

Corum building positive momentum

Corum Group Limited (ASX:COO) (Corum) is pleased to announce its interim results for FY21.

- **Group revenue** **\$6.64m** **UP 33% on pcp**
- **Underlying EBITDA** **\$2.2m** **UP 2,501% on pcp**
- **Cash on hand** **\$7.6m**

Key operational highlights

- Completion of the PharmX acquisition. Corum acquired the remaining 57% of equity in PharmX for \$7.9m
- Successful capital raise. Corum undertook a 1 for 3 Non-renounceable Rights issue to raise \$5.6m before costs at 4.2cps to part fund the PharmX acquisition
- Strategic placement to Arrotex pharmaceuticals. Corum secured Arrotex pharmaceuticals, Australia's largest generic and private label OTC company as a strategic shareholder. This placement raised a further \$3.3m at 5.5cps and Dennis Bastas, Executive Chairman of Arrotex joined the Corum Board
- Revenue growth of \$6.64m was an increase of 33% on pcp aided by the PharmX acquisition. Expenses continue to be closely controlled
- Underlying EBITDA of \$2.2m was an increase of 2,501% on pcp.
- Corum ended the half with a strong cash balance and is well positioned to take advantage of strategic opportunities as they occur
- Cash from operating activities was positive \$559k vs \$1,315 negative in pcp

Commenting on the results, Corum Managing Director, Julian Sallabank said: "I am pleased with the continued progress that we have achieved in the half year. We will continue to focus on profitable growth of our healthcare business and look to augment that growth through disciplined healthtech acquisitions".

- ENDS -

This announcement has been authorised for lodgment by Julian Sallabank, Managing Director

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

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Corum Group Limited

H1 FY21 Results

24 February 2021

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H1 FY21 Key Highlights



Financials

- **Revenue \$6,642k**, an **increase** of **33%** on pcp
 - Heath Services \$5,774k, up **43%** on pcp
 - eCommerce \$780k, down **18%** on pcp
- Underlying **EBITDA \$2.2m** ⁽¹⁾ compared to \$0.1m in pcp, up **2,501%**
- Underlying **NPAT of \$1.5m** ⁽²⁾ compared to a loss of (\$0.5)m in pcp
- Underlying **EPS of 0.31** cents per share ⁽²⁾ compared to a loss of 0.11 cents per share in pcp
- Operating cashflow was **\$559k** in the half
- Cash on hand at 31 December 2020 of **\$7.6m**

H1 FY21 Key Highlights



PharmX Acquisition

- **Acquisition of** the 57% equity in **PharmX** that Corum did not already own
- The Corum Board expect the acquisition to be **earnings per share accretive** in its first year



Capital Raising

- Corum undertook a 1 for 3 Non-Renounceable Rights issue ("Offer") to **raise \$5.6 million before costs at 4.2 cps** as part funding for the acquisition
- **The Corum Board** and their related entities participated fully for their respective entitlements & **collectively hold 28%** of the listed equity
- **Strategic placement to Arrotex Pharmaceuticals** raising a further \$3.3m at 5.5 cps



Corporate

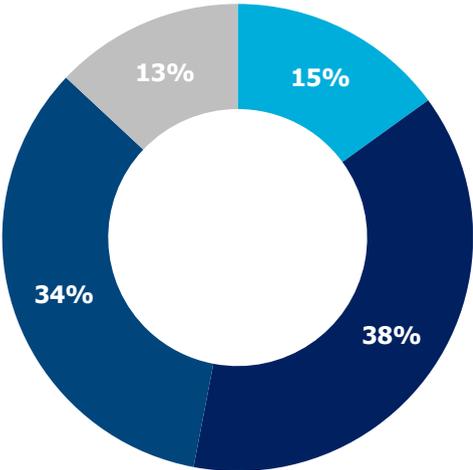
- Appointment of **Julian Sallabank as CEO and Managing Director** effective 1 September 2020
- **Board Renewal complete** with the appointment of **Jayne Shaw (Oct 20)** and **Dennis Bastas (Dec 20)** further enhancing the **capabilities & reach** of the Corum Board
- Secured **Arrotex Pharmaceuticals as a strategic shareholder**. Arrotex is Australia's largest generic and private label OTC company servicing **3,400 pharmacies**
- Concluded BMM agreement – **Research & Development now in house** providing greater control over product development

