

Corum Results for the half-year ended 31 December 2022

Corum Group Limited (ASX: COO) is pleased to announce its interim results for the half-year ended 31 December 2022.

Key Highlights

| Key Metrics | | vs pcp | Half on Half |
|---|--------|--------|--------------|
| Group Revenue | \$6.1m | + 0% | + 5% |
| Underlying EBITDA | \$2.1m | + 23% | + 6% |
| Underlying NPAT | \$0.6m | + 61% | (14)% |
| Underlying Operating Cashflow excl. net R&D tax incentive | \$1.5m | + 41% | (10)% |
| Cash On Hand | \$5.2m | (9)% | n.a. |

Key Operational Highlights

- Revenue of \$6.1m was in line with pcp and up 5% compared to the second half of FY22. This revenue growth was driven by PharmX. PharmXchange is displaying positive lead indicators with the roll out ahead of plan which will translate into revenue over the coming months.
- Underlying EBITDA of \$2.1m was an increase of 23% on pcp and 6% half on half. This was mainly due to restructuring changes made in the second half of FY22 and efficiencies found in IT and communication costs.
- PharmXchange was successfully launched in June 2022 and has gained outstanding traction to date. PharmXchange is a feature rich digital sales and marketing platform for suppliers that provides a central convenient hub for pharmacies to access a range of supplier promotions. It is highly integrated with the PharmX gateway and offers a fast and secure payments facility using PharmXpay. There are currently over 1,200 pharmacies and 30 suppliers signed up to the platform. In total there are over 7,000 products and 130 brands currently live on the platform, which is expanding daily. Leading global pharmacy suppliers currently on the platform include Haleon (formerly GSK Consumer Healthcare), Arrotex, Revlon, Blackmores and Phillip Morris.
- The first pilot store in the Go Vita Group went live with our new cloud-based point-of-sale solution. This is the first non-pharmacy customer for the software business, and an important step in the development of our new cloud products.
- Corum ended the half year with a strong cash balance of \$5.2m and is well positioned to take advantage of strategic opportunities as they occur and invest in our new business initiatives.
- Cash from underlying operating activities was \$1.5m vs \$1.0m in pcp.



Commenting on the results, Corum Executive Chairman, Nick England said: “We have made significant progress in launching and growing PharmXchange over the past 6 months. We have managed the launch and growth ahead of forecast with controlled investment spend and still maintaining the Group underlying operating profit.

We have seen pleasing growth in PharmX and have recently completed a seamless transition of the gateway into the cloud. The software business improvement has been slower than anticipated but we have made important progress with the first release of our new cloud point-of-sale software.

The PharmXchange platform provides a great opportunity for scalable growth and we remain committed to maintaining tight financial discipline, growing our operational cash flow and using shareholder funds in an effective manner.”

- ENDS -

This announcement has been authorised for lodgment by the Board

**For further information contact:
Nick England, Executive Chairman**

Investor email: Investor.Relations@corum.com.au

About Corum Group

Corum Group Limited [ASX:COO] (Corum) is an Australian company limited by shares that owns businesses in technology and software development.

For more than 30 years Corum has been using its deep industry expertise and extensive relationships to develop Point-Of-Sale, Dispensing and Management software for pharmacy head offices and retail stores and a range of eCommerce and ordering solutions throughout Australia. Corum Health includes PharmX, an electronic gateway that links pharmacies, pharmaceutical wholesalers and direct suppliers within the pharmacy market; and PharmXchange, a digital sales and marketing platform integrated with PharmX.

Corum is determined to offer the best solutions to its customers through the products, services and processes of each of its businesses.



