PharmX

ANNUAL REPORT 2024

pharmx.com.au

Contents

General information

The financial statements cover PharmX Technologies Limited (previously Corum Group Limited) as a Group which consists of PharmX Technologies Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is PharmX Technologies Limited’s functional and presentation currency.

PharmX Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 11
17 Castlereagh Street
Sydney NSW 2000

A description of the nature of the Group’s operations and its principal activities are included in the directors’ report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2024. The directors have the power to amend and reissue the financial statements.

Chairman’s letter to shareholders

Dear fellow shareholders,

It gives me great pleasure to present the 2024 annual report for PharmX Technologies Limited.

Introduction
2024 marked a pivotal year for the Company. We achieved a key milestone in our strategic transformation, notably the disposal of the legacy pharmacy software business to Jonas Software AUS Pty Ltd, signed in July 2023 and unanimously approved at an Extraordinary General Meeting of shareholders on 20 September 2023. This transaction brought in $4.75m upon completion on 30 September 2023, with an additional $1.26m in deferred consideration due in September 2024.

This disposal completed our strategic refocus, following the sale of the real estate e-commerce division in FY22. Shareholders also approved the new company name of PharmX Technologies Limited, reflecting our renewed focus on healthcare technology.

On 30 May 2024, the Victorian Supreme Court heard the appeal by Fred IT Group Pty Ltd. The appeal judgment was handed down on 8 August 2024, in favour of Fred IT. Both the $8.13m judgment sum and the agreed costs and interest of $1.77m have now been repaid to Fred IT. Although this decision was subsequent to year end, the settlement of these amounts have been recorded in the financial statements for the year ended 30 June 2024. This has resulted in the recognition of additional revenues of $1.44m and costs of $1.62m through the profit and loss account in FY24. This matter is now finalised, and we do not expect any further legal costs relating to this matter. Despite the payment of these amounts, PharmX remains in a strong financial position, with a forecast cash balance of more than $4.0m by the end of 2024.

Today, PharmX is dedicated to advancing healthcare through transformative technology. With over 17 years of service to the industry, we are the major independent solutions provider at the centre of the pharmacy network, responsible for driving whole-of-industry trade. Our industry-critical infrastructure streamlines order and inventory management, supports diabetic patient services, and empowers smarter business decisions through insights and analytics.

Maintaining a dual focus on system performance and security, we are executing a forward-looking growth strategy to ensure PharmX remains a dominant player in the pharmacy industry. Growth opportunities are being pursued with disciplined cost management, with the goal of funding future investments from increased cash flow.

Financial Results
Revenue from operations was $6.65m, an increase of approximately 9% on FY23. This increase was driven by revenue from the new supplier to pharmacy connections. Revenues from our Marketplace platform, PharmXchange, also grew when compared with FY23. Continued and improved growth through our Marketplace offering is a key priority for the next financial year.

In the current year PharmX has recognised all the revenues and costs relating to the finalisation of the PharmX court case, with a net cost impact of $0.38m. Excluding the impact of these costs, the profit before tax from continuing operations was $0.58m, which is in line with the underlying profit before tax of $0.52m in the prior year.

Net profit after tax from continuing operations was $0.10m. After taking into consideration the operating performance prior to disposal and the loss on disposal of the pharmacy software business of $1.86m, the statutory loss after tax, including discontinued operations for the financial year was $1.77m (2023: loss of $1.05m).

Operating cash flow for the year was $3.20m which appears lower when compared to $10.94m reported in the prior year. However, that figure included the $8.13m of proceeds from the PharmX court case judgement and the impact of $1.24m of associated legal costs. When the impact of legal costs and the cash flows relating to the pharmacy software business are excluded from both years, the current year’s operating cash flow has increased by more than 40% in comparison to the previous year. The ongoing prudent approach to cost management, while investing in growth is the main driver of continuing underlying positive operating cash flows.

Following the sale of the pharmacy software business to Jonas Software AUS Pty Ltd the board determined to return the bulk of the initial proceeds of sale to shareholders and in December returned $4.49m to shareholders, representing 0.75 cents per share, or approximately 18% of the share price at the time.

At the end of the financial year, cash on hand was $13.14m compared to $12.80m in the previous year. This amount included the $8.13m, which has now been repaid to Fred IT.

Key Highlights
The PharmX Gateway solution continues to grow, increasing account connections between suppliers and pharmacies. Key new partnerships include Alita sales (Natio brand) and VidaCorp's MCo beauty range. Exclusive agreements have also been secured with key beauty and nicotine vaping products, which are expected to drive significant sales.

PharmXchange, our marketplace platform continues to grow, now serving the majority of Australian pharmacies. Since early 2024, we have experienced a strong 20% plus month-on-month increase in revenues, and we expect sales through the PharmXchange platform to become an increasingly important contributor to our business. Across PharmX Gateway and PharmXchange we are now working with 140 suppliers.

Investment in our people remains a top priority. We welcomed Tom Culver as CEO in November 2023. Tom brings a wealth of technological experience and new ideas to PharmX, and we are already seeing the benefits. We've also recruited key leaders in marketing, technology, and data analytics to support our growth ambitions. The Head of Marketing will focus on developing the PharmX brand and improving the visibility of the business across the industry, the new Chief Technology Officer is focussed on driving the future development of the product suite and the Head of Data and Analytics will be responsible for the commercialisation of the analytics solutions for our customers.

Market Conditions
The Australian pharmacy market remains highly attractive, driven by population growth, demographic shifts, and regulatory changes. Recent regulatory changes, including the Eighth Community Pharmacy Agreement, have expanded pharmacists' scope of practice and created new opportunities for PharmX.

Pharmacies are increasingly focusing on non-prescription and wellness products. In 2023, Australians spent an average of AUD $5,239 per capita on wellness, highlighting the growth potential through the use over the counter and retail inventory.

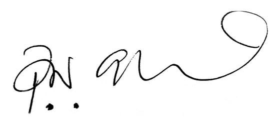
Efficiency and technology investments are crucial, with a rising need for tech-enabled workforce expansion and optimised workflows. Digital innovation in the supply chain, including predictive and automated management, is a strategic priority. We will continue to explore opportunities in this growing market and other markets.

The Year Ahead
We look forward to FY25 with great optimism. Having cleared underperforming legacy businesses, resolved the PharmX legal case and recruited a high-calibre management team, we are focused on profitable growth built on the foundations provided by our core PharmX offering.

We are committed to continuing to enhance our core technology services, ensuring that we maintain the highest and most modern standards of infrastructure, system performance, security and capability. Laying the foundation to expand our capabilities across the vertical through our Gateway and accelerate our Marketplace and Analytics solutions. We anticipate continued growth in our core PharmX revenues, driven by an increasing customer base and enhanced engagement with those customers. Our focus on innovation, and ensuring we continue to invest, particularly in analytics and customer-centric e-commerce solutions, will remain central to our strategy.

I would like to thank management for their dedication and all our shareholders for your continued support.

Yours sincerely,



Nick England
Chairman
27 August 2024

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') which consists of PharmX Technologies Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors
The following were directors of PharmX Technologies Limited during the financial year and up to the date of this report unless otherwise stated:

Name: Nick England

Title: Non-executive Chairman

Dates: Appointed Executive Chairman and Interim Chief Executive Officer on 1 February 2022. Resigned as Interim CEO and resumed his position as Non-executive Chairman from 1 January 2024.

Qualifications: B.Sc (Pharm), Graduate of the Advanced Management Programme at Harvard Business School in 2003

Experience and expertise: Nick has over 35 years of experience and high-level global relationships formed through his consulting and senior management roles in Australia, the UK and Europe. He held senior management roles with the global health and beauty company Alliance UniChem PLC (now Walgreens Boots Alliance), which operates 13,000 pharmacies and distributes across 11 countries. As Group Director for Alliance UniChem, Nick was responsible for merger, acquisition and service agreement opportunities with key global network partners. Previously, Nick was also CEO of Alliance UniChem Retail International with responsibility for 300 pharmacies across Europe. He is currently a Principal of Sydney-based international retail pharmacy consultancy IQ Consulting.

Other current listed directorships: None

Former listed directorships (last 3 years): None

Special responsibilities: Chair of Remuneration & Nomination Committee and member of Audit & Risk Committee

Interest in shares: 26,980,834 ordinary shares

Name: Jon Newbery

Title: Executive Director & Interim CFO

Qualifications: Fellow of ICAEW, GAICD

Experience and expertise: Jon has over 35 years of experience in senior executive and Board roles for ASX listed companies operating in the technology, telecommunications, urban services and facilities management sectors. Jon is currently Interim CFO of PharmX while Zoe Hillier is on maternity leave. He is also Chairman of Repurpose It Pty Ltd, a Victorian-based business focused on the recycling of construction and demolition materials and organics and a Non-executive director of Linen Services Australia, the largest commercial laundry business operating in Australia. Previously Jon held roles as Head of Corporate Finance (M&A) at Downer EDI Limited, Australia's leading urban services and facilities management provider, the Chief Executive Officer of ASX listed Clarity OSS Limited which developed operational support systems for telecommunication operators across the globe and as Chairman of UK based banknote trading system developer IMX Software. Primary areas of expertise include mergers and acquisitions, corporate finance, financial and strategic planning and the implementation and oversight of reporting and corporate governance structures.

Other current listed directorships: None

Former listed directorships (last 3 years): None

Special responsibilities: Member of the Remuneration and Nomination Committee

Interest in shares: 1,713,413 ordinary shares

Name: Dennis Bastas

Title: Non-Executive Director

Qualifications: B.E., MAICD

Experience and expertise: Dennis has extensive experience developing and operating businesses across pharmaceuticals, consumer health and pharmacy retailing and wholesaling. He is currently the Executive Chairman and CEO of DBG Health, Australia's largest diversified pharmaceutical, health and beauty products business. In 2015 Dennis acquired the Arrow Pharmaceuticals business from Aspen and in 2019 he merged the business with Apotex Australia to form Arrotex Pharmaceuticals. In 2023 Dennis acquired full ownership of Arrotex Pharmaceuticals, Juno Pharmaceuticals and Axe Health to form DBG Health. In 2003 Dennis founded Ascent Pharmaceuticals and as CEO went on to build his first successful generic pharmaceutical company which was sold to Actavis Pharmaceuticals in 2012. Dennis was also the major shareholder and Chairman of the Central Healthcare group of companies which he developed in 2010 and which included CHS, a pharmacy wholesaling business, and PharmaSave, a retail pharmacy group. Dennis went on to sell the Central Healthcare group of companies to Sigma Pharmaceuticals in 2014. Dennis is also currently the founder and Executive Chairman of myDNA - a world leading pharmacogenomic and health genomic platform company.

