

Update on Fred Appeals in Legal Proceedings relating to Corum Systems/PharmX

PharmX Technologies Maintains Strong Position Despite Court Setback

PharmX Technologies Ltd (ASX: PHX) (**PharmX Technologies**) today announced the outcome of the Victorian Supreme Court appeal proceedings commenced by Fred IT Group Pty Ltd (**Fred IT**).

There were two appeals. The overall result has been a loss for PharmX Technologies.

In the first appeal (the **Corum Systems appeal**), the Court of Appeal has overturned the previous judgment which was in favour of Corum Systems Pty Ltd. In the second appeal (the **PharmX appeal**), the Court of Appeal has confirmed the previous judgment in favour of PharmX Pty Ltd.

As a consequence of these outcomes, PharmX Technologies will be required to repay to Fred IT substantially all of the approximately \$8.1 million paid to PharmX Technologies by Fred IT on 3 June 2023, and to pay to Fred IT as yet unquantified additional amounts for interest on that sum, and Fred IT's costs of the trial and the Corum Systems appeal, less an as yet unquantified but modest amount for PharmX's costs of the PharmX appeal.

Final Orders have not yet been made. The Court of Appeal has ordered that the parties' positions on appropriate Orders (agreed or otherwise) be communicated to the Court by 4.00pm on 16 August 2024. Further details will be provided in due course.

While the outcome is obviously disappointing, the Board and Management have prioritised the development of a sustainable and resilient business model alongside a culture of prudent financial management over the past 2 years, whereby they ring-fenced the previous payment made by Fred IT (and accruing interest), acknowledging the potential risks associated with the appeals. As such, the Board presently anticipates that this outcome will have no material impact on its underlying business, nor will it slow the execution and delivery of its commercial growth strategy.

PharmX Technologies is carrying a provision of \$9.8 million against the possibility of such an outcome in the appeals. In addition, the business had cash holdings of \$13.1 million at 30 June 2024.

Tom Culver, CEO of PharmX Technologies, commented, “While the outcome of the legal proceedings is far from what we had hoped for, it's important to emphasise the strength of our underlying business. We have prioritised building resilience with a sustainable model, which has been coupled with prudent financial management during the uncertain period of the appeals process. We're confident that this setback won't hinder the execution of our commercial growth strategy, and we remain focused on delivering long-term value for our stakeholders.”

Nick England, Non-Executive Chairman, added, “This legal outcome does not diminish our confidence in the strength and resilience of PharmX Technologies. Our recent financial performance and the refocusing of the business speaks volumes about the company's underlying strength. The Board remains committed to supporting the Management team in executing the strategic growth plan. We will adjust where necessary, but our commitment to building a successful future remains unwavering. Our focus remains on delivering innovative solutions and achieving our long-term goals.”

Background

Legal proceedings were commenced June 2020, involving Corum Systems' claims against Fred IT, and Fred IT's counterclaims against PharmX, centred on the payment of distributions between the financial years 2014 and 2020. In April 2023, the Court upheld Corum Systems' claims, subsequently awarding Corum Systems a total sum of \$8,128,486.63 in respect of damages, interest and costs. Fred IT later filed its appeals, which have now been finally determined as set out above.

This notice has been authorised for release to the ASX by the Board of the Company.

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This announcement is authorised for release by the Board of PharmX Technologies Limited.

For further information contact:

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About PharmX Technologies

PharmX Technologies Limited (ASX: PHX) is an Australian-owned, publicly listed company dedicated to advancing healthcare through transformative technology. Positioned at the heart of the pharmacy network, PharmX drives growth by connecting the industry, streamlining inventory management, and enabling smarter business decisions through data-driven solutions.

With a strong legacy of nearly two decades, PharmX optimises connectivity between pharmacies, suppliers, and key stakeholders in the government, technology, and healthcare sectors. Renowned for its supply-chain Gateway launched in 2006, PharmX has evolved to enable a breadth of communications across the entire pharmacy eco system, being used by 99% of Australian pharmacies with a growing network in New Zealand.

In addition to the Gateway, the PharmXchange Marketplace offers an advanced e-commerce platform that allows pharmacists to easily access a wide range of products and promotions, while providing suppliers with an innovative marketing and distribution channel. Supporting these offerings is a robust analytics solution that provides comprehensive insights into market dynamics, enhancing trade, reducing costs, and improving accuracy, ultimately fostering business expansion and elevating the Australian healthcare industry.