Corum Group Limited

H1 FY23 Results

24 February 2023

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H1 FY23 Financial Highlights

New initiatives and cost efficiencies driving positive momentum

\$6.1m

Revenue
+0.3% vs pcp
+4.6% half on half

\$2.1m

Underlying EBITDA⁽¹⁾
+22.7% vs pcp
+5.6% half on half

\$0.6m

Underlying NPAT⁽¹⁾
+60.8% vs pcp
-13.6% half on half

0.11

Underlying EPS (cents)⁽¹⁾
+60.7% vs pcp
-13.6% half on half

\$1.5m

Underlying Operating Cash Flow⁽¹⁾
Excl net R&D tax incentive received
+41.1% vs pcp, **-10.0%** half on half

\$5.2m

Cash On Hand
-9.1% vs pcp

(1) Excluding one-off PharmX legal costs / advisory \$1.2m P&L impact, \$1.3m cashflow impact

PharmX is Corum's Growth Engine

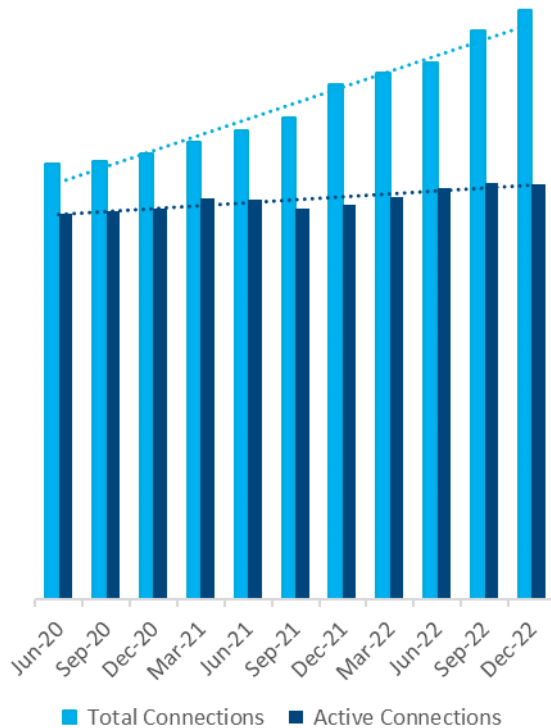
PharmX stability and reliability ensures the platform remains the pre-eminent electronic ordering gateway for the Australian pharmacy industry



PharmX
connectivity



PharmX continues to increase connections in the pharmacy market



- Total Connections **+15% since this time last year**, lead indicator for future revenue growth – total existing connections currently set up
- Active Connections **+5% since this time last year**, prime driver of revenue growth
- Increase in connections driven by improved supplier and pharmacy engagement and streamlined onboarding processes
- POS vendor agreements struck to upgrade gateway to make connections easier
- **70 suppliers** now using the platform, **+13% growth since this time last year**
- Cloud transition process recently complete

PharmXchange

Enabling trade between pharmacies and all suppliers



- Launched in **June 22** to provide additional services to Pharmacies & Suppliers
- **Highly integrated** with the industry proven PharmX gateway
- **Opportunity to develop incremental earnings stream leveraged to platform sales**

Key Benefits for Pharmacies

- A feature rich tailored platform assisting **Pharmacy efficiency**
- A central, convenient platform to access a range of **Supplier Promotions**
- Fast & secure Supplier Payments using **PharmXpay**
- Opportunities to reduce manual processing through automation

Key Benefits for Suppliers

- **Digital Sales and Marketing solution** for Brands and Products
- Effective method to access and market to a large number of Pharmacies
- **Allows field sales personnel to focus on high value opportunities and tasks**
- Efficient way to access regional and new Pharmacy customers

PharmXchange suppliers

Momentum building with over 30 suppliers now live or in provisioning and pipeline continues to grow

REVLON®



VEEV



BLACKMORES®

gopure®

SCINTERA

thinkbeauty

HAL=ON



natuva



PharmXchange brands and products

Over 7,000 products across 130 brands now available on the platform, growing daily



