Corum Group Limited
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Market Release

10 February 2022

Corum investing for growth

Corum Group Limited (ASX: COO) (Corum) is pleased to announce its interim results for FY22.

- **Group revenue $6.1m up 4% on pcp**
- **Underlying EBITDA $1.7m down 22% on pcp**
- **Cash on hand $6.4m**

Key Operational Highlights

- Investment in people. Addition of key management personnel and upskilling the workforce to accelerate revenue growth and new PharmX functionality
- Agreed disposal of the eCommerce real estate business to fully focus on health tech. Expected completion in March 2022.
- Revenue growth of 4% primarily attributable to PharmX (+9% allowing for one off's)
- Group software wins for Go Vita group and WholeLife group
- Operating cash flow of $770,000 up 38% on pcp

Commenting on the results, Nick England, Executive Chairman said: "The investment in people to grow the business is largely complete and whilst the revenue growth in the half was modest, I expect that growth to accelerate as we bring exciting new products to market in the second half. We are also continuing to explore options for inorganic expansion in related areas."

- ENDS -

This announcement has been authorised for lodgment by the Board of Directors of Corum Group Limited.

For further information contact:
Nick England, Executive Chairman

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

About Corum Group

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

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

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

Corum Group Limited

H1 FY22 Results

10 February 2022

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H1 FY22 Key Highlights

Financials

- **Health Services revenue $6,101k**, an **increase** of **4%** on pcp
- **Operating cashflow $2,324k** in the period compared to $2,259k in pcp, up **3%**
- Underlying **EBITDA $1.7m**(1) compared to $2.2m(2) in pcp, down 22%
- Underlying **NPAT of $0.4m**(1) compared to $1.5m(3) in pcp, down 74%
- Cash on hand at **31 December 2021** of **$6.4m**

(1) Excluding PharmX legal costs $(0.3)m
(2) Excluding PharmX + BAMM legal costs / restructuring / redundancy $(0.8)m
(3) Excluding PharmX + BAMM legal costs / restructuring / redundancy $(0.8)m, BAMM Settlement $(1.5)m, fair value adjustments +$1.7m

H1 FY22 Key Highlights

PharmX expansion and growth

- YTD **supplier-to-pharmacy connections growth of 10%**
- **Retail group agreements signed** with key retail pharmacy groups to **drive utilisation**. Agreements signed in H1 FY22 represent approximately **800 pharmacies** including TerryWhite Chemmart, Blooms the Chemist and Direct Chemist Outlet will drive future revenue.
- Continue to add **new suppliers**, now with 60 large suppliers using the platform.
- **PharmX** has developed a new platform offering that will enhance its offer to both pharmacies and suppliers. This is scheduled for launch in H2 FY22.

Regaining market share

- Group wins in the period include **Go Vita,** a chain of over 100 health and vitamins stores and **WholeLife,** part of the Sigma stable of banner groups
- **CyberGuard launched in H1 FY22**. This "whole of market" cyber protection product is designed to prevent increasingly prevalent ransomware attacks and ensure pharmacy patient data is protected.

Real Estate eCommerce divestment

- A **binding agreement** has been signed to dispose of our non-core e-commerce business unit with completion expected during H2 FY22. Consideration to be received on the completion of the sale is **$0.5m cash**(1)

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(1) Deposit of $25k has been received as at 31 December 2021