Other current listed directorships: None

Former listed directorships (last 3 years): None

Special responsibilities: Member of the Remuneration and Nomination Committee

Interest in shares: 60,000,000 ordinary shares

Directors' report continued

Directors continued

Name: Jayne Shaw

Title: Non-executive Director

Experience and expertise: Jayne Shaw is the Executive Chair and co-founder of BCAL Diagnostics which is now listed on the ASX. She is a qualified and registered nurse in the UK, and on arrival in Australia became Director of Nursing and Chief Executive Officer of two private hospitals. Founding an international healthcare consulting business, which was later acquired by Healthsouth, she co-founded Vision Group, which became an ASX-listed Ophthalmic Doctor equity model. She has founded and lead several healthcare companies which have either been sold or listed on the ASX and has worked on many international mergers and acquisitions with private equity companies in the UK, Australia and the USA. Currently she co-owns Sydney Breast Clinic and holds existing board positions at Magentus, Ellerston JAADE Australian Private Assets Fund, Mable Technologies, PharmX and Prospection. Jayne also serves as a Non-Executive Director at Pinnacle Charitable Foundation.

Other current listed directorships: BCAL Diagnostics Limited

Former listed directorships (last 3 years): The Citadel Group (Jayne is still a director, but the company is no longer listed)

Special responsibilities: Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee

Interest in shares: 2,780,953 ordinary shares

'Other current listed directorships' and 'Former listed directorships (last 3 years)' quoted above are current or former directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

Company Secretary

Sally McDow is the Company Secretary. Sally has an extensive background in corporate secretarial and corporate governance with listed companies in a wide range of industries.

Dividends and capital return

No dividends have been declared.

A return of capital was made to all shareholders of ordinary, fully paid securities with an effective date of 24 November 2023, record date of 29 November 2023 and a payment date of 4 December 2023. This capital return was approved by the shareholders at the AGM in November 2023 and reduced the Company's capital by $4,489,000 (0.75 cents per share). The Company decided to distribute this cash following the completion of the sale of the pharmacy software business.

Principal activities

PharmX Technologies Limited (ASX: PHX) is a technology and software development business. The key business activities relate to the development and management of business software for the pharmacy industry with emphasis on the PharmX Gateway, an electronic ordering gateway; PharmX Marketplace, an online sales and marketing platform; and PharmX Analytics, which provides insights into the operations of both supplier and pharmacy customers.

Operating and Financial Review

The pharmacy software business, the sale of which was completed in September 2023, is treated as a discontinued operation in the financial statements. This disposal is the final step in the realignment of the Group's strategic focus. Following the disposal of the pharmacy software business, the Group is now a fully independent service provider, focused on the PharmX business.

PharmX is a leading innovator in the pharmacy sector, dedicated to advancing healthcare through transformative technology. Being at the centre of the pharmacy network, PharmX drives growth by connecting the industry, streamlining inventory management and enabling smarter business decisions through data-led solutions. This is achieved through:

- **PharmX Gateway** - streamlines ordering and invoicing communication between pharmacies, POS vendors, suppliers, and government departments, managing over $19 billion of transactions annually and being used by 99% of Australian pharmacies, with a growing presence in New Zealand.
- **PharmX Marketplace** - is an advanced e-commerce ordering platform that allows pharmacists to easily access a wide range of products and promotions, while providing suppliers with an innovative way to market and distribute their products. Marketplace is tightly integrated to PharmX Gateway and provides a digital sales and marketing platform for suppliers and offers tailored digital sales and marketing options and an integrated payments solution.
- **PharmX Analytics** - provides actionable insights for suppliers and buyers spanning retail, supplier, and market analytics. Bespoke solutions are offered to enhance strategic growth, planning and product management across Australia's entire pharmaceutical supply chain.

Revenue is derived from monthly account fees, commissions as a percentage of transaction value and the provision of services.

Directors' report continued

Operating and Financial Review continued

All development has now been transitioned in house, which provides PharmX greater control and strategic oversight of the software development process and greater visibility and control of costs.

On 8 August 2024 the Victorian Supreme Court handed down its judgement in the appeal by Fred IT Group Pty Ltd against PharmX Pty Ltd and Corum Systems Pty Ltd. The judgement was unfavourable for the Group. As a result, PharmX has repaid the $8,128,000 previously received plus costs and interest of a further $1,770,000, in accordance with final Orders issued by the Court.

Although the judgement was handed down after year end, the Group has accounted for the impacts of the judgement through the statement of profit and loss in the year ended 30 June 2024. This has resulted in the recognition of additional revenues of $1,443,000 and costs of $1,620,000. This matter is now finalised, and no further costs are expected.

Revenue

Revenue from continuing operations for the year was $8,094,000 which is an increase of 32% on the previous year. When the revenues recognised in relation to the finalisation of the PharmX court case are excluded, underlying revenues were $6,652,000, up approximately 9% on the previous period (2023: $6,127,000). Revenue from continuing operations includes PharmX only, the pharmacy software business is reported as a discontinued operation.

The current year underlying revenue improvement of $524,000 has been mainly driven by increasing the number of pharmacy to supplier connections as well as price increases on the Gateway platform. PharmXchange also generated revenue during the year, but the uptake of the platform was slower than anticipated. Although the revenue contribution is still not significant, it has had strong month on month revenue growth in 2024 and the continuing growth of the non-financial lead metrics is encouraging.

Profit

For the year ended 30 June 2024, the Group reported an operating profit before tax from continuing operations of $201,000 (2023: $719,000 loss). Again, when the revenues and costs relating to the PharmX court case are removed the underlying profit before tax was $581,000 (2023: $518,000).

Costs have continued to be carefully managed, with increases seen in legal and professional fees. Of the legal fees, $1,822,000 (2023: $1,237,000) relates to the finalisation of the PharmX court case. Professional fees have increased following the sale of the pharmacy software business as the continuing operations is now bearing all the overhead costs that were previously shared with the pharmacy software business. In addition, amortisation expense for continuing operations also increased in comparison to the previous year in line with the increase in capitalised costs of research and development.

The statutory loss after tax, including loss on sale of the discontinued operations for the financial year was $1,769,000 (2023: loss of 1,051,000).

Cash and investment

Operating cash flow for the year was $3,205,000 compared to $10,944,000 in the prior year. In the prior year, the operating cash flow includes $8,128,000 of proceeds from the PharmX court case judgement. There was also $202,000 of costs paid in the current year ($1,237,000 in the prior year) relating to this case. In addition, $213,000 of cash was used ($2023: $1,508,000 generated) in discontinued operations that has been included in operating cash flow. Excluding these legal case and appeal related cash flows and the cash flow from discontinued operations, operating cash flow was $3,620,000 (2023: $2,545,000).

Substantial investment continued in software development throughout the year. There was $1,655,000 of research and development expenditure incurred in the current year relating to continuing operations, with $1,180,000 of this amount being capitalised.

There is ongoing investment in development to continue to enhance functionality across the product suite, drive increased utilisation, attract new suppliers and improve useability of Marketplace through improved automation in supplier onboarding and self-management.

At the end of the financial year, cash on hand, including $8,128,000 of proceeds from the PharmX court case judgement, was $13,136,000 compared to $12,806,000 in the previous year.

Outlook

PharmX's focus for the next year is on increasing the number of suppliers using the Group's product suite as well as utilisation by pharmacies. This will require continuing investment in the products, enhancing the analytics capabilities and investment in marketing to increase awareness of PharmX among all stakeholder groups.

Directors' report continued

Business Risks

Reputational Risk

As a listed technology business and essential part of the pharmacy supply chain, our reputation is critical to maintaining investor confidence, attracting top talent, and securing key business partnerships. Reputational damage can result from various sources, including product failures, data breaches, regulatory non-compliance, or negative publicity. Any significant harm to our reputation could lead to a loss of customer trust, a decline in stock value, and reduced market share. To protect our reputation, we prioritise transparency, ethical business practices, and high standards of corporate governance. We actively monitor and manage our public relations, ensuring timely and accurate communication with stakeholders. Our quality control processes are stringent, designed to minimise the risk of product failures. We also engage in proactive stakeholder engagement and maintain robust compliance programs to meet all regulatory requirements. Additionally, we have a crisis management plan in place to address and mitigate any potential reputational issues swiftly.

Key Customer Risk

A large proportion of our revenue is dependent on a relatively small number of key customers. The loss of any one of these customers, due to factors such as changes in their business strategy, financial instability, or competitive pressures, could lead to a decline in the business' revenue and profitability. This concentration risk could also impact our market position and growth prospects. To mitigate this risk, we are continuously working to strengthen our relationships with existing key customers and government through exceptional service delivery and by offering tailored solutions that meet their evolving needs. We are also continuing our focus on diversifying our customer base by expanding the number of suppliers that we work with to reduce dependency on any single customer. Furthermore, we closely monitor the financial health and strategic direction of our key customers to anticipate and address potential risks proactively.

Cyber Risk

As a technology business, we are dependent on digital infrastructure to operate, making us susceptible to cyber threats, including data breaches, ransomware attacks, and other forms of malicious activities. Moreover, given our position in the industry we are responsible in part for order completion and stock management information. A successful cyberattack could lead to operational disruptions, failed orders, financial loss, regulatory penalties and damage to our reputation. The evolving sophistication of cyber threats heightens this risk, making continuous vigilance essential. To mitigate the risk, we continuously update our security posture and protocols to align with the latest industry standards and regulatory requirements and our team conducts vulnerability assessments to identify and address potential weaknesses. Additionally, we have established an incident response plan to ensure rapid recovery and minimise impact in the event of a cyberattack.

Key Person Risk

Our success is closely tied to the expertise and leadership of certain key individuals within the business. The loss of any of these individuals, whether through departure, illness, or other unforeseen circumstances, could disrupt our operations, delay critical projects, and negatively impact our strategic direction. Key person risk is particularly pronounced in technology businesses where specialised knowledge and leadership play a crucial role. As mitigation of the key person risk, we have enhanced our information sharing procedures, process documentation and implemented succession planning for critical roles, ensuring that potential successors are identified and being developed within the organisation. In the event of an unexpected departure, our handover procedures ensure that operations continue smoothly with minimal disruption.

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in the Directors' Report or the accompanying financial statements.

Matters subsequent to the end of the financial year

On 8 August 2024 the Victorian Supreme Court handed down its judgement in the appeal relating to the PharmX court case. As a result of the unfavourable decision PharmX has repaid the original judgement sum of $8,128,000 plus $1,770,000 in costs and interest awarded under final Orders issued by the Court. The financial impact of the judgement has been recognised in the statement of profit and loss in the year ended 30 June 2024.

Other than the above, no matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information regarding likely developments, prospects or business strategies of the Group in future financial years is set out in the Operating and Financial Review and elsewhere in the Annual Report, insofar as such information does not result in unreasonable prejudice to the Group's commercial interests.

Directors' report continued

Indemnity and insurance of officers

The Company has indemnified the directors and some executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium of $45,466 in respect of a contract to insure the directors and executives of the Company against any liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. The Group was not a party to any such proceedings during the year.

