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Corum Group Limited

FY23 Results

23 August 2023

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FY23 Operational Highlights

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Pharmacy Software business sale

- Binding agreement to sell the Pharmacy Software business
- Consideration of \$6.25m
 - \$4.75m upfront at completion
 - \$1.50m deferred 12 months
- Potential for earn out payments – 12 month and 24 month anniversary of completion
- Completes the streamlining of the business to a focused, profitable and growing technology solution provider

PharmXchange

- Launch of **PharmXchange** a B2B Pharmacy Marketplace
- Online sales and marketing platform for suppliers
- 1,800 pharmacies, 175 brands, 7,500 products – rapid market penetration – focus on conversion

PharmX legal case judgement

- Settlement of legal case, subject to appeal, \$8.1m
 - Judgement sum of \$5.13m
 - Interest of \$1.47m
 - Costs of \$1.53m
 - Board considering Capital Management options

FY23 Financial Highlights

New initiatives and investment driving revenue growth

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 Financials			
Continuing Operations Metrics	FY23	FY22	vs PCP
Revenue	\$6.1m	\$5.4m	+ 14%
Underlying EBITDA	\$1.6m ⁽¹⁾	\$1.8m ⁽¹⁾	(12)%
Underlying NPAT	\$0.4m ⁽¹⁾	\$0.7m ⁽¹⁾	(48)%
Underlying operating cashflow, net of R&D tax incentive	\$1.0m ⁽²⁾	\$1.3m ⁽²⁾	(26)%
Cash on hand	\$12.8m	\$5.8m	+122%

(1) Excluding one-off PharmX legal costs: \$1.2m FY23, \$0.8m FY22

(2) Cashflows from continuing operations only, excluding one-off PharmX legal costs: \$1.2m FY23, \$0.8m FY22; and PharmX case judgement proceeds \$8.1m FY23, \$nil FY22.

Profit and Loss

Revenue growth of 14%, while delivering a strong EBITDA margin of 26%

	FY23	FY22	Var \$	Var %
Revenue	6,127	5,385	742	14%
Underlying costs	(4,561)	(3,603)	(958)	27%
Underlying EBITDA	1,566	1,782	(216)	(12)%
D&A, Tax	(1,212)	(1,102)	(110)	10%
Underlying NPAT	354	680	(326)	(48)%
PharmX legal costs	(1,237)	(811)	(426)	53%
Real Estate eCommerce contribution	-	234	(234)	(100)%
Pharmacy Software contribution	(168)	149	(317)	(213)%
Statutory NPAT	(1,051)	252	(1,303)	(517)%

- Underlying results exclude the Health Software business.
- Revenue growth mainly from underlying PharmX business, and some contribution from PharmXchange which launched during FY23.
- Increases in costs year on year are mainly sales and marketing costs related to the launch of PharmXchange. There was also investment into the PharmX technical delivery and internal development team.
- Some increased technology costs in the current year with PharmX transitioning to the cloud – there were some one-off transition costs to ensure ongoing reliability of the gateway.

Cashflow

Positive operating cashflow continues

\$'000	FY23	FY22	Var \$	Var %
Receipts from customers - continuing operations	6,585	5,359	1,226	23%
Statutory Operating Cashflow	10,944	3,281	7,663	234%
Add-Back Non-recurring PharmX legal costs and court proceeds	(6,891)	811	(7,702)	(950)%
Add-Back cashflows related to discontinued operations	(1,508)	(1,192)	(316)	27%
Underlying Operating Cashflow incl net R&D Benefit	2,545	2,900	(355)	(12)%
Less net R&D incentive received	(1,550)	(1,555)	5	0%
Underlying Operating Cashflow excl net R&D Benefit	995	1,345	(350)	(26)%
Investment into intangible assets	(3,274)	(3,879)	605	(16)%
Closing cash balance	12,806	5,759	7,047	122%

- Decline in underlying cashflow due to investment into the launch of PharmXchange.
- Total investment spend into development was \$3.3m (compared to \$3.9m the prior year). There has been an emphasis on new business initiatives in PharmX and PharmXchange during the current year, but roughly half was related to BAU development on the Health Software business.
- Closing cash balance of \$12.8m at 30 June 2023 (\$5.9m excluding PharmX legal costs and proceeds from FY23).