Australian Pharmacy Market

Corum operates primarily within the Australian pharmacy sector as a software vendor & technology provider

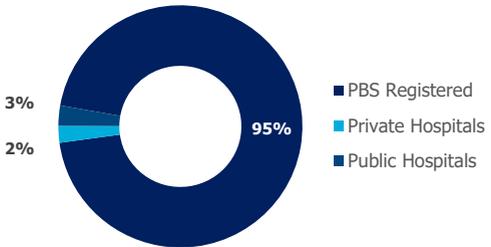
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Group Market Segment¹



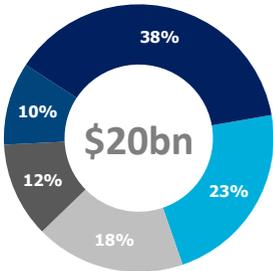
■ Buying Groups ■ Banners ■ Groups ■ Brands

Australian Pharmacies²



■ PBS Registered
■ Private Hospitals
■ Public Hospitals

Australian Pharmacy Market Share²



■ My Chemist Retail Group
■ Sigma Healthcare Ltd
■ EBOS Group Ltd
■ Australian Pharmaceutical Industries
■ Other

Corum Group

Corum Group is a key enabler of Australian community pharmacy through its diversified pharmacy digital infrastructure



- Dispense, Point of Sale and Head Office software (subscriptions under licences)
- Typically payable quarterly in advance



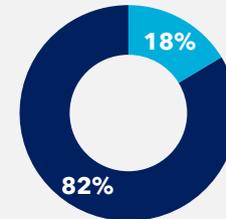
- Pre-eminent electronic ordering gateway
- Platform access and usage charges payable monthly for agreed term



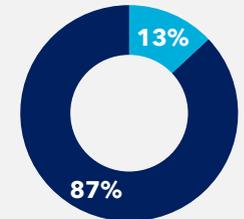
- Outsourced payment processing platform
- Primarily transaction value-based charges payable quarterly in advance, monthly or per transaction

Revenue Source

FY20



Pro-forma



eCommerce

Health Services

Our Pharmacy Software Solutions

Corum Health is a key enabler of Australian community pharmacy through it's **Dispense, Point of Sale and Head Office** pharmacy digital infrastructure

		Solutions	
Dispense	<ul style="list-style-type: none">Medication dispense systems are highly regulatedePrescribing ready in a post COVID environmentCorum Clear Dispense (CCD) in market and expanding rapidly	 Corum LOTS Dispense	 Corum Clear Dispense
Point of Sale	<ul style="list-style-type: none">Manage front of house cash collectionAlso serve as stock ordering and control systemCorum Clear Retail (CCR) focused on enhancing existing functionality and performance	 Corum LOTS Point of Sale	 Corum Clear Retail
Head Office	<ul style="list-style-type: none">Pharmacy group management solutionsRPM is the market leading head office systemCorum Clear Enterprise (CCE) scheduled for pilot 4Q FY21	 Corum RPM	 Corum Clear Enterprise

PharmX Overview

PharmX is the pre-eminent **electronic ordering gateway** for Australian pharmacy with a long track record of delivering the **stability and reliability** required by the high order volumes of pharmacies

Key Pharmacy Benefits

- Access all wholesalers
- Broad range of POS systems supported including all major vendors
- Increases ordering efficiency saving valuable staff time
- Broad range of direct suppliers connected and accessible

Connected Wholesalers



Connecting 5,500+
pharmacies to their
suppliers

Key Supplier Benefits

- Single access point to Australian pharmacy
- Facilitates electronic ordering without customised interfaces
- Increases pharmacy supply chain efficiency