Environmental regulations

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Corporate governance statement

The PharmX Corporate Governance Statement discloses how the Group complies with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th Edition) and sets out the Group's main corporate governance practices. This statement has been approved by the Board and is current as of 27 August 2024.

In accordance with Listing Rule 4.10.3, the Group's Corporate Governance Statement and Appendix 4G can be found on the Company website at: www.pharmx.com.au/pharmx-investor-centre/.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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 immediately after this directors' report.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year are outlined in note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 5 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional

Non-audit services continued

and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Directors' report continued

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Nick England	6	6	2	2	1	1
Jon Newbery	6	6	2	2	1	1
Jayne Shaw	6	6	4	4	1	1
Dennis Bastas	3	6	N/A	N/A	-	1

Held: represents the number of formal meetings held during the time the director was in office or was a member of the relevant committee. In addition to formal board meetings the directors held several other meetings and informal discussions during the financial year.

The Executive Chairman was invited to attend meetings of both committees, where appropriate. The Interim Chief Financial Officer is invited to and attends meetings of both committees, where appropriate.

Directors' report continued

Remuneration report (audited)

The remuneration report details the remuneration arrangements for the key management personnel of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Principles used to determine the nature and amount of remuneration

The Group provides appropriate rewards to attract and retain high quality and committed employees.

Base salaries of executives are determined by management having regard to the nature of each role, the experience and performance of the individual and are reviewed by the Remuneration and Nomination Committee on a regular basis. The directors look to satisfy the following key criteria when assessing the appropriate levels of remuneration:

- competitiveness and reasonableness;
- acceptability to shareholders; and
- transparency.

The Remuneration and Nomination Committee consists of three non-executive directors who are responsible for determining and reviewing remuneration arrangements for the Group's directors and executives and has oversight of the hiring and remuneration practices within the Group. The remuneration philosophy is to attract, motivate and retain high-performing employees.

The Remuneration Committee may from time to time receive advice from independent remuneration consultants. The process of this engagement is managed by the Chair of the Remuneration and Nomination Committee independently of the individuals (management) to whom the recommendations relate to ensure that the recommendations are prepared and presented free of undue influence by any person. No such engagement occurred during the current financial year.

Non-executive Director's remuneration

Fees and payments to Non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors are paid an annual fee and additional fees where they act as chair or a member of a committee. Non-executive Director fees and payments are reviewed periodically by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions to determine his remuneration.

ASX listing rules require the aggregate Non-executive Directors remuneration be determined periodically by a general meeting. The shareholders have approved a maximum aggregate remuneration of $800,000 per annum.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components where appropriate.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits;
- other remuneration such as superannuation; and
- short and long- term incentives.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Remuneration and Nomination Committee based on individual and the overall performance of the Group and comparable market remunerations.

Executives may receive part of their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

Performance evaluation

A performance evaluation of the Board was carried out for the current financial year. A performance evaluation of the senior executives has also been conducted for the current financial year. The review includes consideration of their function, achievement of individual targets and agreed objectives and the overall performance of the individual.

Directors' report continued

Remuneration report (audited) continued

Details of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

		Short term benefits		Post-employment benefits	Share based payments	
		Salaries and fees[1] $	Incentives $	Superannuation $	Performance rights[2] $	Total $
Directors:						
Nick England[(i)]	2024	303,583	–	20,694	–	324,277
Non-executive Chairman	2023	479,538	–	25,292	–	504,830
Jon Newbery[(ii)]	2024	175,917	–	9,451	–	185,368
Executive Director and Interim Chief Financial Officer	2023	97,240	–	–	–	97,240
Jayne Shaw	2024	88,000	–	9,680	–	97,680
Non-executive Director	2023	88,000	–	9,240	–	97,240
Dennis Bastas	2024	83,000	–	–	–	83,000
Non-executive Director	2023	83,000	–	–	–	83,000
Other Key Management Personnel:						
Tom Culver[(iii)]	2024	191,399	–	15,983	11,910	219,292
Chief Executive Officer	2023	–	–	–	–	–
Zoe Hillier	2024	209,887	35,000	25,116	6,222	276,224
Chief Financial Officer	2023	224,889	–	23,870	8,560	257,319
Total 2024		**1,051,786**	**35,000**	**80,924**	**18,132**	**1,185,841**
Total 2023		**972,667**	**–**	**58,402**	**8,560**	**1,039,629**

(1) In the table above, salaries and fees include leave payments and movements in annual leave accruals
(2) The value of the performance rights disclosed is the fair value of the instruments allocated to profit and loss this reporting period

(i) Nick England transitioned from Non-executive to Executive Chairman on 1 February 2022, with no change to his chairman fee. He was also appointed Interim Chief Executive Officer on 1 February 2022 with an annual salary of $360,000 plus superannuation and returned to his role as Non-executive Chairman from 1 January 2024.
(ii) Jon Newbery was appointed Non-executive Director on 25 February 2020 on an annual fee of $80,000 plus superannuation. He was also appointed Interim Chief Financial Officer and Executive Director on 1 January 2024 with a fee of $15,000 per month.
(iii) Tom Culver was appointed Chief Executive Officer on 20 November 2023 on an annual salary of $300,000 plus superannuation and bonus entitlement.

Directors' report continued

Remuneration report (audited) continued

Fixed and variable remuneration

All remuneration in the above table is fixed apart from the incentives and share based payments. Incentives are discretionary based on performance, and the share based payments (performance rights) vest based on certain performance hurdles, service conditions and exercise conditions being achieved.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Nick England

Title: Interim Chief Executive Officer and Executive Chairman

Agreement commenced: 1 February 2022 and resigned 31 December 2023

Term of agreement: Retained on a month-to-month basis with no fixed term

Details: Nick was appointed Interim Chief Executive Officer on 1 February 2022. In addition to his fees as Chairman, annual remuneration is $360,000, plus superannuation. The agreement is terminable at the Board's discretion. A short-term incentive of up to $125,000 per annum is payable over 2 years (maximum of $250,000) on the achievement of agreed key objectives. No long-term incentives are to be awarded. Resigned as Interim CEO and resumed his position as Non-executive Chairman from 1 January 2024.

Name: Jon Newbery

Title: Interim Chief Financial Officer and Executive Director

Agreement commenced: 1 January 2024

Term of agreement: Retained for eight months with an ability to extend on a month-to-month basis by mutual agreement.

Details: Jon was appointed Interim Chief Financial Officer on 1 January 2024. In addition to his directors' fees, monthly remuneration is $15,000 including superannuation. The agreement is terminable at the Board's discretion.

Name: Tom Culver

Title: Chief Executive Officer

Agreement commenced: 20 November 2023

Term of agreement: Ongoing

Details: Tom was appointed Chief Executive Officer on 20 November 2023. He has an annual base salary of $300,000, plus superannuation. Either party may terminate the employment with three months written notice, or immediately in the event of misconduct. The remuneration package also includes short-term and long-term incentive components. A short-term incentive of up to 30% of salary per annum requires the achievement of individual targets and agreed objectives, and overall Group performance. A long-term incentive of 10,000,000 performance rights has also been granted, none of which have vested as shares to date.

Post termination restraints: Poaching of clients or providing services to clients, poaching of staff and providing services to competitors are all prohibited for 24 months from termination date. All confidentiality requirements continue post termination and all confidential information must be returned to the Company upon termination and any developments or intellectual property developed during the course of employment remains the property of the Company.

Name: Zoe Hillier

Title: Chief Financial Officer

Agreement commenced: 1 July 2021

Term of agreement: Ongoing

Details: Zoe was appointed Chief Financial Officer on 1 July 2021. She has an annual base salary of $250,000, plus superannuation. Either party may terminate the employment with two months written notice, or immediately in the event of misconduct. The remuneration package also includes short-term and long-term incentive components. A short-term incentive of up to 25% of salary per annum is payable upon the achievement of individual targets and agreed objectives, and overall Group performance. A long-term incentive of 3,000,000 performance rights has also been granted, 500,000 of which have vested as shares and 500,000 of which have lapsed to date.

Post termination restraints: Poaching of clients or providing services to clients and poaching of staff is prohibited for 12 months from termination date. Providing services to competitors is prohibited for 6 months from termination date. All confidentiality requirements continue post termination and all confidential information must be returned to the Company upon termination and any developments or intellectual property developed during the course of employment remains the property of the Company.

Directors' report continued

Remuneration report (audited) continued

Other senior executives

Other senior executives are employed under contracts with termination periods between one and three months and are eligible for their statutory employee entitlements upon termination. Certain employees are subject to restraints for an agreed period following termination.

Share-based compensation

Performance rights

The PharmX Technologies Omnibus Equity Plan (the 'Plan') allows the Company to grant performance rights to participants. A performance right is a right to acquire a share in the Company, subject to the satisfaction of certain conditions which will be set out in each invitation to acquire performance rights.

The Board has discretion to make grants at any time, including on the commencement of employment by a person deemed by the Board to be eligible to participate in the Plan. The terms of any future offers may vary.

There are no voting or dividend rights attached to the performance rights.

The number and value of performance rights granted during the year in relation to key management personnel are as follows:

	Grant Date	Number Granted	Fair Value at Grant Date	Vesting Date
Tom Culver	1 March 2024	10,000,000	$122,500	30 November 2026

The fair value of performance rights granted reflects the fair value of the performance rights at grant date to the extent all performance hurdles, service conditions and exercise conditions associated with the grant are achieved.

The performance rights are subject to a service condition of continuous employment for three consecutive years. Performance hurdles and exercise conditions are based on achievement of certain earnings per share targets. There is no exercise price associated with these performance rights. The expiry date is the fifth anniversary of the grant date.

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each member of key management personnel, including their personally related parties, is set out below:

	Held at 1 July 2023	Number Granted	Lapsed / Exercised	Held at 30 June 2024	Vested and exercisable at 30 June 2024
Tom Culver	-	10,000,000	-	10,000,000	-
Zoe Hillier	2,750,000	-	(750,000)	2,000,000	-

Issue of shares

There following shares were issued to key management personnel as part of compensation during the year ended 30 June 2024 under the Plan:

	Grant Date	Number Granted	Fair Value at Grant Date
Zoe Hillier	16 October 2023	250,000	$15,500

Directors' report continued

Remuneration report (audited) continued

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other key management personnel, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions(1)	Disposals / other(2)	Balance at the end of the year
Ordinary shares:					
Nick England	26,853,334	–	127,500	–	26,980,834
Jon Newbery	1,713,413	–	–	–	1,713,413
Jayne Shaw	2,780,953	–	–	–	2,780,953
Dennis Bastas	60,000,000	–	–	–	60,000,000
Zoe Hillier	375,000	250,000	–	–	625,000

(1) Additions may represent the acquisition of shares, or shareholding on commencement as a key management personnel.
(2) Disposal/other may represent the disposal of shares, or cessation as key management personnel.