Delivering our strategy for PharmX

Increase the number of suppliers

- Making it easier for suppliers to connect

Improving pharmacy utilisation rates

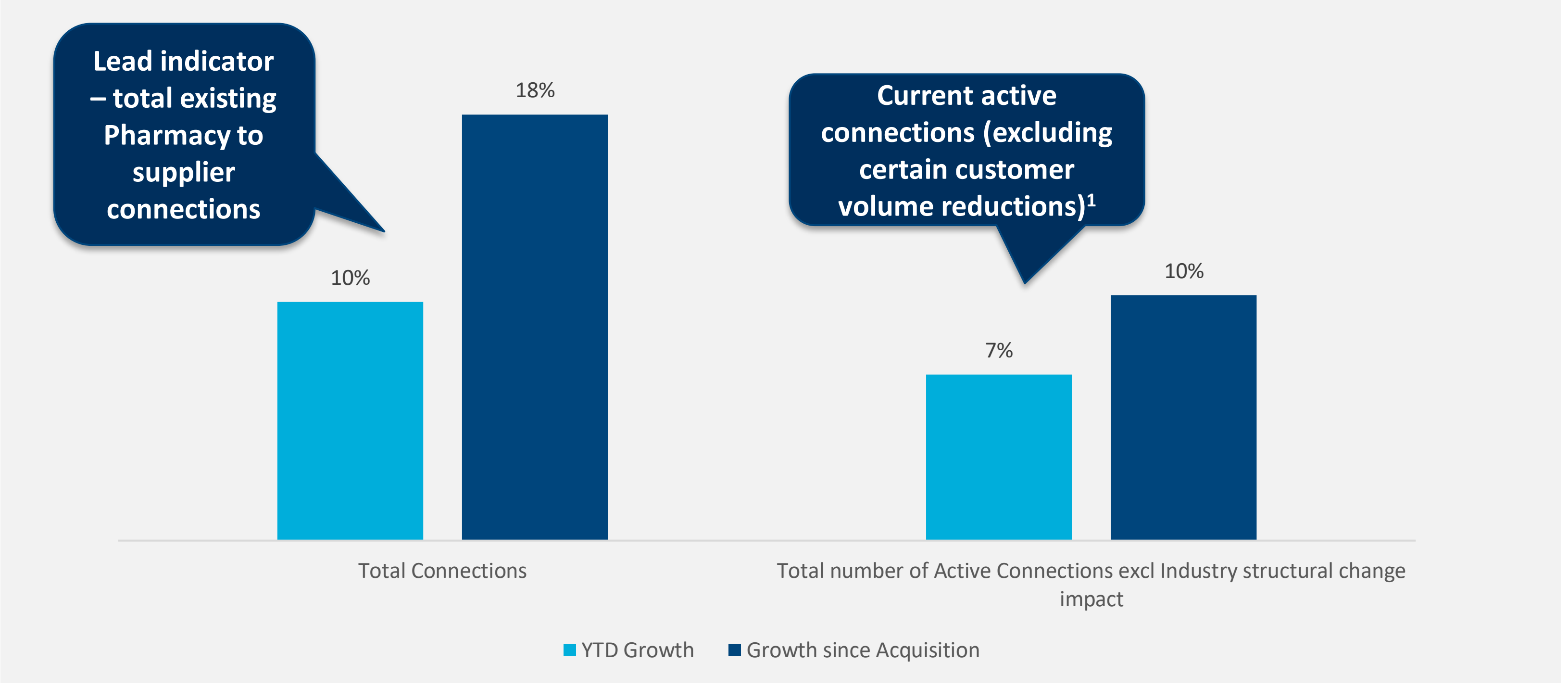
- Incentivising pharmacies to increase usage
- Agreements struck with large groups

Developing new functionality

- Current PharmX business model doesn't resonate with small suppliers and therefore doesn't resolve all the manual processing issues at pharmacy level
- Current business model doesn't meet all the needs of the large suppliers such as product and promotion information, payments and supply chain inventory
- Resolving these issues will allow PharmX to access significant revenues

PharmX Growth

New Retail Group Agreements are beginning to deliver an uplift in utilisation rates, and an increase in the number of supplier-to-pharmacy connections.



[1] *Including industry structural change, total active connections have grown +2% since acquisition, and declined (1)% YTD*

Regaining our Market Share

Strategy remains unchanged

- Entry through Head Office expertise. 90% of pharmacies are now affiliated with a group, banner, brand or buying groups
- Regaining market share by targeting these groups through our relationships and market leading Head Office product
- Build on Dispense, Point of Sale and other product opportunities through these partnerships
- Notable Group wins in the period were **Go Vita,** a chain of 100 health and vitamins stores and **WholeLife,** part of the Sigma stable of banner groups, partially offset by loss of a 50 store group
- Pressures at pharmacy store level brought about by Covid has hampered progress
- Launching new products. **CyberGuard**, a cyber protection product, launched in the half