PharmX Technologies Limited

PharmX

- Dominant EDI gateway for Australian pharmacy market
- Fast growing NZ business in partnership with Chemist Warehouse
- High margin, scalable business with high operating leverage
- Trusted and independent industry standard providing secure processing since 2006
- Custom built integrations over many years with top 70 suppliers

5,500+
pharmacies

71
suppliers

\$18bn
transaction
value p.a.

PharmXchange

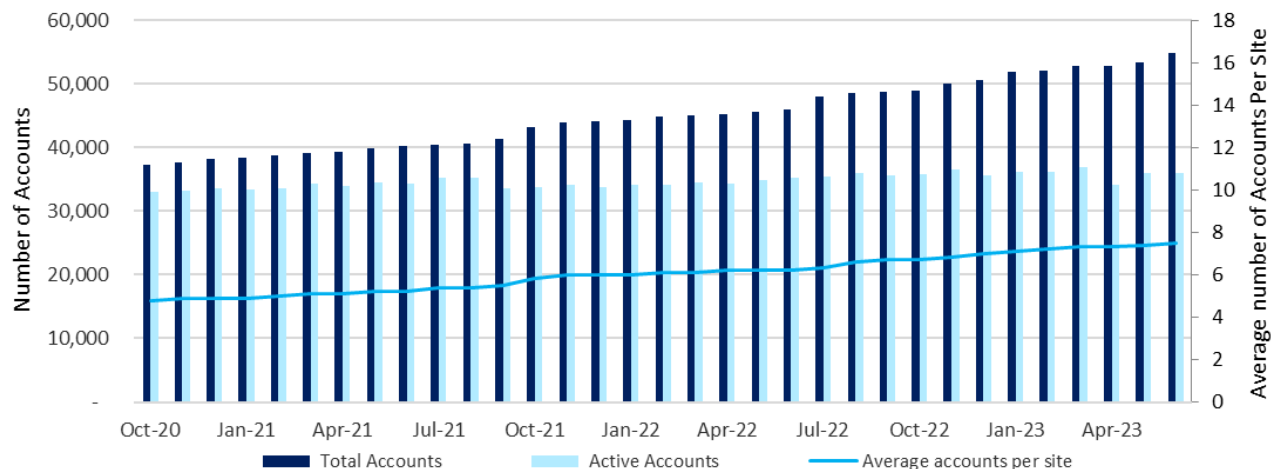
- Innovative B2B Pharmacy Marketplace integrated with PharmX gateway
- Sales commission model
- Integrated payments facility for non-account customers (PharmXpay)
- Centralised "EduCentre" for supplier training and educational materials
- Easy market access for small suppliers

1,800+
pharmacies

175
brands

7,500+
products

Driving Connectivity



7.5
average
connections
per
pharmacy

21
highest
number of
connections
in a
pharmacy

+19%
yoy
increase in
total
connections

71
total
number of
suppliers

+16%
yoy
increase in
transaction
value

Long term growth runway

Drivers of Connectivity

- 60 day dispensing - creating a need for efficiency gains
- Supplier cost savings - escalating cost to serve
- POS vendor relationships and rebates (PharmX independence)

Growth Initiatives

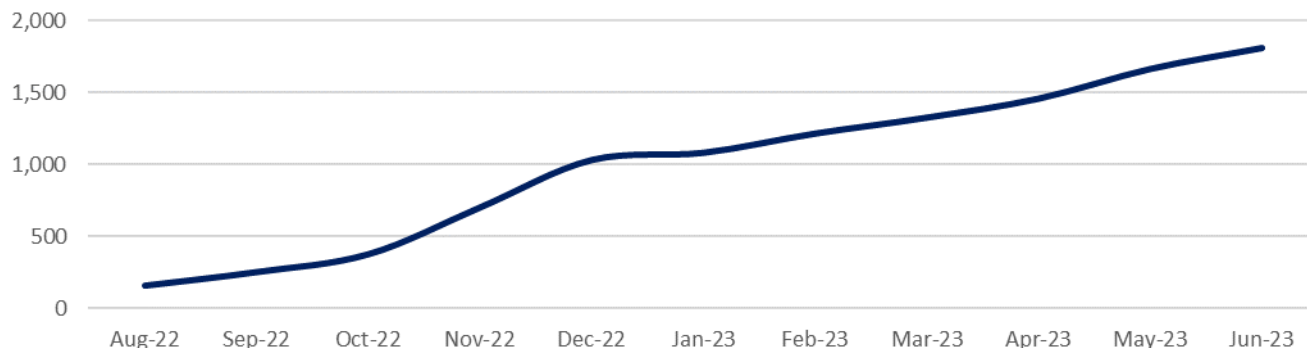
- Direct to pharmacy marketing
- EDMs / Webinars / retail group training
- Continued supplier integrations and additional functionality especially in New Zealand
- Retail group agreements

PharmXchange

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The stage is set.....