None of the shares included in the table above are held by a nominee.

Additional Information

The results of the Group for the five years to 30 June 2024 are summarised below:

	2020(1)	2021	2022(2)	2023(2)	2024
	$'000	$'000	$'000	$'000	$'000
Sales revenue	9,116	12,700	5,356	6,018	6,487
Profit/(loss) before impairment, fair value and tax	144	1,100	122	(719)	201
Profit/(loss) after income tax	176	1,091	252	(1,051)	(1,769)
Total equity	13,197	22,930	23,203	22,211	15,972
Net cash on hand	2,323	6,478	5,759	12,806	13,136

(1) Retained earnings was restated as a result of a one-off non-recurring adjustment identified during a review of banking arrangements and internal IT transactional applications.
(2) Results presented for 2022 and 2023 exclude the discontinued operations (pharmacy software business).

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2021	2022	2023	2024
Share price at financial year end (cents)	4.3	8.7	3.4	3.7	3.8
Basic earnings per share (cents per share)	0.05	0.20	0.04	(0.18)	(0.29)

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Nick England
Chairman

Jon Newbery
Director

27 August 2024, Sydney

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Australia

DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF PHARMX TECHNOLOGIES LIMITED

As lead auditor of PharmX Technologies for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of PharmX Technologies Limited and the entities it controlled during the period

L Russell

Leah Russell

Director

BDO Audit Pty Ltd

Sydney

27 August 2024

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated 2024 $'000	2023 $'000
Revenue and other income from continuing operations	3	8,094	6,127
Expenses related to continuing operations			
Cost of sales		(1,234)	(1,210)
Marketing		(218)	(172)
Employee benefits	4	(2,533)	(2,491)
Share-based payments		(19)	(59)
Technology, communication and cloud costs		(363)	(421)
Legal fees		(1,826)	(1,262)
Professional fees, consulting and other		(598)	(268)
Research and development tax benefit		144	85
Depreciation and amortisation	4	(1,203)	(994)
Finance costs		(43)	(54)
Profit / (loss) from continuing operations before income tax expense		**201**	**(719)**
Income tax relating to continuing operations	6	(106)	(164)
Profit / (loss) from continuing operations after income tax		**95**	**(883)**
Loss relating to discontinued operations after income tax	7	(1,864)	(168)
Loss for the year attributable to the owners of PharmX Technologies Limited		**(1,769)**	**(1,051)**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year attributable to the owners of PharmX Technologies Limited		**(1,769)**	**(1,051)**
		Cents	**Cents**
Basic earnings per share	8	(0.29)	(0.18)
Diluted earnings per share	8	(0.29)	(0.18)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

FOR THE YEAR ENDED 30 JUNE 2024

		Consolidated	
		2024	2023
	Note	$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	13,136	12,806
Trade and other receivables	11	2,271	946
Income tax receivable	6	883	1,659
Other assets		79	229
Assets of disposal group classified as held for sale	7	–	6,949
		16,369	**22,589**
Non-current assets			
Property, plant and equipment	12	17	19
Right of use assets	13	226	28
Intangibles	14	12,930	13,359
Deferred tax assets	6	223	525
Other non-current assets		92	–
		13,488	**13,931**
Total assets		**29,857**	**36,520**
LIABILITIES			
Current liabilities			
Trade and other payables	15	11,686	1,455
Provisions	16	150	132
Lease liability	13	107	32
Unearned income	17	7	9,462
Liabilities of disposal group classified as held for sale	7	–	1,209
		11,950	**12,290**
Non-current liabilities			
Other payables	18	883	987
Provisions	16	47	23
Deferred tax liability	6	872	1,009
Lease liability	13	133	–
		1,935	**2,019**
Total liabilities		**13,885**	**14,309**
Net assets		**15,972**	**22,211**
EQUITY			
Issued capital	19	93,970	98,405
Reserves	21	24	59
Accumulated losses		(78,022)	(76,253)
Total equity		**15,972**	**22,211**

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Issued Capital $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 30 June 2022		**98,366**	**39**	**(75,202)**	**23,203**
Profit after income tax expense for the year		–	–	(1,051)	(1,051)
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		–	–	(1,051)	(1,051)
Share-based payments	21	39	–	–	39
Performance rights issued and current year expense	21	–	59	–	59
Performance rights exercised	21	–	(39)	–	(39)
Balance at 30 June 2023		**98,405**	**59**	**(76,253)**	**22,211**
Profit after income tax expense for the year		–	–	(1,769)	(1,769)
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		–	–	(1,769)	(1,769)
Capital return	19	(4,489)	–	–	(4,489)
Share-based payments	21	54	–	–	54
Performance rights issued and current year expense, net	21	–	19	–	19
Performance rights exercised	21	–	(54)	–	(54)
Balance at 30 June 2024		**93,970**	**24**	**(78,022)**	**15,972**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated 2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		8,451	13,072
Payments to suppliers and employees		(7,203)	(11,915)
Interest received		294	109
Proceeds from PharmX court case judgement		–	8,128
Income tax paid		(53)	(345)
Research and development incentive		1,716	1,895
Net cash from operating activities	22	**3,205**	**10,944**
Cash flows from investing activities			
Payments for property, plant and equipment		(16)	(85)
Payments for intangible assets		(1,566)	(3,274)
Disposal of discontinued operations, net of cash disposed and transaction costs		3,329	(213)
Net cash from / used in investing activities		**1,747**	**(3,572)**
Cash flows from financing activities			
Capital return paid		(4,489)	–
Principal paid on lease liabilities		(117)	(313)
Interest paid on lease liabilities		(16)	(12)
Net cash used in financing activities		**(4,622)**	**(325)**
Net increase in cash and cash equivalents		330	7,047
Cash and cash equivalents at the beginning of the financial year		12,806	5,759
Cash and cash equivalents at end of the financial year	10	**13,136**	**12,806**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

30 JUNE 2024

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either below or in the respective notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted.

New Accounting Standards effective from 1 July 2023

There are no new standards impacting the Group that have been adopted in the annual financial statements for the year ended 30 June 2024 which have given rise to changes in the Group's accounting policies.

New Accounting Standards and Interpretations not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024.

The Group is yet to assess the impact of these new or amended Accounting Standards and Interpretations but does not expect them to have any material impact on the financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PharmX Technologies Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. PharmX Technologies Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

When the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated

Notes to the financial statements continued

Note 1. Statement of significant accounting policies continued

Principles of consolidation continued

unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the statement of profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparative figures

Comparatives have been realigned where necessary, to agree with current year presentation. The pharmacy software business has been classified as held for sale as at 30 June 2023, and as such, comparatives in the statement of profit or loss and other comprehensive income have been restated. There was no change in the statement of financial position or statement of cash flows comparative figures for discontinued operations.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Notes to the financial statements continued

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Product Development Costs

The Group incurs significant costs associated with the development of products for which benefits accrue over many reporting periods. This requires management to critically review software product development costs (net of research and development incentives) to clearly delineate development and the relationship with future potential benefits that are likely to accrue. This assessment of what constitutes product development for capitalisation and the expected future benefits to derive the amortisation period, once the asset is available for use or being marketed, is a series of critical judgements management is required to make based on historic product performance, market knowledge and analysis.

Goodwill and other intangibles assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment, in accordance with the stated accounting policy. The recoverable amount of the cash-generating unit to which goodwill and other intangible assets have been allocated, has been determined based on value-in-use calculations using budgets and forward estimates. These budgets incorporate management's best estimates of projected revenues adopting growth rates based on historical experience, anticipated market growth and the expected result of the cash generating unit's initiatives. Costs are calculated taking into account historical and planned gross margins, estimated inflation rates consistent with inflation rates applicable to the locations in which the cash generating unit operates, and other planned and expected changes to the cost base.

Recovery of deferred tax assets

The value of deferred tax assets is determined based on estimates as to the extent those assets are likely to be utilised or available to be utilised in future periods.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the financial statements continued

Note 3. Revenue and other income

	Consolidated	
	2024 $'000	2023 $'000
Revenue from contracts with customers from continuing operations		
Rendering of services	6,487	6,018
Other income		
Interest revenue	294	109
Proceeds from PharmX case court judgement	1,313	–
Total revenue and other income from continuing operations	8,094	6,127

Accounting policy for revenue recognition

Revenue is recognised as the client receives the benefit of the goods or services provided under a commercial contract, in an amount that reflects the consideration to which the provider expects to be entitled for the transfer of the goods or services. If an amount is received from a customer before the following revenue recognition policies are met, it is treated as deferred revenue until it can be recognised.

Determining the transaction price

The Group's revenue is derived from fixed price, commission based and service fee agreements and therefore the amount of revenues to be earned from each agreement is determined by reference to the goods delivered and the prices for those services. All consideration is due within 12 months and is therefore not discounted.

Allocation of amounts to performance obligations

For most agreements, there is only one performance obligation and a fixed unit price for the goods or services provided. As such, there is no judgement involved in the allocation of amounts to specific performance obligations. In those instances where there is more than one performance obligation, the unit price is clearly defined and is allocated against the specific performance obligation. Some goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with AASB 15, such warranties are not accounted for as separate obligations and hence no revenue is allocated to them.

Rendering of services

Maintenance and subscription revenue is recognised over time in line with the invoice period. Performance obligations are satisfied over time. This is a faithful depiction of the transfer of services, as customers simultaneously receive and consume services provided over the invoiced period.

Sale of goods

Sale of goods revenue is recognised at a point in time when the Group has met all of its performance obligations including delivery and, if applicable, the installation of hardware. There is limited judgement in identifying the point control passes, once the goods are delivered or at the point of installation depending on the type of good.

Interest

Interest revenue is recognised as it accrues, considering the effective yield of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes to the financial statements continued

Note 4. Expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Software development and customer contracts	1,096	910
Leased assets	95	71
Property, plant and equipment	12	16
Capitalised depreciation costs	–	(3)
Total depreciation and amortisation related to continuing operations	1,203	994
Employee benefits expenses		
Employee benefits expenses	3,411	2,781
Capitalised development costs	(878)	(290)
Total Employee benefits related to continuing operations	2,533	2,491

Note 5. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Group:

	Consolidated 2024 $	Consolidated 2023 $
Audit or review of the financial statements	114,232	110,975
Taxation and other non-audit services[(i)]	123,720	45,392
	237,952	156,367

(i) Non-audit services included assistance and advice in the areas of tax compliance, research and development tax incentive, tax implications of the sale of the pharmacy software business and the availability of historical tax losses.