Selected Connected Suppliers



PharmX Opportunities

There is a **renewed strategic focus**, the Corum Board believes the past 3 years of equity holder litigation have acted as a significant distraction to the strategic focus of PharmX

Capital Investment

Corum will provide PharmX with capital investment to achieve growth ambitions based on expected profitability and managed risk

Additional Services

PharmX management have identified a range of potential additional services to further improve pharmacy supply chain efficiency

Extend Supplier Depth

PharmX is focused on expanding the number of platform connected suppliers given the efficiency benefits for the pharmacy supply chain

Alternative Markets

Potential exists for the deployment of the PharmX technology platform across alternative market opportunities

eCommerce

Corum eCommerce provides its clients a simple and efficient **outsourced payment processing platform**



ReConnect oneCard

Secure payment solution primarily used by Real Estate agents without the need to maintain their own secure payment IT infrastructure

eCpay

Corporate grade payment solution offering customised features that is fast, reliable and secure and can be integrated to client requirements

Select Clients

CENTURY 21

RE/MAX

LJ Hooker



Raine&Horne.

FedEx Express

Our eCommerce Solution

- Secure PCI compliant payment gateway
- Provides clients an efficient payment method for customers
- Avoids the need for clients to maintain expensive payment systems
- Full support desk service

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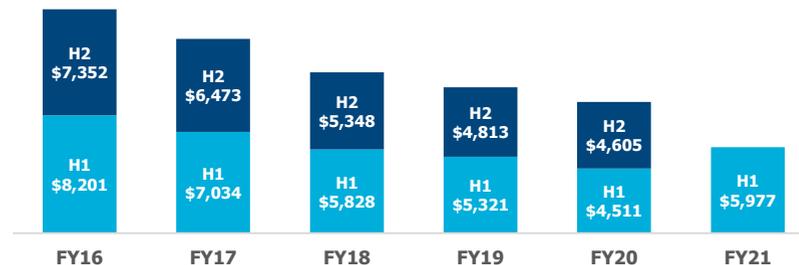


Financials

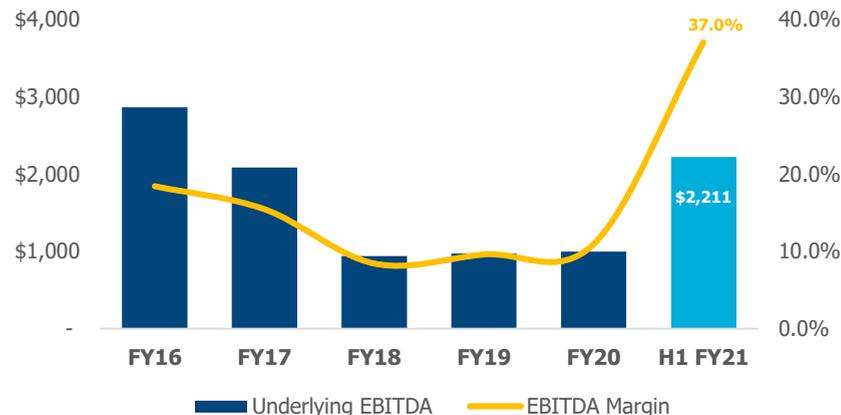
H1 FY21 Financial Snapshot

Sales Revenue (\$'000's)

Results ¹	H1 FY20	H1 FY21	Δ PCP
Revenue	\$5,011	\$6,642	33%
Health Services ²	\$4,056	\$5,862	45%
eCommerce	\$955	\$780	-18%
Expenses	(\$4,926)	(\$5,203)	6%
EBITDA (reported)	\$85	\$1,439	1,593%
EBITDA (underlying)³	\$85	\$2,211	2,501%



Underlying EBITDA (\$'000's) & EBITDA Margin (%)⁴



Increases in Health Services revenue in line with expectations mainly due to PharmX contribution
 Continued focus on organisational efficiencies and revenue generation delivered significant uplift in EBITDA
 First revenue uplift since FY16 and EBITDA Margin of 37%