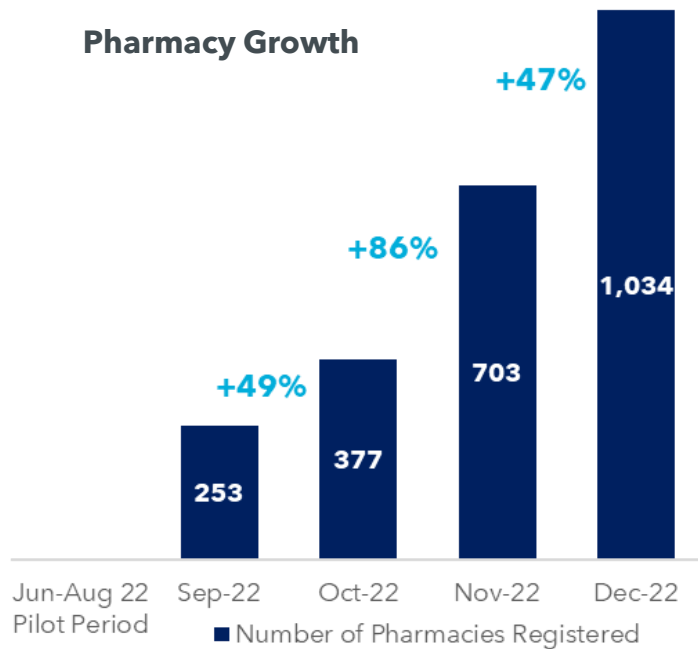
HALEON

SENSODYNE



PharmXchange growth

Currently over 1,200 pharmacies registered and 30 suppliers signed up in 6 months since launch



There has been rapid growth in registration of pharmacies. The next phase of growth is converting to platform usage via:

- Targeted pharmacy engagement, including digital marketing strategies
- Further platform enrichment from adding new brands

PharmXchange Strategy

Continue to build on positive momentum to date with validation of platform operation, supplier and pharmacy recruitment ahead of plan

Scaling Strategy



- Near term focus is on continuing to grow supplier and product offering - additional resourcing from Jan 23
- Pharmacy engagement strategy and marketing to continue to drive uptake and utilisation.
- Integration with POS vendors underway - Corum Health fully integrated and agreements struck with other POS Vendors.
- Digital marketing to drive platform utilisation
- Medium to longer term:
 - Extension of services offered on the platform
 - Investigation of opportunities in adjacent industries and geographies

Pharmacy Software

Progress in the transition away from legacy systems with the release of our first cloud point-of-sale solution

- Pilot programme successfully completed with the first Go Vita site. This is the first release of our new cloud point-of-sale solution. Roll out is currently underway to additional sites.
- Cyber Defence continues to gain traction and continues to prove its relevance in handling cyber threats in a pharmacy.
- Development on Corum Clear Dispense has continued and conformance achieved for the latest iteration of e-Prescribing requirements – including Healthcare Identifier (HI) and Active Script List.
- Investment into the software business is being balanced with our PharmX investment priorities



PharmX Legal Proceedings

Proceedings have concluded, awaiting judgement

- As previously reported, Corum commenced legal proceedings against Fred IT Group Pty Ltd claiming:
 - Following the change of control of Fred in 2013, Fred continued to receive a share of the distributions from PharmX for the FY14-FY19 years to which it was not entitled
 - The price payable to acquire Fred's PharmX securities should have been the lower price calculated by reference to the 2013 change of control, rather than as at the 2020 acquisition
- The hearing in the Victorian Supreme Court commenced on 24 October 2022, and the proceedings concluded on 23 November 2022.
- Judgement has been reserved and is expected to be handed down in the first half of calendar year 2023.

