Items								
BAMM & PharmX Legal Cost & Termination Payments	(\$312)	(\$814)	(\$1,126)	(\$772)	(\$569)	(\$1,341)		
Fair value adjustment of investments	-	-	-	\$1,727	-	\$1,727		
BAMM Cloud-based Head Office Solution	-	-	-	(\$1,468)	-	(\$1,468)		
Contribution from discontinued operations								
eCommerce contribution	(\$1)	\$235	\$234	(\$15)	\$28	\$13	1700.0%	
Statutory NPAT	\$87	\$165	\$252	\$988	\$103	\$1,091	-76.9%	89.7%

Balance Sheet

Balance Sheet (A\$000's)	30 June 22 - FY22	30 June 21 - FY21
Current assets		
Cash and cash equivalents	\$5,759	\$6,478
Trade and other receivables	\$1,085	\$848
Inventories	\$42	\$34
Income tax receivable	\$1,549	\$1,548
Other assets	\$151	\$298
Assets related to discontinued operations	-	\$1,210
Total	\$8,586	\$10,416
Non-current assets		
Property, plant and equipment	\$291	\$494
Right of use assets	\$312	\$296
Intangibles	\$20,725	\$19,285
Deferred tax assets	\$707	\$804
Security deposits	\$148	\$51
Assets related to discontinued operations	-	\$1
Total	\$22,183	\$20,931
Total assets	\$30,769	\$31,347
Current Liabilities		
Trade and other payables	\$3,828	\$3,528
Provisions	\$900	\$932
Lease Liability	\$303	\$280
Deferred revenue	\$83	\$152
Liabilities related to discontinued operations	-	\$1,495
Total	\$5,114	\$6,387
Non-current liabilities		
Other payables	\$1,305	\$726
Provisions	\$106	\$109
Lease Liability	\$23	\$41
Deferred Tax liability	\$1,018	\$1,143
Liabilities related to discontinued operations	-	\$11
Total	\$2,452	\$2,030
Total Liabilities	\$7,566	\$8,417
Net assets	\$23,203	\$22,930
Equity		
Issued capital	\$98,366	\$98,366
Reserves	\$39	\$18
Accumulated losses	(\$75,202)	(\$75,454)
Total equity	\$23,203	\$22,930

Cashflow

Cash flow (A\$'000's)

H1 FY22 \$'000 H2 FY22 \$'000 FY22 \$'000

H1 FY21 \$'000 H2 FY21 \$'000 FY21 \$'000

Cash flows from operating activities

Receipts from customers	\$6,682	\$5,900	\$12,582	\$5,742	\$6,487	\$12,229
Payments to suppliers and employees	(\$5,990)	(\$4,849)	(\$10,839)	(\$5,329)	(\$5,614)	(\$10,943)
Interest and other revenue received	\$13	\$16	\$29	\$91	\$17	\$108
Income tax paid	(\$433)	\$1	(\$432)	(\$273)	\$1	(\$272)
Research and development incentive	\$1,987	-	\$1,987	\$1,973	-	\$1,973
Cashflows from discontinued operations	\$65	(\$111)	(\$46)	\$55	\$12	\$67
Net cash from operating activities	\$2,324	\$957	\$3,281	\$2,259	\$903	\$3,162

Cash flows from investing activities

Payments for property, plant and equipment	(\$62)	(\$34)	(\$96)	(\$178)	(\$122)	(\$300)
Payments for intangible assets	(\$2,199)	(\$1,680)	(\$3,879)	(\$2,099)	(\$1,690)	(\$3,789)
Acquisition of subsidiary	-	-	-	(\$2,097)	-	(\$2,097)
Proceeds from security deposits	-	-	-	-	-	-
Payment for security deposits	-	-	-	-	-	-
Investment in unlisted entity	-	-	-	-	-	-
Cashflows from discontinued operations	\$25	\$311	\$336	-	-	-
Net cash used in investing activities	(\$2,236)	(\$1,403)	(\$3,639)	(\$4,374)	(\$1,812)	(\$6,186)

Cash flows from financing activities

Proceeds from issue of ordinary shares	-	-	-	\$8,936	-	\$8,936
Share issue transaction costs	-	-	-	(\$392)	-	(\$392)
Distributions paid	-	-	-	(\$896)	-	(\$896)
Principal paid to lease liabilities	(\$169)	(\$149)	(\$318)	(\$213)	(\$189)	(\$402)
Interest paid on lease liabilities	(\$16)	(\$11)	(\$27)	(\$20)	(\$13)	(\$33)
Cashflows from discontinued operations	-	(\$16)	(\$16)	-	(\$34)	(\$34)
Net cash from financing activities	(\$185)	(\$176)	(\$361)	\$7,415	(\$236)	\$7,179

Net increase/ (decrease) in cash and cash equivalents	(\$97)	(\$622)	(\$719)	\$5,300	(\$1,145)	\$4,155
Cash and cash equivalents at beginning of the period	\$6,478	\$6,381	\$6,478	\$2,323	\$7,623	\$2,323

Cash and cash equivalents at the end of the period	\$6,381	\$5,759	\$5,759	\$7,623	\$6,478	\$6,478
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