H1 FY22 Summary

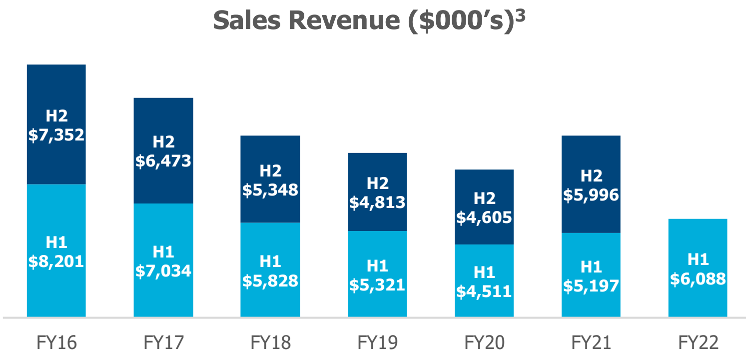
Revenue growth & generating cash	PharmX Growth	Healthtech Focus
Revenue growth of 4%, below our aim of 15% growth. Healthy EBITDA margin of 28% combined with positive operating cash flows.	Strategy in place to super charge returns from this valuable industry asset.	Now having disposed of eCommerce, we are a fully focused healthtech business looking to supplement our organic growth with value creating M&A

Financials

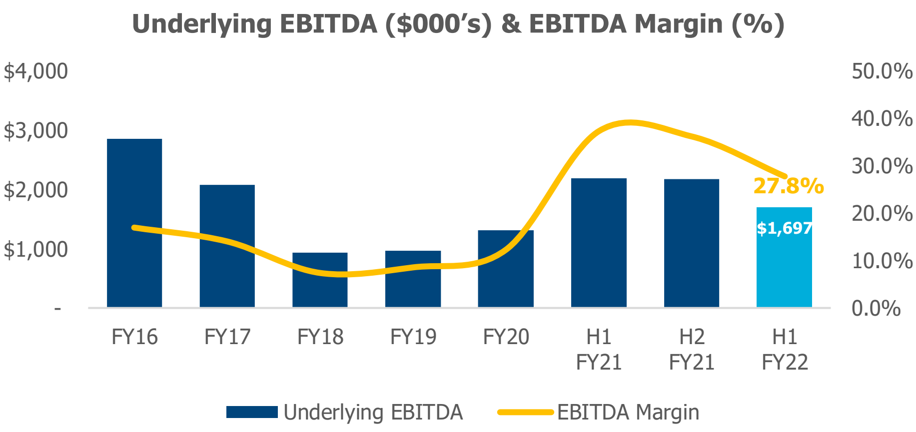
H1 FY22 Financial Snapshot

Revenue growth continues, EBITDA remains positive

Results[1]	H1 FY22	H1 FY21	*Δ PCP*
Revenue	**$6,101**	**$5,862**	***4%***
Underlying Expenses	**($4,404)**	**($3,673)**	***20%***
EBITDA (reported)	**$1,385**	**$1,417**	***-2%***
EBITDA (underlying)[2]	**$1,697**	**$2,189**	***-22%***
EBITDA Margin (Underlying)	**28%**	**37%**	**-9%**