¹Refer to Page 22 in the appendix for detailed financial statements

² Includes unallocated segment revenue of \$88k in H1 FY21 and \$24k in H1 FY20

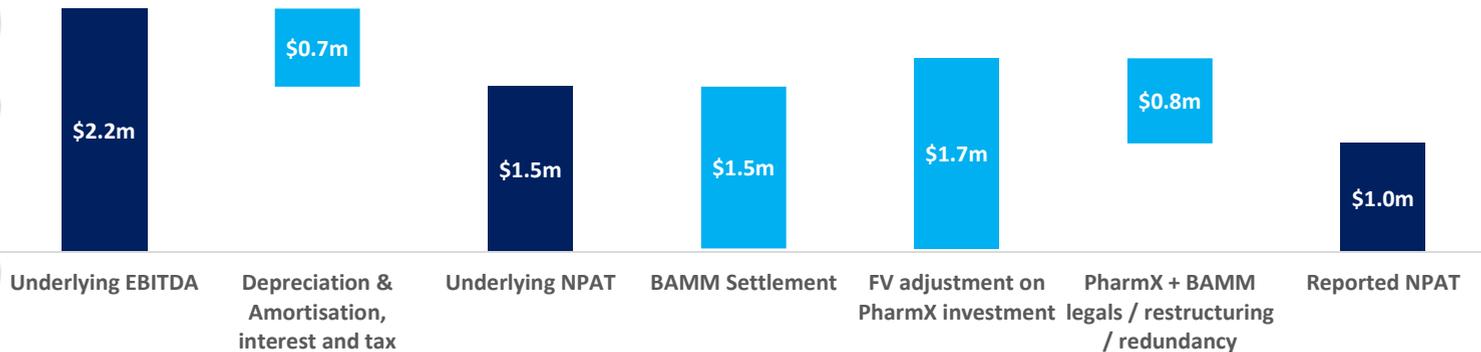
³Adjusted to exclude one-off costs – see Page 13 Profit & Loss for detail on underlying calculations

⁴FY16 to FY20 is reported EBITDA, H1 FY21 is adjusted underlying EBITDA

Underlying Result Reconciliation

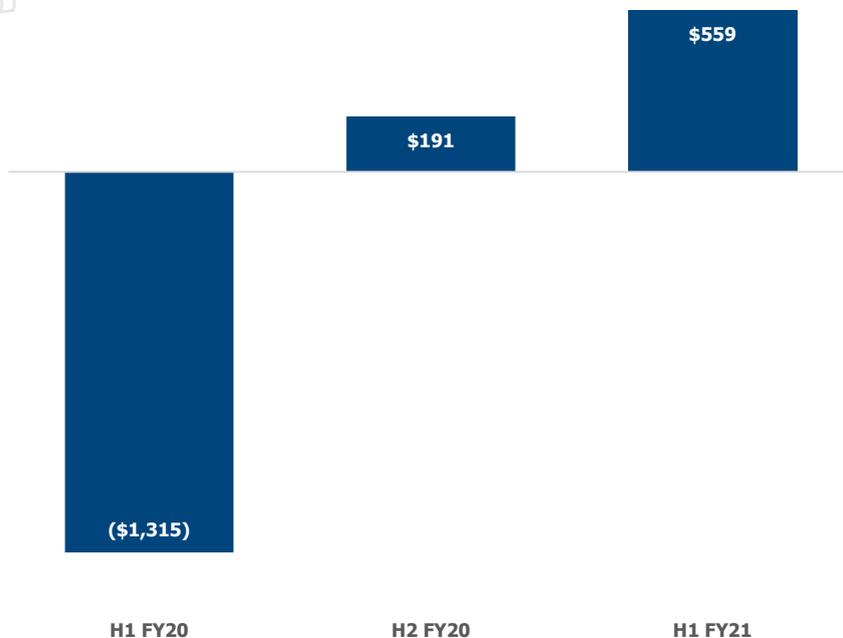
EBITDA		NPAT	
	H1 FY21		H1 FY21
Revenue	\$6,642	Underlying EBITDA	\$2,211
Expenses	(\$5,203)	Depreciation & Amortisation, interest and tax	(\$710)
Reported EBITDA	\$1,439	Underlying NPAT	\$1,501
PharmX + BAMB legal costs / restructuring / redundancy	\$772	PharmX + BAMB legal costs / restructuring / redundancy	(\$772)
Underlying EBITDA	\$2,211	BAMB settlement	(\$1,468)
		FV adjustment on PharmX investment	\$1,727
		Reported NPAT	\$988