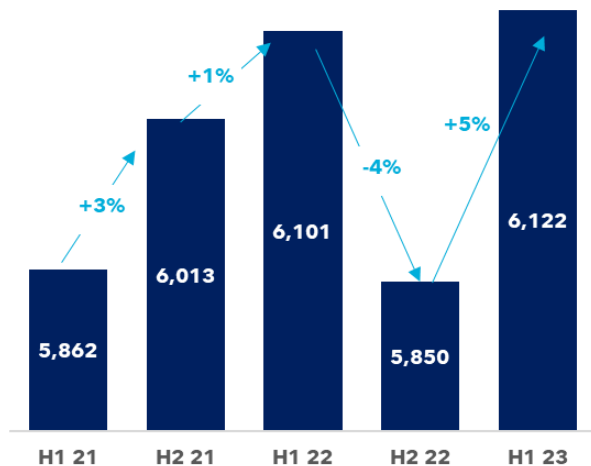


Financials

H1 FY23 Financial Snapshot

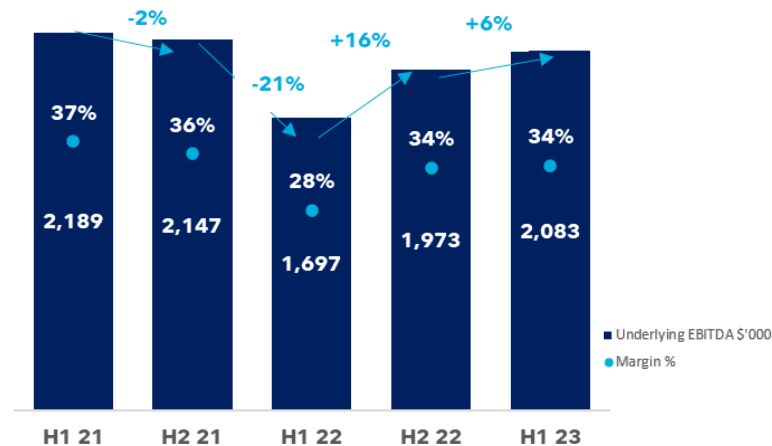
Revenue and underlying EBITDA growth continues, underlying EBITDA margin maintained

Revenue \$'000



- Impact of industry consolidation in H2 22 has been recovered through new growth initiatives in H1 23
- Revenue commenced in PharmXchange; revenue growth driven through PharmX

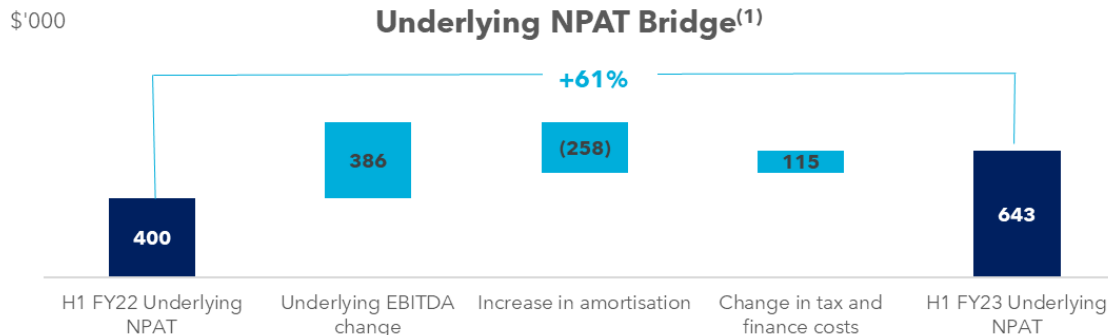
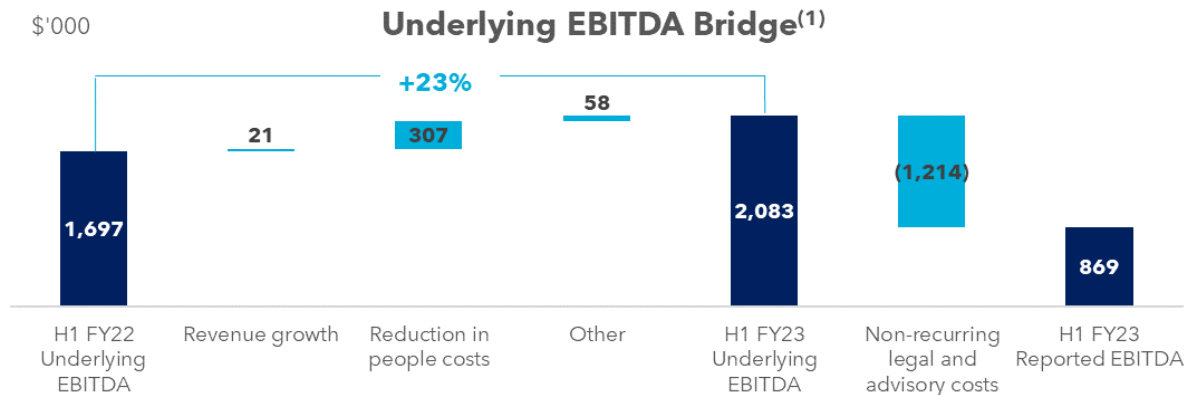
Underlying EBITDA