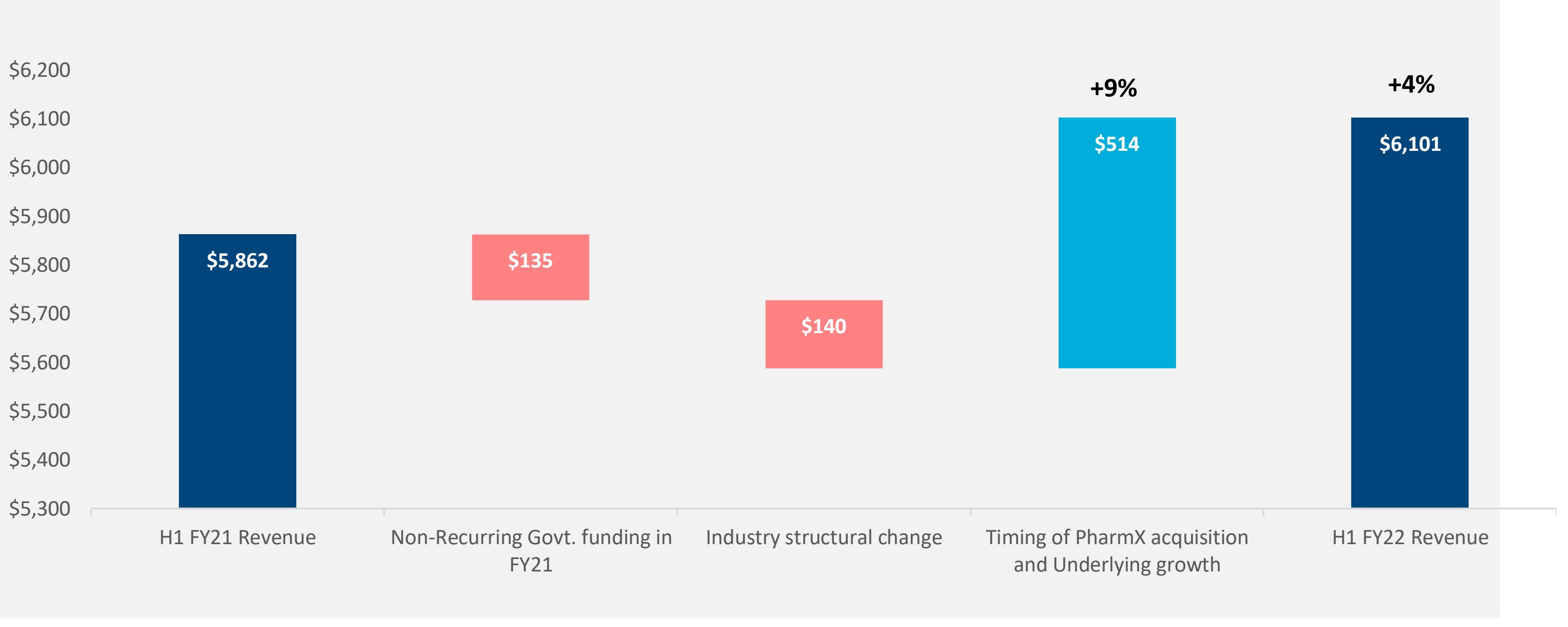
- Health revenue has continued to grow year on year, due to growth in PharmX.
- Operating expenses have increased this year in line with expectations as a result of additional investment into people and skills.
- Revenue growth and trajectory continues, strong EBITDA margin of 28%



[1]*Refer to Page 17 in the appendix for detailed financial statements. Excludes eCommerce segment now held as available for sale.*
[2]*Adjusted to exclude one-off costs – see Page 17 Profit & Loss for detail on underlying calculations*
[3]*FY21 and FY22 adjusted to remove eCommerce revenue. FY16-FY20 is as reported, including eCommerce*