Underlying Results Reconciliation



Positive Cashflow Momentum

Net cash from / (Used in) Operating Activities (\$'000)¹



- Operating cashflow improvement a key focus for new Board
- Positive H1 run rate in FY21
- Cost optimisation a focus to minimise COVID-19 impact
- Cashflow data excludes any PharmX contribution which was accrued during FY20

Strategic Priorities

Revenue, Growth & Profitability



- Improve sales performance in core pharmacy software
- Continued focus on cost optimisation
- Realise operating leverage in technology business

Refocused Product Development



- Corum Clear to be the lead solution suite
- Streamline product range going forward
- Focusing on return on development spend

Disciplined Healthtech Acquisitions



- Health software and related technologies
- Leverage core pharmacy position and industry relationships
- Disciplined approach to profitable growth

FY21 Interim Summary



Profitability restored & generating cash

First revenue uplift since FY16 and EBITDA Margin of 37% combined with Positive H1 run rate in FY21



Platform For Growth

Over the past 12 months Corum has put in place strengthened healthcare, technology and commercial capabilities to target growth



Healthtech Focus

Provides investors exposure to a long established pharmacy technology business with a strategy to augment growth through disciplined healthtech acquisitions



Refreshed Board & management with significant equity

Corum has strengthened its pharmacy sector relationships and access through Board renewal¹ and the acquisition of PharmX

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Questions

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Appendix

Corporate Overview

Corum Group Limited (ASX:COO)

Share Price	9.0cps
Market Capitalisation	\$55.49m
Enterprise Value (Cash 31/12/20)	\$47.87m

Share Price Performance¹



Capital Structure

Shares on Issue (m)	596.8
Options / Perf Rights (m)	5.6
Diluted Issued Capital (m)	602.4

Major Shareholders – 22 February 2020

	Shares (m)	%
Lujeta Pty Ltd	110.6	18.53
Arrotex Investments	60.0	10.05
National Nominees Limited	34.6	5.80
Lyell Pty Ltd	28.1	4.70
Mersault Pty Ltd	26.8	4.49
DG Manuel & AE Leary	26.7	4.47
Benki Pty Ltd	19.7	3.29
Ginga Pty Ltd	21.1	3.54
Milburn Pty Ltd	16.0	2.68

Board & Management

Nick England - Chairman



Nick has over 35 years of consulting and senior executive experience in Australia, the UK and Europe.

Nick held senior management roles with Alliance UniChem PLC (now AB Walgreens) which operates more than 18,000 pharmacies across multiple countries. As Group Director of Alliance UniChem, Nick was responsible for developing opportunities with key global network partners.

Nick's experience includes roles with direct responsibility for managing strategy, sales and business performance.

Julian Sallabank - Managing Director



Julian has vast experience in senior executive and board roles for both private and ASX listed companies operating in the medical technology and recruitment sectors.

Primary areas of expertise are strategic planning, commercialisation and organisational development of both domestic and international businesses.

Most recently Julian was Managing Director of an early stage medical innovation fund investing in and commercialising digital health, diagnostics, medtech and therapeutics; collaborating with the Murdoch Children's Research Institute.

Jon Newbery - Non-Executive Director



Jon brings to Corum over 30 years of senior executive and board roles for ASX listed companies in the technology, telecommunications, engineering and facilities management sectors.

Jon is currently Head of Corporate Finance and Projects for ASX listed Downer EDI with responsibility for strategic acquisitions and disposals for the group.