Compelling proposition to both suppliers and pharmacies...



Pharmacy Recruitment
(Number of Pharmacies)

1,800+
pharmacies

60
suppliers

175
brands

7,500+
products

PharmXchange

For personal use only: making it happen

- POS integrations with > 40% of the market
 - Corum Health
 - Z Software
- Independence providing opportunity to partner with all of POS market
- Changing ordering behaviour
- Webinars, retail pharmacy group contracts, direct to pharmacy marketing
- Unique marketing campaigns - European Getaway promotion
- Continued supplier additions - many majors now on board - Haleon, Reckitt, Arrotex, Blackmores and negotiating with a healthy pipeline of suppliers
- Further functionality to drive customer loyalty

Closing Summary

A positive result for FY23, growth to continue

- Repositioned business is a unique, data rich pharmacy industry technology player with operating leverage
- Independent, software agnostic service provider to the pharmacy market
- Focused management team to drive growth
- Long growth runway for PharmX with increased connectivity between suppliers and pharmacies
- Successful commercialisation of PharmXchange will drive a step change in growth
- Healthy cash position with capital management options
- Applicability of both businesses to other geographies and verticals

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Questions

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Appendix

Corporate Overview

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Corum Group Limited (ASX:COO) at 17 Aug 23

Share Price	4.9cps
Market Capitalisation	\$29.3m
Enterprise Value (Cash 30/06/23)	\$16.5m

Capital Structure

Shares on Issue (m)	597.4
Options / Perf Rights (m)	11.9
Diluted Issued Capital (m)	609.3

Share Price Performance



Profit & Loss

Profit & Loss (\$'000)	FY23	FY22	Δ PCP
Revenue	\$6,127	\$5,385	13.8%
Expenses			
Materials and consumables	(\$1,210)	(\$821)	47.4%
Employee Benefits	(\$2,491)	(\$2,063)	20.7%
Marketing	(\$172)	(\$101)	70.3%
Technology, communication and cloud costs	(\$421)	(\$361)	16.6%
Legal	(\$1,262)	(\$869)	45.2%
Consulting	(\$44)	(\$184)	-76.1%
Other	(\$224)	(\$90)	148.9%
Share based payments	(\$59)	(\$21)	181.0%
R&D tax benefit	\$85	\$96	-11.5%
Total Expenses	(\$5,798)	(\$4,414)	31.4%
Statutory EBITDA	\$329	\$971	-66.1%
EBITDA (Underlying)	\$1,566	\$1,782	-12.1%
Depreciation and amortisation	(\$994)	(\$844)	17.8%
EBIT (Underlying)	\$572	\$938	-39.0%
Finance costs	(\$54)	(\$5)	980.0%
Income tax (expense) / benefit	(\$164)	(\$253)	-35.2%
NPAT (Underlying)	\$354	\$680	-47.9%
One-off Items			
PharmX Legal Costs	(\$1,237)	(\$811)	52.5%
Contribution from discontinued operations			
eCommerce contribution	-	\$234	-100.0%
Pharmacy Software contribution	(\$168)	\$149	-212.8%
Statutory NPAT	(\$1,051)	\$252	-517.1%

Cashflow

Cash flow (\$'000)

Cash flows from operating activities

Receipts from customers	
Payments to suppliers and employees	
Interest and other revenue received	
Proceeds from PharmX court case judgement	
Research and development incentive received net of income tax paid	
Cashflows from discontinued operations	

Net cash from operating activities

Cash flows from investing activities

Payments for property, plant and equipment	
Payments for intangible assets	
Transaction costs related to sale of business	
Cashflows from discontinued operations	

Net cash used in investing activities

Cash flows from financing activities

Principal paid to lease liabilities	
Interest paid on lease liabilities	
Cashflows from discontinued operations	