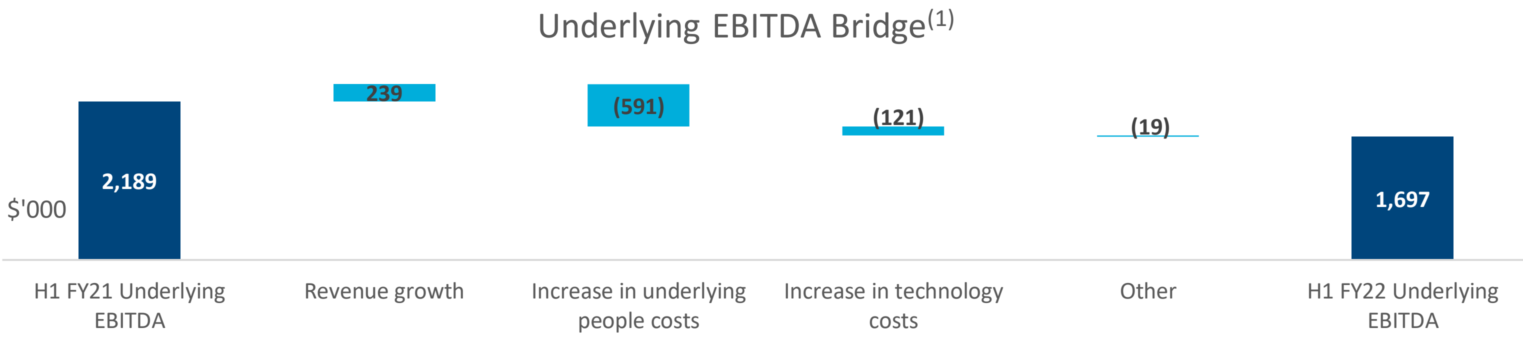
Revenue Bridge

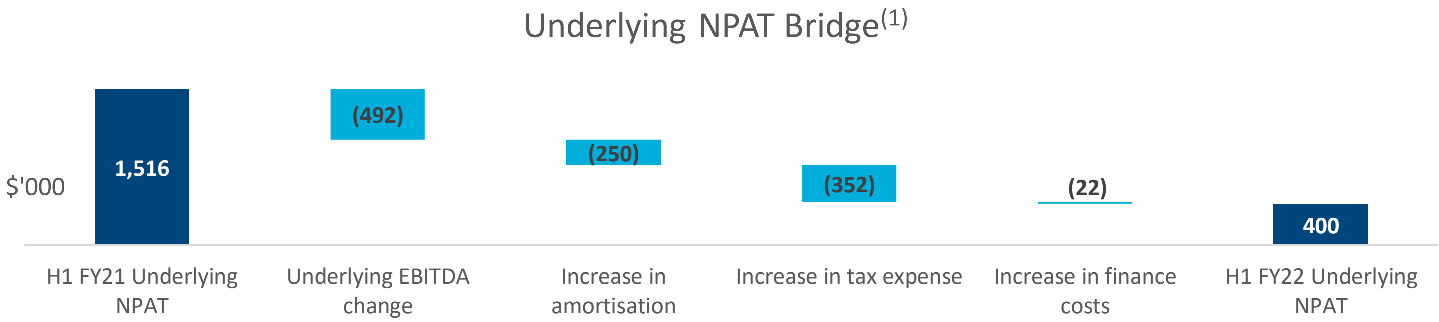
Health revenue growth was +4% on pcp. Excluding certain customer volume reductions and some non-recurring government development funding received in H1 FY21, **revenue growth was +9%.** The underlying growth has been generated mainly through increased PharmX utilisation.



Underlying EBITDA and NPAT Bridge

Revenue growth continues, investment into people drives decline in EBITDA





[1]Refer to Page 17 in the appendix for detailed financial statements. Excludes eCommerce segment now held as available for sale. Adjusted to exclude one-off costs – see Page 17 Profit & Loss for detail on underlying calculations

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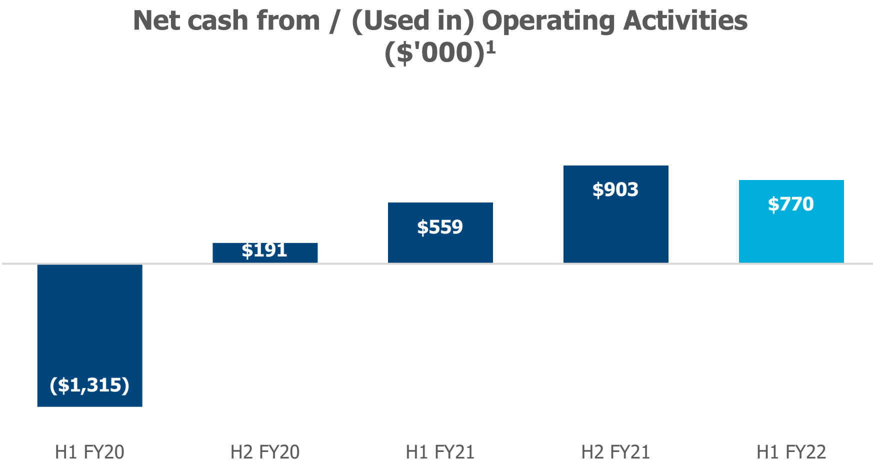
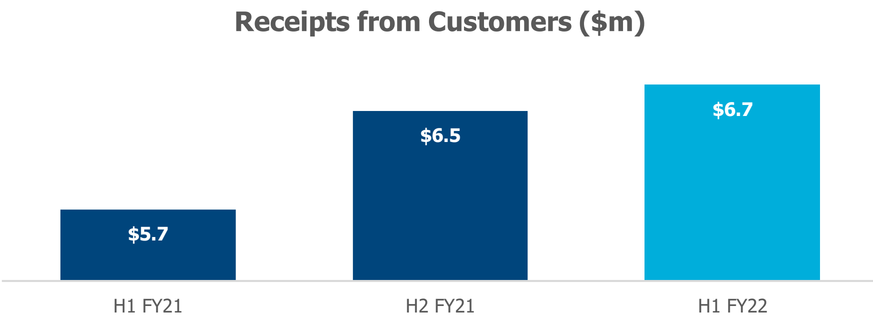
Continued Positive Cashflow





- **Operating cashflow of +$770k excluding R&D benefit, and +$2,324 including net R&D tax incentive received.**
- **Receipts from customers have continued to grow** and are up 3% HoH, and up 16% on pcp driven by the contribution from PharmX
- As anticipated, investment into new hires and the right skill sets to drive future revenue growth has impacted operating cashflows resulting in the decline on the previous half.
- **Investment into our Clear Suite of products and PharmX assets** has continued to be a core focus to drive future revenue growth. We are continuing this investment to grow our customer base and increase the value of our product offering.
- Closing cash on hand of $6.4m at 31 December 2021.