- Strong underlying EBITDA margin maintained at 34% through expansion in the higher margin areas of the business
- Costs maintained following the restructure and efficiencies implemented in the prior period

Underlying EBITDA and NPAT Bridge

Previous right-sizing of the cost base has been maintained through disciplined cost control



- During the half we have balanced the need to invest in revenue generating initiatives with the growth in actual revenue. Maintaining a lower headcount structure while adjusting the mix of roles.
- A comprehensive review of IT costs has resulted in some efficiency improvements

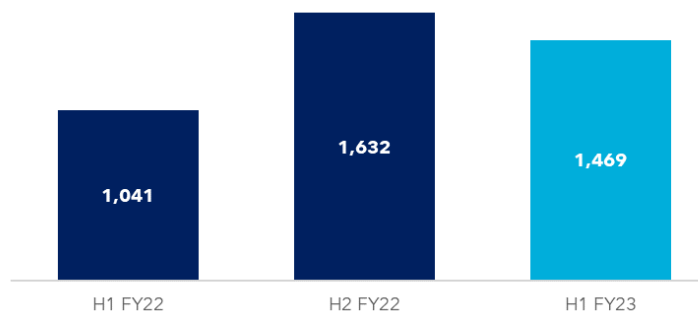
Cashflow

Positive operating cashflow continues

- Underlying operating cashflow of +\$1,469k excluding net R&D benefit (+41%); and +\$3,019k including net R&D tax incentive received (+16%).
- The improvement in underlying cashflow has been driven mainly through reduction in people and IT costs.
- Investing has continued, with an emphasis on new business initiatives (PharmX, PharmXchange and Cloud POS development).
- Closing cash balance of \$5.2m at 31 December 2022.

| \$'000 | H1 FY22 | H2 FY22 | H1 FY23 | Δ H1 '22 | Δ H2 '22 |
|--|--------------|--------------|----------------|------------|-------------|
| Reported Operating Cashflow | 2,324 | 957 | 1,700 | -27% | 78% |
| Add-Back Non-recurring termination, legal and advisory costs (cash payments) | 271 | 675 | 1,319 | | |
| Underlying Operating Cashflow incl Net R&D Benefit | 2,595 | 1,632 | 3,019 | 16% | 85% |
| Less Net R&D incentive received | (1,554) | - | (1,550) | | |
| Underlying Operating Cashflow excl Net R&D Benefit | 1,041 | 1,632 | 1,469 | 41% | -10% |

Underlying Operating Cashflow excl Net R&D Benefit



Closing Summary

A positive result for the first half of FY23, growth to continue

PharmXchange

- Significant progress with efficient investment
- Lead metrics greatly exceeding expectations

PharmX

- Connectivity growth in suppliers and pharmacies continues
- Court proceedings completed with judgement expected H1 CY23

Strong Financial Position

- Strong balance sheet and cash position maintained
- Underlying operations remaining profitable whilst growing



Questions



Appendix

Corporate Overview

Corum Group Limited (ASX:COO) at 20 Feb 23

| | |
|----------------------------------|----------|
| Share Price | 3.4cps |
| Market Capitalisation | \$20.31m |
| Enterprise Value (Cash 31/12/22) | \$15.08m |

Capital Structure

| | |
|----------------------------|-------|
| Shares on Issue (m) | 597.4 |
| Options / Perf Rights (m) | 3.9 |
| Diluted Issued Capital (m) | 601.3 |