Previously Jon held roles as Chief Executive Officer of ASX listed Clarity OSS Limited and as Non-Executive Chairman of UK based platform developer IMX Software.

Board & Management

Jayne Shaw - Non-Executive Director



Ms Shaw has significant experience in healthcare management and an experienced clinical background in nursing. Ms Shaw has acted in senior management roles in two Australian private hospitals and established an Australian and international consulting business which was sold to Healthsouth, a large US Healthcare company.

After this, Jayne became the co-founder of Vision Group, a business that was successfully listed on the ASX.

Jayne has been a member of a number of private healthcare boards involved with specialist consolidation including cardiology, cancer care, orthopaedics, and women's health and has continued to work with private equity firms on local and International Healthcare transactions.

Ms Shaw also holds positions on the boards of Mable Technologies, The Woolcock Research Institute, and The Citadel Group, and as Chairman of BCAL Diagnostics.

Dennis Bastas - Non-Executive Director



Dennis has operated as an entrepreneur in Australia's pharmaceutical sector since 2002 when he founded his first generic pharmaceutical company Genepharm. Over the past two decades he has gained extensive experience in the global pharmaceutical manufacturing industry and the Australian and Asian retail pharmacy market.

Dennis is currently the majority shareholder and Executive Chairman of two of Australia's leading generic pharmaceutical companies, Arrotex Pharmaceuticals and Juno Pharmaceuticals.

Arrotex Pharmaceuticals is Australia's largest generic pharmaceutical and private label OTC medicines company. Arrotex Pharmaceuticals was formed following the merger of Arrow Pharmaceuticals and Apotex Australia in July 2019 and is today Australia's largest privately owned pharmaceutical company. Arrotex distributes medicines that account for over 30% of all PBS prescriptions dispensed in Australian pharmacies.

Profit & Loss

Profit & Loss (A\$000's)	H1 FY19	H2 FY19	H1 FY20	H2 FY20	H1 FY21	Δ PCP	Δ H2 FY20
Revenue	\$5,845	\$5,385	\$5,011	\$5,632	\$6,642	33%	18%
Health	\$4,698	\$4,315	\$4,056	\$4,763	\$5,862	44.5%	23.1%
eCommerce	\$1,147	\$1,070	\$955	\$869	\$780	-18.3%	-10.2%
Expenses							
Materials and consumables	(\$542)	(\$600)	(\$574)	(\$629)	(\$1,040)	81.2%	65.3%
Employee Benefits	(\$3,931)	(\$3,180)	(\$3,849)	(\$3,327)	(\$3,384)	-12.1%	1.7%
Occupancy	(\$390)	(\$3)	(\$85)	(\$39)	(\$53)	-37.6%	35.9%
Marketing	(\$262)	(\$363)	(\$239)	(\$235)	(\$60)	-74.9%	-74.5%
Technology, communication and cloud costs	(\$278)	(\$258)	(\$288)	(\$306)	(\$385)	33.7%	25.8%
Legal	(\$54)	(\$288)	(\$95)	(\$396)	(\$386)	306.3%	-2.5%
Other	(\$188)	(\$350)	(\$21)	(\$135)	(\$92)	338.1%	-31.9%
Share based payments	-	-	-	(\$18)	-	-	-100.0%
R&D tax benefit	\$328	\$100	\$225	\$363	\$197	-12.4%	-45.7%
Total Expenses	(\$5,317)	(\$4,942)	(\$4,926)	(\$4,722)	(\$5,203)	5.6%	10.2%
Statutory EBITDA	\$528	\$443	\$85	\$910	\$1,439	1592.9%	58.1%
EBITDA (Underlying)	\$528	\$443	\$85	\$910	\$2,211	2501.2%	143.0%
Depreciation and amortisation	(\$209)	(\$201)	(\$383)	(\$418)	(\$781)	103.9%	86.8%
EBIT (Underlying)	\$319	\$242	(\$298)	\$492	\$1,430	579.9%	190.7%
Finance costs	-	-	(\$24)	(\$26)	(\$20)	-16.7%	-23.1%
Income tax expense / (benefit)	(\$161)	(\$61)	\$18	(\$300)	\$91	405.6%	130.3%
NPAT (Underlying)	\$158	\$181	(\$304)	\$166	\$1,501	593.8%	804.2%
One-off Items							
BAMM & ParmaX Legal Cost & Termination Payments	-	-	-	-	(\$772)		
Fair value adjustment of investments / impairment	(\$2,450)	(\$2,094)	-	\$314	\$1,727		
BAMM Settlement	-	-	-	-	(\$1,468)		
Statutory NPAT	(\$2,292)	(\$1,913)	(\$304)	\$480	\$988	425.0%	105.8%