Notes to the financial statements continued

Note 6. Income tax

	Consolidated 2024 $'000	2023 $'000
Income tax expense		
Current income tax:		
Current year income tax charge	25	57
Adjustment for current income tax of items credited directly to equity (amortisation of capital raising costs)	35	35
Adjustment for current income tax of previous year	(4)	(1)
Add / (less) income tax related to discontinued operations	126	(65)
Deferred tax:		
Origination and reversal of temporary differences	130	138
Less utilisation and reversal of temporary differences related to sale of business	(206)	–
Income tax expense related to continuing operations	106	164
Statement of changes in equity		
Deferred income tax related to items credited directly to equity, capital raising costs	(35)	(35)
Reconciliation of income tax expense and tax at the statutory rate		
Profit / (loss) before income tax expense from continuing operations	201	(719)
Profit / (loss) before income tax expense and before disposal of discontinued operations	(45)	(103)
Total profit / (loss) before income tax and before disposal	156	(822)
Tax at the statutory tax rate of 25%	39	(206)
Add / (deduct) tax effect of:		
Fair value adjustment of intangibles	–	126
Non-deductible / non-assessable items	1	2
Adjustment for current income tax of previous year	(4)	(1)
Adjustment for use of prior year tax losses	–	(4)
Adjustment for current income tax of items credited directly to equity, capital raising costs	35	35
Utilisation and other movement in deferred tax assets	61	147
Utilisation and other movement in deferred tax liabilities	(137)	(9)
Research and development, non-assessable income and non-deductible expenditure	128	139
Tax expense related to discontinued operations	(17)	(65)
Income tax expense related to continuing operations	106	164

Research and Development Tax Incentive

The Group participates in the Australian Government's Research and Development Tax Incentive ('incentive') assistance programme. The programme provides targeted tax offsets to encourage Companies to engage in Research and Development. The incentive has been accounted for as a government grant in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, resulting in the incentive being recognised in profit or loss on a systematic basis over the period(s) in which the entity recognises, as expenses, the costs for which the incentive was intended to compensate. For the costs that have been capitalised during the period, the respective incentive has been deferred by deducting from the carrying amount of the asset.

Notes to the financial statements continued

Note 6. Income tax continued

	Consolidated 2024 $'000	Consolidated 2023 $'000
Tax losses not recognised at 25%		
Losses carried forward	–	3,227
Capital losses carried forward	311	47

The Group generated operating losses between 1997 and 2009 which resulted in the creation of substantial carried forward tax losses. Following the sale of the pharmacy software business in September 2023 the Group failed to satisfy the Same Business Test and accordingly all losses previously carried forward are no longer available.

The Group has incurred capital losses of $1.057m in 2024 that can be carried forward and used as an offset against future capital gains.

The potential future tax benefits arising from tax losses and temporary differences have been recognised as deferred tax assets only to the extent that:

- the Group is likely to derive future assessable income of a nature and amount sufficient to enable the benefits to be realised;
- no changes or proposed changes in legislation are likely to adversely affect the Group's ability to realise these benefits; and
- the Group is likely to continue to comply with conditions for deductibility of losses imposed by tax legislation.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred tax assets		
Deferred tax assets comprise temporary differences attributable to:		
Impairment of receivables	4	14
Employee benefits	58	245
Leased premises	1	1
Capital raising costs	20	54
Deferred settlement payments	29	116
Other provisions	111	95
	223	525
Movements:		
Opening balance	525	707
Credited / (debited) to profit or loss	(61)	(147)
Deferred tax asset movement relating to discontinued operations	(206)	–
Credited / (debited) directly to equity	(35)	(35)
Closing balance	223	525
Income tax receivable		
Current year income tax charge	(25)	(57)
Current year research and development tax offset	908	1,716
	883	1,659
Deferred tax liability		
Arising from tax effect of recognising acquired intangible assets, in a business combination	669	774
Timing difference – PharmXchange intangible asset acquired	203	235
	872	1,009

Notes to the financial statements continued

Note 6. Income tax continued

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses, and where the availability of losses is reasonably certain.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent it is probable there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The Company and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime with effect from July 2004. The tax consolidated group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Notes to the financial statements continued

Note 7. Discontinued operations

On 20 July 2023, the Company entered into a Share Sale and Purchase Agreement for the sale of the pharmacy software business to Jonas Software AUS Pty Ltd. The pharmacy software business is comprised of 2 legal entities - Corum Health Pty Ltd and Amfac Pty Ltd. It develops and distributes business software for the pharmacy industry, including point-of-sale and pharmaceutical dispensing software and multi-site retail management and provides support services and computer hardware. The consideration for the sale is cash of $6,250,000, subject to customary completion adjustments. The sale includes the intellectual property rights to run the business, the rights of the pharmacy software business under the existing contracts, goodwill, operational staff to run the business and business records.

Completion of the sale occurred 30 September 2023, and consideration of $4,750,000 has been received at that time. Further deferred proceeds, after adjusting for completion adjustments, of $1,255,000 will be received on 30 September 2024.

The below table summarises the impact of the divestment during the period:

	2024 $'000
Proceeds on disposal	6,250
Net tangible asset deficiency to be paid	(245)
Net proceeds	6,005
Cash and cash equivalents	351
Trade and other receivables	141
Other assets	56
Plant and equipment	118
Intangible assets	6,526
Assets disposed	7,192
Trade and other payables	164
Provisions	515
Deferred revenue	89
Liabilities disposed	768
Net assets disposed	6,424
Loss on disposal before tax and transaction costs	(419)
Capital gains tax expense	–
Net loss on disposal before transaction costs	(419)

Notes to the financial statements continued

Note 7. Discontinued operations continued

The statement of profit or loss for pharmacy software discontinued operations was:

	2024[(i)] $'000	2023 $'000
Revenue	1,259	5,897
Cost of sales	(105)	(391)
Marketing	(4)	(40)
Employee benefits	(1,205)	(3,387)
Technology, communication and cloud costs	(118)	(309)
Legal fees	–	(91)
Professional fees, consulting and other	(40)	(110)
Other	–	(61)
Research and development tax benefit	251	343
Depreciation and amortisation	(80)	(1,416)
Finance costs	(3)	(34)
Transaction costs[(ii)]	(1,320)	–
Loss on disposal	(419)	–
Profit / (loss) from discontinued operations before fair value adjustment and income tax expense	(1,784)	401
Income tax	(80)	(65)
Fair value adjustment of intangible assets	–	(504)
Net loss relating to discontinued operations after income tax	(1,864)	(168)

(i) the results of the discontinued operations in 2024 includes results for the 3 months prior to completion of the sale.
(ii) Transaction costs include advisor fees, legal costs, employee and redundancy costs associated with the sale of the pharmacy software business.

Taxes relating to discontinued operations

	2024 $'000	2023 $'000
Income tax on discontinued operations prior to disposal	(17)	(65)
Tax benefit relating to transaction costs	143	–
Temporary differences related to sale of business	(206)	–
Income taxes related to discontinued operations	(80)	(65)

Adjustment of assets held for sale to fair value less costs to sell

An adjustment was made in the year to 30 June 2023 to value the assets held for sale at fair value less costs to sell. This recognised the expected proceeds as the fair value, less anticipated costs required to complete the transaction.

	2024 $'000	2023 $'000
Book value of total net assets prior to adjustment	–	6,244
Proceeds from sale (fair value)	–	6,250
Less estimated costs to sell		
Advisory and legal fees	–	(510)
Net fair value less costs to sell	–	5,740
Fair value adjustment booked	–	(504)

Notes to the financial statements continued

Note 7. Discontinued operations continued

The statement of financial position for pharmacy software discontinued operations was:

	2024 $'000	2023 $'000
Assets related to discontinued operations		
Trade and other receivables	–	208
Inventories	–	17
Other assets	–	49
Plant and equipment	–	149
Intangible assets	–	6,526
	–	6,949
Liabilities related to discontinued operations		
Trade and other payables	–	329
Provisions (current)	–	702
Deferred revenue	–	117
Provisions (non-current)	–	61
	–	1,209

The statement of cash flows includes the following amounts relating to the pharmacy software discontinued operations:

	2024 $'000	2023 $'000
Operating activities	(213)	1,443
Investing activities	(4)	(2,421)
Financing activities	(48)	(241)
Net cash used in discontinued activities	(265)	(1,219)

The statement of cash flows has not been restated for the pharmacy software business, which was classified as held for sale in the current financial year only. The above are for illustrative purposes and identify the amounts included in the statement of cash flows relating to discontinued operations.

Notes to the financial statements continued

Note 8. Earnings per share

	Consolidated	
	2024 $'000	2023 $'000
Loss after income tax attributable to the owners of PharmX Technologies Limited	(1,769)	(1,051)
Profit / (loss) after income tax from continuing operations attributable to the owners of PharmX Technologies Limited	95	(883)
Loss after income tax from discontinued operations attributable to the owners of PharmX Technologies Limited	(1,864)	(168)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	598,177,896	597,169,460
Weighted average number of ordinary shares used in calculating diluted earnings per share	613,881,106	597,169,460
Earnings per share for profit attributable to the owners of PharmX Technologies Limited	**Cents**	**Cents**
Basic earnings per share	(0.29)	(0.18)
Diluted earnings per share	(0.29)	(0.18)
Earnings per share for profit from continuing operations attributable to the owners of PharmX Technologies Limited	**Cents**	**Cents**
Basic earnings per share	0.02	(0.15)
Diluted earnings per share	0.02	(0.15)
Earnings per share for profit from discontinued operations attributable to the owners of PharmX Technologies Limited	**Cents**	**Cents**
Basic earnings per share	(0.31)	(0.03)
Diluted earnings per share	(0.31)	(0.03)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of PharmX Technologies Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Potential ordinary shares are only treated as dilutive when they would decrease earnings per share.

Notes to the financial statements continued

Note 9. Operating segments

Identification of reportable operating segments

The Group operates as one segment, Health Services. Following the sale of the pharmacy portion of Health Services the segment is presented to show Health Services continuing operations and Health Services discontinued operations. Refer to note 7 for further details of Health Services discontinued operations.

These operating segments is based on internal reports reviewed and used by the Board of Directors who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. Consideration is given to the nature and distinctiveness of the products or services sold, the manner in which they are provided, and the organisational structure.

The CODM review profit / (loss) before income tax ('segment result'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of services

The principal services of the operating segment, split between continuing and discontinued operations, are as follows:

Health Services continuing operations – which develops and provides access to business software for the pharmacy industry with emphasis on PharmX, an electronic ordering gateway, and PharmXchange, an online marketplace integrated with PharmX.

Health Services discontinued operations – which develops and distributes business software for the pharmacy industry with emphasis on point-of-sale and pharmaceutical dispensing software, multi-site retail management, support services and computer hardware. This segment has been sold in the current year, refer to note 7 for further details.

Intersegment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset annually and is based on an external party at arm's length pricing. All such transactions are eliminated on consolidation.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group, or estimates of the time individuals apply to each segment, which is representative of likely consumption of head office expenditure.

For the purpose of segment reporting and the understanding of segment performance, the net benefit of research and development tax incentives are disclosed in the segment to which they relate.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration receivable or payable. Intersegment loans receivable and payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation. Interest is not charged on intercompany balances.