Share Price Performance



Profit & Loss

| Profit & Loss (\$'000) | H1'23 | H1'22 | H2'22 | FY'22 | Δ PCP |
|--|------------------|------------------|------------------|------------------|----------------|
| Revenue | \$6,122 | \$6,101 | \$5,850 | \$11,951 | 0.3% |
| Expenses | | | | | |
| Materials and consumables | (\$811) | (\$828) | (\$571) | (\$1,399) | -2.1% |
| Employee Benefits | (\$2,791) | (\$3,098) | (\$2,940) | (\$6,038) | -9.9% |
| Marketing | (\$100) | (\$135) | (\$129) | (\$264) | -25.9% |
| Technology, communication and cloud costs | (\$327) | (\$466) | (\$389) | (\$855) | -29.8% |
| Legal | (\$1,123) | (\$334) | (\$558) | (\$892) | 236.2% |
| Consulting | (\$122) | - | (\$227) | (\$227) | n.a. |
| Other | (\$126) | (\$25) | (\$117) | (\$142) | 404.0% |
| Share based payments | (\$43) | (\$37) | \$16 | (\$21) | 16.2% |
| R&D tax benefit | \$190 | \$207 | \$224 | \$431 | -8.2% |
| Total Expenses | (\$5,253) | (\$4,716) | (\$4,691) | (\$9,407) | 11.4% |
| Statutory EBITDA | \$869 | \$1,385 | \$1,159 | \$2,544 | -37.3% |
| EBITDA (Underlying) | \$2,083 | \$1,697 | \$1,973 | \$3,670 | 22.7% |
| Depreciation and amortisation | (\$1,254) | (\$996) | (\$1,179) | (\$2,175) | 25.9% |
| EBIT (Underlying) | \$829 | \$701 | \$794 | \$1,495 | 18.3% |
| Finance costs | (\$49) | (\$40) | (\$31) | (\$71) | 22.5% |
| Income tax (expense) / benefit | (\$137) | (\$261) | (\$19) | (\$280) | -47.5% |
| NPAT (Underlying) | \$643 | \$400 | \$744 | \$1,144 | 60.8% |
| One-off Items | | | | | |
| BAMM & PharmX Legal Cost & Termination Payments | (\$1,214) | (\$312) | (\$814) | (\$1,126) | |
| Contribution from discontinued operations | | | | | |
| eCommerce contribution | - | (\$1) | \$235 | \$234 | -100.0% |
| Statutory NPAT | (\$571) | \$87 | \$165 | \$252 | -756.3% |

Cashflow

| Cash flow (\$'000) | H1 FY23 \$'000 | H1 FY22 \$'000 | H2 FY22 \$'000 | FY22 \$'000 |
|--|------------------|------------------|------------------|-------------------|
| Cash flows from operating activities | | | | |
| Receipts from customers | \$6,587 | \$6,682 | \$5,900 | \$12,582 |
| Payments to suppliers and employees | (\$6,474) | (\$5,990) | (\$4,849) | (\$10,839) |
| Interest and other revenue received | \$37 | \$13 | \$16 | \$29 |
| Research and development incentive received net of income tax paid | \$1,550 | \$1,554 | \$1 | \$1,555 |
| Cashflows from discontinued operations | - | \$65 | (\$111) | (\$46) |
| Net cash from operating activities | \$1,700 | \$2,324 | \$957 | \$3,281 |
| Cash flows from investing activities | | | | |
| Payments for property, plant and equipment | (\$49) | (\$62) | (\$34) | (\$96) |
| Payments for intangible assets | (\$1,998) | (\$2,199) | (\$1,680) | (\$3,879) |
| Cashflows from discontinued operations | - | \$25 | \$311 | \$336 |
| Net cash used in investing activities | (\$2,047) | (\$2,236) | (\$1,403) | (\$3,639) |
| Cash flows from financing activities | | | | |
| Principal paid to lease liabilities | (\$169) | (\$169) | (\$149) | (\$318) |
| Interest paid on lease liabilities | (\$8) | (\$16) | (\$11) | (\$27) |
| Cashflows from discontinued operations | - | - | (\$16) | (\$16) |
| Net cash from financing activities | (\$177) | (\$185) | (\$176) | (\$361) |
| Net increase/ (decrease) in cash and cash equivalents | (\$524) | (\$97) | (\$622) | (\$719) |
| Cash and cash equivalents at beginning of the period | \$5,759 | \$6,478 | \$6,381 | \$6,478 |
| Cash and cash equivalents at the end of the period | \$5,235 | \$6,381 | \$5,759 | \$5,759 |