Balance Sheet

Balance Sheet (A\$000's)

Current assets

	FY20	H1 FY21
Cash and cash equivalents	\$2,323	\$7,623
Trade and other receivables	\$3,826	\$1,426
Inventories	\$64	\$34
Income tax receivable	\$1,700	\$779
Other assets	\$1,928	\$1,904
Total	\$9,841	\$11,766

Non-current assets

Investments	\$2,686	-
Property, plant and equipment	\$525	\$537
Right of use assets	\$702	\$512
Intangibles	\$4,674	\$18,244
Deferred tax assets	\$551	\$949
Security deposits	\$199	\$199
Total	\$9,337	\$20,441

Total assets

\$19,178 **\$32,207**

Current Liabilities

Trade and other payables	\$3,628	\$5,476
Provisions	\$1,202	\$1,152
Lease Liability	\$422	\$457
Deferred revenue	\$226	\$194
Total	\$5,478	\$7,279

Non-current liabilities

Other payables	-	\$698
Provisions	\$192	\$174
Lease Liability	\$311	\$86
Deferred Tax liability	-	\$1,143
Total	\$503	\$2,101

Total Liabilities

\$5,981 **\$9,380**

Net assets

\$13,197 **\$22,827**

Share Registry

Top holders as of 22 February 2021

Rank	Name	Units	% Units
1	LUJETA PTY LTD <MARGARET A/C>	110,573,181	18.53
2	ARROTEX INVESTMENTS HOLDING 1 PTY LTD	60,000,000	10.05
3	NATIONAL NOMINEES LIMITED	34,583,841	5.80
4	MERSAULT PTY LTD <THE ENGLAND FAMILY S/F A/C>	26,766,667	4.49
5	BENKI PTY LTD	19,655,748	3.29
6	MR DAVID GERALD MANUEL + MS ANNE ELIZABETH LEARY <MANUEL SUPER FUND A/C>	18,666,667	3.13
7	LYELL PTY LTD <GENESIS SUPER FUND A/C>	17,388,974	2.91
8	MILBURN PTY LTD	15,988,641	2.68
9	GINGA PTY LTD <THOMAS G KLINGER FAMILY A/C>	14,414,488	2.42
10	MRS PENELOPE KING	13,333,334	2.23
11	LINK ENTERPRISES (INTERNATIONAL) PTY LTD	13,090,345	2.19
12	MR GRANT POVEY	12,000,000	2.01
12	SEVENIRON PTY LTD <SEDGWICK SUPER A/C>	12,000,000	2.01
14	LYELL PTY LTD <HAYMAN A/C>	10,666,666	1.79
15	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	9,761,905	1.64
16	CANCELER PTY LTD <CLARENCE SUPER FUND A/C>	9,600,000	1.61
17	MR DAVID GERALD MANUEL + MS ANNE ELIZABETH LEARY <MANUEL FAMILY A/C>	8,000,000	1.34
17	MR TYSON WELLMAN	8,000,000	1.34
19	GABODI PTY LIMITED <GABODI PTY LTD S/F A/C>	7,197,334	1.21
20	MR JOHN LAGANA	6,800,586	1.14
Totals: Top 20 holders of FULLY PAID ORDINARY (Total)		428,488,377	71.80
Total Remaining Holders Balance		168,268,412	28.20

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Corum Group Limited

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