[1] *Adjusted to remove the impact of a net R&D tax incentive credit received*

Questions

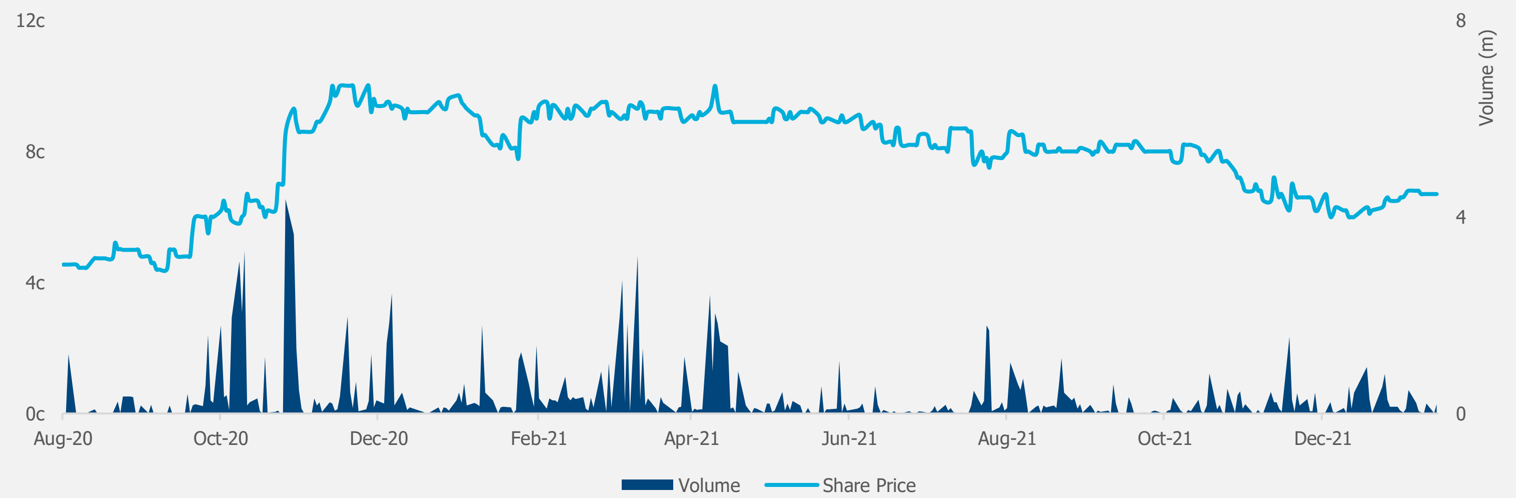
Appendix

Corporate Overview

Corum Group Limited (ASX:COO) at 28 Jan 22	
Share Price	6.8cps
Market Capitalisation	$40.58m
Enterprise Value (Cash 31/12/21)	$34.20m

Capital Structure	
Shares on Issue (m)	596.8
Options / Perf Rights (m)	7.0
Diluted Issued Capital (m)	603.8

Share Price Performance



Profit & Loss

Profit & Loss (A$000's)	H1'21	H2'21	FY'21	H1'22	Δ PCP
Revenue	**$5,862**	**$6,013**	**$11,875**	**$6,101**	***4%***
Health	$5,862	$6,013	$11,875	$6,101	*4.1%*
Expenses					
Materials and consumables	($867)	($732)	($1,599)	($828)	*-4.5%*
Employee Benefits	($2,881)	($3,188)	($6,069)	($3,098)	*7.5%*
Marketing	($58)	($103)	($161)	($135)	*132.8%*
Technology, communication and cloud costs	($345)	($485)	($830)	($466)	*35.1%*
Legal	($384)	($347)	($731)	($334)	*-13.0%*
Other	($107)	$1	($106)	($25)	*-76.6%*
Share based payments	-	-	-	($37)	*-100.0%*
R&D tax benefit	$197	$418	$615	$207	*5.1%*
Total Expenses	**($4,445)**	**($4,436)**	**($8,881)**	**($4,716)**	***6.1%***
Statutory EBITDA	**$1,417**	**$1,577**	**$2,994**	**$1,385**	***-2.3%***
EBITDA (Underlying)	**$2,189**	**$2,178**	**$4,367**	**$1,697**	***-22.5%***
Depreciaition and amortisiation	($746)	($1,028)	($1,774)	($996)	*33.5%*
EBIT (Underlying)	**$1,443**	**$1,150**	**$2,593**	**$701**	***-51.4%***
Finance costs	($18)	($116)	($134)	($40)	*122.2%*
Income tax (expense) / benefit	$91	($359)	($268)	($261)	*-386.8%*
NPAT (Underlying)	**$1,516**	**$675**	**$2,191**	**$400**	***-73.6%***
One-off Items					
BAMM & ParmaX Legal Cost & Termination Payments	($772)	($601)	($1,373)	($312)	
Fair value adjustment of investments	$1,727	-	$1,727	-	
BAMM Cloud-based Head Office Solution	($1,468)	-	($1,468)	-	
Contribution from discontinued operations					
eCommerce contribution	($15)	$29	$14	($1)	*-93.3%*
Statutory NPAT	**$988**	**$103**	**$1,091**	**$87**	***-91.2%***