Segment assets and liabilities

Where an asset is used across multiple segments, the asset is allocated to that segment that receives the majority of the economic benefit from that asset. In most instances, segment assets are clearly identifiable on the basis of their nature, physical location and usage. They do not include intercompany balances.

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the segment. Borrowings and tax liabilities are not allocated to specific segments.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and current tax assets and liabilities
- Cost associated with being listed on the Australian Securities Exchange
- Inter-company balances
- Other financial liabilities

Major customers

PharmX does not disclose customer concentration as the Board considers this information commercially sensitive.

Notes to the financial statements continued

Note 9. Operating segments continued

Operating segment information

Consolidated – 2024	Health Services continuing operations $'000	Health Services discontinued operations $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue				
Rendering of services	6,415	1,190	72	7,677
Sale of goods	–	69	–	69
Interest and other revenue	–	–	294	294
Proceeds from court judgement	–	–	1,313	1,313
Total revenue	6,415	1,259	1,679	9,353
Profit / (loss) before income tax expense and disposal	1,429	(45)	(1,228)	156
Income tax expense	–	(80)	(106)	(186)
Loss on sale of business including transaction costs	–	(1,739)	–	(1,739)
Net profit / (loss) after tax	1,429	(1,864)	(1,334)	(1,769)
Depreciation and amortisation expense	1,177	80	26	1,283
Assets				
Segment assets	16,205	–	–	16,205
Unallocated assets:				
Cash and cash equivalents	–	–	10,881	10,881
Property, plant and equipment	–	–	9	9
Right of use assets	–	–	226	226
Deferred tax asset	–	–	223	223
Other assets	–	–	2,313	2,313
Total assets	16,205	–	13,652	29,857
Total assets include (net of research and development incentive):				
Addition of intangible asset	667	–	–	667
Addition of property, plant and equipment	12	4	–	16
Liabilities				
Segment liabilities	2,667	–	–	2,667
Unallocated liabilities:				
Trade and other payables	–	–	10,851	10,851
Provisions and other liabilities	–	–	367	367
Total liabilities	2,667	–	11,218	13,885

Notes to the financial statements continued

Note 9. Operating segments continued

Operating segment information

Consolidated – 2023	Health Services continuing operations $'000	Health Services discontinued operations $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue				
Rendering of services	6,007	5,646	11	11,664
Sale of goods	–	251	–	251
Interest and other revenue	–	–	109	109
Total revenue	6,007	5,897	120	12,024
Profit / (loss) before fair value adjustment of assets held for sale and income tax expense	399	401	(1,118)	(318)
Fair value adjustment of assets held for sale	–	(504)	–	(504)
Income tax expense	–	(65)	(164)	(229)
Net profit / (loss) after tax	**399**	**(168)**	**(1,282)**	**(1,051)**
Depreciation and amortisation expense	971	1,416	23	2,410
Assets				
Segment assets	14,927	6,949	–	21,876
Unallocated assets:				
Cash and cash equivalents	–	–	12,138	12,138
Property, plant and equipment	–	–	12	12
Right of use assets	–	–	28	28
Deferred tax asset	–	–	525	525
Other assets	–	–	1,941	1,941
Total assets	14,927	6,949	14,644	36,520
Total assets include (net of research and development incentive):				
Addition of intangible asset	656	943	–	1,599
Addition of property, plant and equipment	3	82	–	85
Liabilities				
Segment liabilities	2,766	1,209	–	3,975
Unallocated liabilities:				
Trade and other payables	–	–	732	732
Provisions and other liabilities	–	–	9,602	9,602
Total liabilities	2,766	1,209	10,334	14,309

Notes to the financial statements continued

Note 10. Cash and cash equivalents

	Consolidated	
	2024 $'000	2023 $'000
Cash at bank	580	270
Cash on deposit	12,556	12,536
	13,136	12,806

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions, other short-term highly liquid investments, with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Cash on deposit includes $8,128,000 received in relation to the PharmX court case judgement plus accrued interest on those funds. On 8 August 2024 the Victorian Supreme court announced the outcome of the appeal filed by Fred IT Group Pty Ltd (Fred IT) in relation to the original decision in the PharmX court case. As a consequence of the outcome, PharmX has repaid both the original judgement amount of $8,128,000 and costs and interest of $1,770,000 agreed in the final Orders.

Note 11. Trade and other receivables

	Consolidated	
	2024 $'000	2023 $'000
Trade receivables	997	915
Allowance for expected credit loss	(18)	(10)
	979	905
Deferred consideration on sale of pharmacy software business	1,255	–
Other receivables	37	41
Total trade and other receivables	2,271	946
Allowance for expected credit loss		
The ageing of the impaired trade receivables is as follows:		
Less than 3 months overdue	–	–
3 to 6 months overdue	–	–
Over 6 months overdue	18	10
	18	10
Movements in the allowance for expected credit loss:		
Opening balance	10	60
Transferred to held for sale	–	(60)
Bad debts written off	(36)	–
Additional provisions recognised	44	10
Closing balance	18	10
The ageing of the past due but not impaired trade receivables is as follows:		
Less than 30 days overdue	16	–
31 to 60 days overdue	39	110
Over 60 days overdue	2	25
	57	135

Notes to the financial statements continued

Note 11. Trade and other receivables continued

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties for trade receivables and did not consider a significant credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Accounting policy for trade and other receivables

Trade receivables to be settled within normal trading terms are carried at amounts due.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by directly reducing the carrying amount.

To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the period end. The historical loss rates are then adjusted for both current and forward-looking information on macroeconomic factors affecting the Group's customers.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 12. Property, plant and equipment

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Leasehold improvements – at cost	–	87
Accumulated depreciation	–	(87)
	–	–
Plant and equipment – at cost	75	178
Accumulated depreciation	(58)	(159)
	17	19
Total property, plant and equipment	17	19

Accounting policy for property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows (this involves judgement):

- Leasehold improvements 2-5 years
- Plant and equipment 2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

During the year, some items of leasehold improvements and plant and equipment with nil written down value were written off, decreasing both the cost and accumulated depreciation balances equally.

Notes to the financial statements continued

Note 12. Property, plant and equipment continued

Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 30 June 2022	9	282	291
Additions	–	85	85
Disposals	–	(24)	(24)
Depreciation capitalised	–	(12)	(12)
Depreciation expense	(9)	(163)	(172)
Transferred to held for sale	–	(149)	(149)
Balance at 30 June 2023	–	19	19
Additions	–	12	12
Disposals	–	(2)	(2)
Depreciation capitalised	–	–	–
Depreciation expense	–	(12)	(12)
Transferred to held for sale	–	–	–
Balance at 30 June 2024	–	17	17

The current year reconciliation relates to continuing operations only. Assets at cost of $4,000, which are not included in the above reconciliation, were acquired by the pharmacy software business prior to disposal.

Note 13. Leases

All leases are accounted for by recognising a right of use asset and a lease liability except for the following where certain practical expedients have been adopted:

- Leases of low value assets; and
- Leases with a duration of 12 months or less at initial application date.

Amortisation of right of use assets is calculated on a straight-line basis to write off the net cost over the expected useful lives as follows (this involves judgement): lease right of use assets - over the expected life of the lease.

Right of use assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Leased assets – at cost	325	528
Accumulated amortisation	(99)	(500)
Right of use asset, net	226	28
Movement:		
Opening balance	28	312
Additions	325	17
End of lease adjustment	13	2
Amortisation	(95)	(71)
Amortisation related to discontinued operations	(45)	(232)
Closing balance	226	28

Notes to the financial statements continued

Note 13. Leases continued

Lease liability

	Up to 12 months	Between 1 and 5 years	Total
	$'000	$'000	$'000
Lease liabilities at 30 June 2024	107	133	240

	Consolidated	
	2024	2023
	$'000	$'000
Movement:		
Opening balance	32	326
Additions	325	17
Disposals	–	–
Rent adjustments	–	2
Interest expense	16	12
Lease payments	(133)	(325)
Lease liability balance at 30 June	240	32

Leasing activities and accounting approach

The Group leases an office in Sydney. Rental contracts are typically for a period of 3 years. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group where such leases meet the requirements of AASB 16.

Assets and liabilities are initially measured on a present value basis. The lease payments are discounted using an indicative incremental borrowing rate of 6.0%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of the lease liability. Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

During July 2023, the Group signed an office rental lease for the Sydney office. This is for a reduced space and at a lower cost than the previous office lease which ended in August 2023.

Notes to the financial statements continued

Note 14. Intangibles

	Consolidated 2024 $'000	Consolidated 2023 $'000
Goodwill – at cost	2,115	2,115
Accumulated Impairment	–	–
	2,115	2,115
Software product development – at cost	10,958	9,778
Research and development incentives	(1,294)	(781)
Accumulated amortisation	(2,371)	(1,549)
	7,293	7,448
Customer Contracts / Relationships – at cost	3,833	3,833
Accumulated amortisation	(1,050)	(776)
	2,783	3,057
PharmX Brand – at cost	739	739
Accumulated impairment	–	–
	739	739
Total intangible assets	12,930	13,359

Reconciliation

Reconciliations of the values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Software product development $'000	Brand $'000	Customer contracts/ relationships $'000	Total $'000
Balance at 30 June 2022	2,115	14,540	739	3,331	20,725
Additions	–	2,886	–	–	2,886
Research and development incentives	–	(1,287)	–	–	(1,287)
Impairment	–	(504)	–	–	(504)
Amortisation	–	(1,661)	–	(274)	(1,935)
Transferred to held for sale	–	(6,526)	–	–	(6,526)
Balance at 30 June 2023	2,115	7,448	739	3,057	13,359
Additions	–	1,180	–	–	1,180
Research and development incentives	–	(513)	–	–	(513)
Amortisation	–	(822)	–	(274)	(1,096)
Balance at 30 June 2024	2,115	7,293	739	2,783	12,930

Review of carrying values

Where there are any indicators of impairment, or for any intangible assets not yet in use or with an indefinite useful life (including goodwill), the recoverable value of the intangible asset is determined using a value-in-use calculation. Value-in-use has been calculated based on the present value of cash flow projections, approved by management, over a five-year period with a terminal value of 7.5 times discounted Year 5 Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**). Cash flows were based on both budgets and projections using historic and long-term growth rates based on past experience and in particular expectations of external market

Notes to the financial statements continued

Note 14. Intangibles continued

Review of carrying values continued

performance. The assets reviewed include the existing applications, assets acquired and newly developed programs.

Research and development tax benefits are excluded from the terminal value for the purpose of EBITDA based calculations. Cash flows are discounted at 15% (2023: 15%) per annum which incorporates an appropriate equity risk premium. Recent increases in interest rates were considered in determining the appropriate discount rate and sensitivities were run. Costs are calculated taking into account historical and planned gross margins, estimated inflation rates for the year consistent with inflation rates applicable to the locations in which the cash generating unit operates, and other planned and expected changes to the cost base. The review of the carrying value resulted in no assets related to continuing operations being impaired. However, should these judgements and estimates not occur, or there are changes in key inputs and assumptions, this could impact the carrying value.