Net cash from financing activities

Net increase/ (decrease) in cash and cash equivalents	
Cash and cash equivalents at beginning of the period	

Cash and cash equivalents at the end of the period

FY23

FY22

\$13,072	\$12,582
(\$11,915)	(\$10,839)
\$109	\$29
\$8,128	-
\$1,550	\$1,555
-	(\$46)
\$10,944	\$3,281

(\$85)	(\$96)
(\$3,274)	(\$3,879)
(\$213)	-
-	\$336
(\$3,572)	(\$3,639)

(\$313)	(\$318)
(\$12)	(\$27)
-	(\$16)
(\$325)	(\$361)

\$7,047	(\$719)
\$5,759	\$6,478

\$12,806	\$5,759
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Balance Sheet

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Balance Sheet (\$'000)	30 June 2023 - FY23	30 June 22 - FY22
Current assets		
Cash and cash equivalents	\$12,806	\$5,759
Trade and other receivables	\$946	\$1,085
Inventories	-	\$42
Income tax receivable	\$1,659	\$1,549
Other assets	\$229	\$151
Assets of disposal group classified as held for sale	\$6,949	-
Total	\$22,589	\$8,586
Non-current assets		
Property, plant and equipment	\$19	\$291
Right of use assets	\$28	\$312
Intangibles	\$13,359	\$20,725
Deferred tax assets	\$525	\$707
Security deposits	-	\$148
Total	\$13,931	\$22,183
Total assets	\$36,520	\$30,769
Current Liabilities		
Trade and other payables	\$1,455	\$2,515
Provisions	\$132	\$900
Lease Liability	\$32	\$303
Deferred revenue	\$9,462	\$1,396
Liabilities related to discontinued operations	\$1,209	-
Total	\$12,290	\$5,114
Non-current liabilities		
Other payables	\$987	\$1,305
Provisions	\$23	\$106
Lease Liability	-	\$23
Deferred Tax liability	\$1,009	\$1,018
Total	\$2,019	\$2,452
Total Liabilities	\$14,309	\$7,566
Net assets	\$22,211	\$23,203
Equity		
Issued capital	\$98,405	\$98,366
Reserves	\$59	\$39
Accumulated losses	(\$76,253)	(\$75,202)
Total equity	\$22,211	\$23,203

Share Registry

Top holders at 17 August 2023

Rank	Name	Units	% Units
1	LUJETA PTY LTD <MARGARET A/C>	89,480,946	14.98%
2	ARROTEX INVESTMENTS HOLDING 1 PTY LTD	60,000,000	10.04%
3	NATIONAL NOMINEES LIMITED	40,242,512	6.74%
4	MERSAULT PTY LTD <ENGLAND S/F A/C>	26,766,667	4.48%
5	MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY <MANUEL SUPER FUND A/C>	18,666,667	3.12%
6	LYELL PTY LTD <GENESIS SUPER FUND A/C>	17,388,974	2.91%
7	BENKI PTY LTD	17,105,748	2.86%
8	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	15,761,905	2.64%
9	MR JOHN LAGANA	15,621,734	2.62%
10	GINGA PTY LTD <THOMAS G KLINGER FAMILY A/C>	14,414,488	2.41%
11	MRS PENELOPE KING	13,333,334	2.23%
12	SEVENIRON PTY LTD <SEDGWICK SUPER A/C>	12,000,000	2.01%
12	MR GRANT POVEY	12,000,000	2.01%
14	LYELL PTY LTD <HAYMAN A/C>	10,666,666	1.79%
15	CANCELER PTY LTD <CLARENCE SUPER FUND A/C>	10,200,000	1.71%
16	DMX CAPITAL PARTNERS LIMITED	9,391,145	1.57%
17	MR TYSON WELLMAN	8,000,000	1.34%
17	MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY <MANUEL FAMILY A/C>	8,000,000	1.34%
19	GABODI PTY LIMITED <GABODI PTY LTD S/F A/C>	7,197,334	1.20%
20	MR PETER JAMES THOMAS & MS HELEN THOMAS <PETER THOMAS SUPER FUND A/C>	7,150,000	1.20%
Total Top 20 holders of FULLY PAID ORDINARY		413,388,120	69.2%
Total issued capital of FULLY PAID ORDINARY		597,381,789	100.00%

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Corum Group Limited

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