Balance Sheet

| Balance Sheet (\$'000) | 31 December 22 - H1 FY23 | 30 June 22 - FY22 |
|--------------------------------|--------------------------|-------------------|
| Current assets | | |
| Cash and cash equivalents | \$5,235 | \$5,759 |
| Trade and other receivables | \$1,261 | \$1,085 |
| Inventories | \$13 | \$42 |
| Income tax receivable | \$875 | \$1,549 |
| Other assets | \$414 | \$151 |
| Total | \$7,798 | \$8,586 |
| Non-current assets | | |
| Property, plant and equipment | \$217 | \$291 |
| Right of use assets | \$165 | \$312 |
| Intangibles | \$20,613 | \$20,725 |
| Deferred tax assets | \$579 | \$707 |
| Security deposits | - | \$148 |
| Total | \$21,574 | \$22,183 |
| Total assets | \$29,372 | \$30,769 |
| Current Liabilities | | |
| Trade and other payables | \$3,561 | \$3,828 |
| Provisions | \$773 | \$900 |
| Lease Liability | \$176 | \$303 |
| Deferred revenue | \$132 | \$83 |
| Total | \$4,642 | \$5,114 |
| Non-current liabilities | | |
| Other payables | \$961 | \$1,305 |
| Provisions | \$111 | \$106 |
| Lease Liability | - | \$23 |
| Deferred Tax liability | \$983 | \$1,018 |
| Total | \$2,055 | \$2,452 |
| Total Liabilities | \$6,697 | \$7,566 |
| Net assets | \$22,675 | \$23,203 |
| Equity | | |
| Issued capital | \$98,405 | \$98,366 |
| Reserves | \$43 | \$39 |
| Accumulated losses | (\$75,773) | (\$75,202) |
| Total equity | \$22,675 | \$23,203 |

Share Registry

Top holders as at 20 February 2023

| Rank | Name | Units | % Units |
|--|--|--------------------|----------------|
| 1 | LUJETA PTY LTD <MARGARET A/C> | 89,480,946 | 15.0 |
| 2 | ARROTEX INVESTMENTS HOLDING 1 PTY LTD | 60,000,000 | 10.0 |
| 3 | NATIONAL NOMINEES LIMITED | 40,242,512 | 6.7 |
| 4 | MERSAULT PTY LTD <THE ENGLAND FAMILY S/F A/C> | 26,766,667 | 4.5 |
| 5 | MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY <MANUEL SUPER FUND A/C> | 18,666,667 | 3.1 |
| 6 | LYELL PTY LTD <GENESIS SUPER FUND A/C> | 17,388,974 | 2.9 |
| 7 | BENKI PTY LTD | 17,105,748 | 2.9 |
| 8 | SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C> | 15,761,905 | 2.6 |
| 9 | MR JOHN LAGANA | 15,621,734 | 2.6 |
| 10 | GINGA PTY LTD <THOMAS G KLINGER FAMILY A/C> | 14,414,488 | 2.4 |
| 11 | MRS PENELOPE KING | 13,333,334 | 2.2 |
| 12 | SEVENIRON PTY LTD <SEDGWICK SUPER A/C> | 12,000,000 | 2.0 |
| 12 | MR GRANT POVEY | 12,000,000 | 2.0 |
| 14 | LYELL PTY LTD <HAYMAN A/C> | 10,666,666 | 1.8 |
| 15 | CANCELER PTY LTD <CLARENCE SUPER FUND A/C> | 10,200,000 | 1.7 |
| 16 | DMX CAPITAL PARTNERS LIMITED | 9,391,145 | 1.6 |
| 17 | MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY <MANUEL FAMILY A/C> | 8,000,000 | 1.3 |
| 17 | MR TYSON WELLMAN | 8,000,000 | 1.3 |
| 19 | GABODI PTY LIMITED <GABODI PTY LTD S/F A/C> | 7,197,334 | 1.2 |
| 20 | MR PETER JAMES THOMAS & MS HELEN THOMAS <PETER THOMAS SUPER FUND A/C> | 7,150,000 | 1.2 |
| Total Top 20 holders of FULLY PAID ORDINARY | | 413,388,120 | 69.2% |
| Total issued capital of FULLY PAID ORDINARY | | 597,381,789 | 100.00% |



Corum Group Limited

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