At 30 June 2023 a review of the carrying value of assets held for sale was conducted. These were valued at fair value less costs to sell. This recognises the expected proceeds from the sale as the fair value, less anticipated direct costs, excluding restructuring costs and tax, required to complete the transaction. An impairment adjustment of $504,000 was made at 30 June 2023. This adjustment mainly related to assets not yet in use, that will no longer realise their value through future use.

Accounting policy for intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets and assets not yet available for use in the manner intended by management are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software product development

Costs associated with software product development (net of research and development incentives) are capitalised and amortised on a straight-line basis over the period of their expected benefit. Amortisation commences when the asset is available for use in the manner intended by management.

Software product acquisitions

Costs associated with acquiring software intangible assets are capitalised if all recognition criteria are met under AASB 138. Assets are amortised on a straight-line basis over the period of their expected benefit. Amortisation commences when the asset is available for use in the manner intended by management.

Research and development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash generating unit.

Notes to the financial statements continued

Note 15. Trade and other payables

	Consolidated	
	2024	2023
	$'000	$'000
Trade payables	569	670
Sundry creditors and accruals	1,219	785
Costs to settle PharmX court case judgement	9,898	–
Total trade and other payables	11,686	1,455

Costs to settle PharmX court case judgement

As previously announced, the Group has been involved in a court case with Fred IT in relation to the PharmX business. On 3 June 2023, the Group received a total of $8,128,000 following a judgement by the Victorian Supreme Court on 21 April 2023. On 3 June 2023, the Group was also served with appeal papers by Fred IT. On 8 August 2024 the Victorian Supreme court announced the outcome of the appeal in relation to the original decision. As a consequence of the unfavourable decision for PharmX, the Group has repaid the original judgement sum of $8,128,000 and an additional amount of $1,770,000 to cover costs and interest in accordance with final Orders issued by the Victorian Supreme Court.

The balance was held as a financial liability at 30 June 2023, refer to note 17.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually settled within established terms, normally 30 days of recognition. Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost.

Note 16. Provisions

	Consolidated	
	2024	2023
	$'000	$'000
Current Provisions		
Employee benefits	150	127
Lease make good	–	5
Total current provisions	150	132
Non-Current Provisions		
Employee benefits	42	23
Lease make good	5	–
Total non-current provisions	47	23

Movements in provisions

Movements in each class of provision during the current year, other than employee benefits, are set out below:

	Consolidated	
	2024	2023
Lease make good	$'000	$'000
Carrying amount at the start of the year	5	24
Additional provision recognised	5	–
Provision utilised or not required	(5)	(19)
Carrying amount at the end of the year	5	5

Notes to the financial statements continued

Note 16. Provisions continued

Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits relate to the Group's liability for annual leave and long service leave. The entire amount of the provision for annual leave is presented as current since the Group does not have an unconditional right to defer settlement of this obligation in whole or in part. Based on past experience, the Group expects that in aggregate employees will take or receive payment for the full amount of accrued leave within the next 12 months.

Accounting policy for long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The calculation involves judgements and estimates, and consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the relevant lease term.

Note 17. Unearned income

	Consolidated	
	2024	**2023**
	$'000	**$'000**
PharmX court case judgement	—	9,462
Other deferred revenue	7	–
	7	9,462

Movements in unearned income relating to PharmX court case judgement

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Carrying amount at start of the year	9,462	1,313
Unearned income from proceeds received from PharmX court case judgement	–	8,128
Accrued interest on proceeds received from PharmX court case judgement	–	21
Transfer of proceeds to trade and other payables	(8,128)	–
Proceeds from PharmX court case judgement recognised in other income	(1,313)	–
Accrued interest recognised in other income	(21)	–
	–	9,462

Details of the PharmX court case judgement are set out in note 15.

Notes to the financial statements continued

Note 18. Other payables

	Consolidated	
	2024	2023
	$'000	$'000
Deferred consideration for purchase of intangibles – non-current	883	987
	883	987

The Group has acquired the intellectual property rights of a cloud hosted software platform (trading as PharmXchange). The payment for this intangible asset is through a revenue share agreement, whereby the seller receives 10% of all relevant revenue generated by the Group through the platform. The Group has an option, under certain circumstances, to prepay the revenue share in accordance with a predetermined formula. Under the purchase agreement, the maximum amount payable to the seller is $1,150,000. The present value of this consideration has been recognised as liability in sundry creditors and accruals, with the liability expected to be paid over the coming years as the platform generates revenues for the Group.

Note 19. Issued capital

	Consolidated	
	Shares	$'000
Ordinary shares – fully paid		
Balance at 30 June 2023	597,381,789	98,405
Performance rights exercised	1,125,000	54
Capital return	–	(4,489)
Balance at 30 June 2024	598,506,789	93,970

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital return

During the year there was a return of capital made to all shareholders of ordinary, fully paid securities with an effective date of 24 November 2023, record date of 29 November 2023 and a payment date of 4 December 2023. This capital return was approved by shareholders at the AGM in November 2023 and reduced the Company's share capital by $4,489,000 ($0.0075 per share). The Company determined to distribute this cash following the completion of the sale of the pharmacy software business.

Notes to the financial statements continued

Note 20. Dividends and franking credits

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year or subsequent to the end of the financial year.

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Franking credits available for subsequent financial years	1,249	1,249

The deferred franking debit account has a balance of $11,574,000 (2023: $9,914,000). This balance is available for use as the receipt by the Company of the research and development refundable tax offsets does not immediately reduce the franking account balance. However, no future franking credits will arise as a result of income tax payments until the Company recovers these deferred franking debits.

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date, after recovery of all deferred franking debits;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

Note 21. Reserves

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Performance rights reserve	24	59
Movement in performance rights reserve		
Balance at the beginning of the financial year	59	39
Performance rights expense	24	59
Transferred to equity for performance rights vested	(54)	(39)
Reversal of expense associated with performance rights which have lapsed	(5)	–
Balance at the end of the financial year	24	59

The performance rights reserve is used to recognise the fair value of performance rights issued. For further information regarding the performance rights plan refer to note 28.

Notes to the financial statements continued

Note 22. Cash flow

	Consolidated	
	2024	2023
	$'000	$'000
Reconciliation of profit after income tax to net cash from operating activities		
Profit after income tax expense for the year	(1,769)	(1,051)
Adjustments for:		
Depreciation and amortisation	1,203	2,410
Transaction costs related to sale of business	–	213
Fair value adjustment of intangibles	–	504
Net loss on disposal of discontinued operations	1,864	–
Research and development tax benefit on intangibles	513	1,287
Net loss on disposal of non-current assets	2	24
Interest on lease and other liabilities	43	88
Share based payments	19	59
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(1,325)	(69)
Decrease in inventories	–	25
Decrease / (Increase) in income tax refund due	776	(109)
Decrease in deferred tax assets and liabilities	165	173
Decrease in other operating assets	58	21
(Decrease) / Increase in trade and other payables	11,069	(726)
(Decrease) / Increase in other provisions	42	(88)
(Decrease) / Increase in unearned income	(9,455)	8,183
Net cash from operating activities	3,205	10,944
Non-cash investing and financing activities		
Changes in the right of use assets (note 13)	338	19
Performance rights issued/lapsed (note 21)	19	59
	357	78

Note 23. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Different methods are used to measure different types of risk to which the Group is exposed, such as sensitivity analysis for interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating unit. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group has no material exposure to foreign exchange risk.

Notes to the financial statements continued

Note 23. Financial instruments continued

Interest rate risk

The Group's financial instrument exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are:

	2024		2023	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	**%**	**$'000**	**%**	**$'000**
Cash on deposit	3.23%	12,556	4.01%	12,536
Net exposure to cash flow interest rate risk		12,556		12,536

An official increase/(decrease) in interest rates of 0.323% (2023: 0.401%) percentage points would have a favourable/adverse effect on profit before tax of $40,556 (2023: $50,278) per annum. The percentage change is based on the expected volatility of interest rates of a 10% movement, using market data and analysts' forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group mitigate credit risk by undertaking transactions with a large number of customers. The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. Trade and other receivables that are neither past due nor impaired are considered to be high credit quality. There has been no change to credit risk since initial recognition.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets to be able to pay debts as and when they become due and payable. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate financial resources are maintained on an ongoing basis.

The following tables detail the Group's remaining contractual maturity for its financial instruments. The tables have been drawn up based on the cash flows of financial assets and liabilities based on the earliest date on which they are expected to be recovered or required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities. Therefore, these totals may differ from their carrying amount in the statement of financial position.

Notes to the financial statements continued

Note 23. Financial instruments continued

Consolidated	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
2024					
Financial assets					
Cash	580	–	–	–	580
Cash on deposit	12,556	–	–	–	12,556
Trade and other receivables, continuing operations	2,271	–	–	–	2,271
Security deposits	–	–	92	–	92
	15,407	–	92	–	15,499
Financial liabilities					
Trade and other payables	11,686	–	–	–	11,686
Lease liabilities	107	118	15	–	240
Deferred payment for intangible asset	194	123	589	171	1,077
	11,987	241	604	171	13,003
2023					
Financial assets					
Cash	270	–	–	–	270
Cash on deposit	12,536	–	–	–	12,536
Trade and other receivables, continuing operations	946	–	–	–	946
Trade and other receivables, held for sale	208	–	–	–	208
Security deposits	162	–	–	–	162
	14,122	–	–	–	14,122
Financial liabilities					
Trade payables and accruals, continuing operations	1,055	–	–	–	1,055
Trade payables and accruals, held for sale	329	–	–	–	329
Lease liabilities	32	–	–	–	32
Deferred settlement payments	400	–	–	–	400
Unearned income	–	9,462	–	–	9,462
Deferred payment for intangible asset	–	247	560	180	987
	1,816	9,709	560	180	12,265

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Notes to the financial statements continued

Note 24. Contingent liabilities and commitments

The Group had no material contingent liabilities or commitments at 30 June 2024 and at 30 June 2023.

Note 25. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	Consolidated	
	2024	2023
	$'000	$'000
Short-term employee benefits	1,087	1,236
Post-employment benefits	81	84
Performance rights	18	30
	1,186	1,350

Included in the above are director's fees which were paid and are payable to companies associated with the directors. The balance of director's fees payable, included in trade and other payables, at 30 June 2024 is $133,707 (30 June 2023: $50,000).

Note 26. Interests in subsidiaries and related party transactions

Parent entity

PharmX Technologies Limited is the parent entity.

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principle place of business/ country of incorporation	2024 %	2023 %
PharmX eCommerce Pty Ltd	Australia	100%	100%
Corum Systems Pty Ltd	Australia	100%	100%
PharmX Training Pty Ltd	Australia	100%	100%
PharmX Pty Ltd as Trustee for the PharmX Unit Trust	Australia	100%	100%
PharmXchange Pty Ltd	Australia	100%	100%
Corum Health Pty Ltd (formerly Pharmasol Pty Ltd)	Australia	0%	100%
Amfac Pty Ltd	Australia	0%	100%

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the Remuneration Report included in the Directors' Report.

Transactions with related parties

Alchemy Healthcare Pty Ltd

The PharmXchange platform has been fully developed by PharmX following the acquisition of the Intellectual Property Rights of a cloud hosted software platform known as the AlchemX platform from Alchemy Healthcare Pty Ltd (Alchemy). PharmXchange is the trading name of

Notes to the financial statements continued

Note 26. Interests in subsidiaries and related party transactions continued

Alchemy Healthcare Pty Ltd continued

PharmXchange Pty Ltd, a wholly owned subsidiary of PharmX Technologies Limited.

PharmXchange and Alchemy have entered a revenue share agreement whereby Alchemy receives 10% of all relevant revenue generated by the Group from the platform. Under certain

circumstances PharmXchange has an option to prepay the revenue share in accordance with a predetermined formula. The minimum amount payable under a combination of revenue share and prepayment of the revenue share is $200,000 and the maximum amount payable is $1,150,000. The contract has standard termination clauses. As at 30 June 2024, the Group has recognised current liabilities to Alchemy of $194,000 (2023: $66,000) and non-current liabilities of $883,000 (2023: $987,000) (at present value) and assume the maximum amount payable of $1,150,000 will be required to be paid.

Alchemy is a related party of both PharmX and PharmXchange for the purposes of Chapter 2 of the Corporations Act 2001 as they have a common director, Nick England, who did not vote on or participate in the negotiation of the acquisition. During the year ended 30 June 2024, a payment of $5,916 (2023: $0) was made to Alchemy under the terms of the agreement.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Consolidated entity disclosure statement

The entities which are within the PharmX Technologies Limited group as at 30 June 2024, there place of incorporation and they their tax residency are as follows:

	Country of incorporation	Tax residency	Ownership interest 2024 %	Ownership interest 2023%
PharmX eCommerce Pty Ltd	Australia	Australia	100%	100%
Corum Systems Pty Ltd	Australia	Australia	100%	100%
PharmX Training Pty Ltd	Australia	Australia	100%	100%
PharmX Pty Ltd as Trustee for the PharmX Unit Trust	Australia	Australia	100%	100%
PharmXchange Pty Ltd	Australia	Australia	100%	100%

Note 28. Share-based payments

Equity-settled compensation

The Group operates an employee performance rights scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value is ascertained using a pricing model which incorporates all market vesting conditions. The number of performance rights expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Performance rights plan

The PharmX Technologies Omnibus Equity Plan (**the Plan**) allows the Company to grant performance rights to participants. A performance right is a right to acquire a Share in the Company (being a Plan Share), subject to the satisfaction of certain conditions which are set out in each invitation to acquire performance rights.

The Board has discretion to make grants at any time, including on the commencement of employment by a person deemed by the Board to be eligible to participate in the Plan. The terms of any future offers may vary.

There are no voting or dividend rights attached to the performance rights.

Notes to the financial statements continued

Note 28. Share-based payments continued

The movement and balance of performance rights approved and granted to officers and employees of the Group by the Board are as follows:

Consolidated 2024							
Grant date	**Vesting date**	**Exercise price**	**Opening balance 1 July 2023**	**Rights issued**	**Rights vested**	**Rights lapsed**	**Closing balance 30 June 2024**
9 Dec 2021	September 2022 to July 2024	$0	1,875,000	–	(625,000)	(1,250,000)	–
18 Oct 2022	November 2023 to September 2024	$0	2,000,000	–	(500,000)	–	1,500,000
26 Jun 2023	September 2024 to April 2026	$0	8,000,000	–	–	–	8,000,000
1 Mar 2024	November 2026	$0	–	10,000,000	–	–	10,000,000
			11,875,000	10,000,000	(1,125,000)	(1,250,000)	19,500,000

The performance rights are subject to a service condition of continuous employment for three consecutive years. Performance hurdles and exercise conditions are based on achievement of certain earnings per share targets. There is no exercise price associated with these performance rights. The expiry date is the fifth anniversary of the grant date.

The performance rights that vested during the year were converted to shares during the year. As at 30 June 2024, no performance rights can be exercised. The performance rights have a useful life based on vesting dates, once service and exercise conditions are achieved.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2024	**2023**
	$'000	**$'000**
Statement of profit or loss and other comprehensive income		
Profit / (loss) after income tax	(3,617)	(1,658)
Total comprehensive income / (loss) for the year	(3,617)	(1,658)
Statement of financial position		
Total current assets	13,440	14,116
Total assets	14,669	21,543
Total current liabilities	(44,818)	(43,736)
Total liabilities	(44,822)	(43,609)
Equity		
Issued capital	93,970	98,405
Reserves	24	59
Accumulated losses	(124,147)	(120,530)
Total equity	(30,153)	(22,066)

Notes to the financial statements continued

Note 29. Parent entity information continued

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1 and throughout all notes to the financial statements.

Note 30. Events after the reporting period

On 8 August 2024 the Victorian Supreme court announced the outcome of the appeal filed by Fred IT in relation to the original decision in the PharmX court case. As a consequence of the outcome, PharmX has repaid to Fred IT the original judgement sum of $8,128,000 and an additional $1,770,000 relating to costs and interest in accordance with the final Orders issued by the Victorian Supreme Court. Refer to note 15 for further details.

No other matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 and throughout all notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

- the disclosures included in note 27 relating to the consolidated entity and its subsidiaries are true and correct at 30 June 2024 in accordance with the Corporations Act 2001; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Nick England	Jon Newbery
Chairman	Director

27 August 2024
Sydney

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INDEPENDENT AUDITOR'S REPORT

To the members of PharmX Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PharmX Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of intangible assets

Key audit matter	How the matter was addressed in our audit
The group is required under Australian Accounting Standard AASB 136 Impairment of Assets to complete an impairment assessment of intangible assets such as goodwill, brand names and intangibles under development each year and the remaining intangibles when there are impairment indicators. The group has tested the assets by comparing the carrying value to its recoverable amount. The group determined the recoverable amount through a value in use calculation with reference to discounted cash flow forecasts. The forecasts involve judgements and estimates, specifically in relation to revenue growth and discounted rates.	Our audit procedures included, among others: • Challenging the cash generating unit and associate assets to be included; • Evaluating the key inputs and assumptions used in the value in use model, in particular those relating to forecast revenue, expenses and discount rates applied; • Assessing the sensitivity of the key assumptions for reasonable possible changes in the value in use model prepared by the Group; and • Assessing the adequacy of disclosures within the financial statements in relation to AASB 136 Impairment of assets requirements.

Disposal of subsidiaries

Key audit matter	How the matter was addressed in our audit
During the year the group disposed of two subsidiaries at 100% which resulted in a loss on disposal (refer to note 7 of the financial statements) recorded in the Statement of Profit or Loss and Other Comprehensive Income. As a result, due to the material nature of the loss on disposal and the classification of the disposal as a discontinued operation which is required per Accounting Standard ASSB 5 Non-current Assets Held for Sale and Discontinued Operations, this was a key focus of our audit.	To determine whether the transaction was appropriately accounted for and disclosed we undertook, amongst others, the following procedures: • Reviewed the sales agreement to confirm the date of the transaction and the sales consideration received; • Audited managements calculation of the loss on disposal and assessed all inputs and assumptions used for reasonableness;

Key audit matter	How the matter was addressed in our audit
	• In conjunction with our internal tax experts, we assessed the tax impact of the loss on disposal; • Examined the adequacy and accuracy of the disclosure of the transaction within the financial report including the reported loss on disposal and the classification as a discontinued operations.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of PharmX Technologies Limited , for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

L Russell

Leah Russell

Director

Sydney 27 August 2024

Shareholder information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report.

The information is current as at 23 August 2024.

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

Range of shareholding	Number of holders of ordinary shares	Number of ordinary shares held
1 – 1,000	656	223,024
1,001 – 5,000	325	851,616
5,001 – 10,000	260	1,917,010
10,001 – 100,000	370	12,777,111
100,001 and over	184	582,738,028
	1,795	598,506,789
Holding less than a marketable parcel	1,304	3,695,736

Top twenty equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares Number held	% of total shares issued
LUJETA PTY LTD <MARGARET A/C>	89,480,946	14.95%
ARROTEX INVESTMENTS HOLDING 1 PTY LTD	60,000,000	10.02%
BNP PARIBAS NOMINEES PTY LTD	39,170,392	6.54%
MERSAULT PTY LTD	26,766,667	4.47%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,780,958	3.64%
MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY	18,666,667	3.12%
LYELL PTY LTD	17,388,974	2.91%
MR JOHN LAGANA	15,621,734	2.61%
GINGA PTY LTD	14,414,488	2.41%
MRS PENELOPE KING	13,333,334	2.23%
BNP PARIBAS NOMINEES PTY LTD	12,001,295	2.01%
MR GRANT POVEY	12,000,000	2.01%
BENKI PTY LTD	11,103,739	1.86%
LYELL PTY LTD	10,666,666	1.78%
CANCELER PTY LTD	10,200,000	1.70%
DMX CAPITAL PARTNERS LIMITED	9,391,145	1.57%
MR TYSON WELLMAN	8,000,000	1.34%
MR PETER JAMES THOMAS & MS HELEN THOMAS	8,000,000	1.34%
MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY	8,000,000	1.34%
GABODI PTY LIMITED	7,197,334	1.20%
	413,184,339	69.04%

Shareholder information continued

Substantial holders

As disclosed in the last substantial shareholder notices given to the Company:

	Ordinary Shares	
	Number held	% of total shares issued
Lujeta Pty Ltd	89,480,946	14.95%
Arrotex Investments Holding 1 Pty Ltd	60,000,000	10.02%
BNP Paribas Nominees Pty Ltd	39,170,392	6.54%

Voting Rights

All ordinary shareholders carry one vote per share without restriction. There are no voting rights attached to performance rights.

Corporate directory

Directors

Nick England (Non-executive Chairman)
Jon Newbery (Executive Director)
Jayne Shaw (Non-executive Director)
Dennis Bastas (Non-executive Director)

Company Secretary

Sally McDow

Registered Office

Level 11
17 Castlereagh Street
Sydney NSW 2000
Telephone 1300 724 579
Email info@pharmx.com.au

Website

www.pharmx.com.au

Auditor

BDO Audit Pty Ltd
Level 11, 1 Margaret Street
Sydney NSW 2000

Stock Exchange Listing

PharmX Technologies Limited shares are listed on the Australian Securities Exchange (ASX: PHX)

Share Registry

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone 1300 288 664
or +61 2 9698 5414

CONTACT

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