Balance Sheet

Balance Sheet (A$000's)	31 Dec 21 - H1 FY22	30 June 21 - FY21
Current assets		
Cash and cash equivalents	$6,381	$6,478
Trade and other receivables	$916	$848
Inventories	$59	$34
Income tax receivable	$675	$1,548
Other assets	$363	$298
Assets related to discontinued operations	$1,218	$1,210
Total	**$9,612**	**$10,416**
Non-current assets		
Property, plant and equipment	$410	$495
Right of use assets	$352	$296
Intangibles	$19,625	$19,285
Deferred tax assets	$835	$804
Security deposits	$199	$51
Total	**$21,421**	**$20,931**
Total assets	**$31,033**	**$31,347**
Current Liabilties		
Trade and other payables	$3,621	$3,680
Provisions	$947	$1,054
Lease Liabilty	$256	$280
Deferred revenue	$59	-
Liabilities related to discontinued operations	$1,388	$1,373
Total	**$6,271**	**$6,387**
Non-current liabilities		
Other payables	$351	$726
Provisions	$104	$120
Lease Liabilty	$110	$41
Deferred Tax liabilty	$1,143	$1,143
Total	**$1,708**	**$2,030**
Total Liabilities	**$7,979**	**$8,417**
Net assets	**$23,054**	**$22,930**
Equity		
Issued capital	$98,366	$98,366
Reserves	$55	$18
Accumulated losses	($75,367)	($75,454)
Total equity	**$23,054**	**$22,930**

Cashflow

Cash flow (A$000's)	H1 FY22 $'000	H1 FY21 $'000
Cash flows from operating activities		
Receipts from customers	$6,682	$5,742
Payments to suppliers and employees	($5,990)	($5,329)
Interest and other revenue received	$13	$91
Income tax paid	($433)	($273)
Research and development incentive	$1,987	$1,973
Cashflows from discontiuned operations	$65	$55
Net cash from operating activities	**$2,324**	**$2,259**
Cash flows from investing activities		
Payments for property, plant and equipment	($62)	($178)
Payments for intangible assets	($2,199)	($2,099)
Acquisition of subsidiary	-	($2,097)
Investment in unlisted entity	-	-
Deposit related to sale of business	$25	-
Net cash used in investing activities	**($2,236)**	**($4,374)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	$8,936
Share issue transaction costs	-	($392)
Distributions paid	-	($896)
Principal paid to lease liabilities	($169)	($213)
Interest paid on lease liabilities	($16)	($20)
Net cash from financing activities	**($185)**	**$7,415**
Net increase/ (decrease) in cash and cash equivalents	($97)	$5,300
Cash and cash equivalents at beginning of the period	$6,478	$2,323
Cash and cash equivalents at the end of the period	**$6,381**	**$7,623**

Share Registry

Top holders as of 28 January 2022

Rank	Name	Units	% Units
1	LUJETA PTY LTD <MARGARET A/C>	95,746,043	16.04%
2	ARROTEX INVESTMENTS HOLDING 1 PTY LTD	60,000,000	10.05%
3	NATIONAL NOMINEES LIMITED	38,742,512	6.49%
4	MERSAULT PTY LTD <ENGLAND S/F A/C>	26,766,667	4.49%
5	MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY <MANUEL SUPER FUND A/C>	18,666,667	3.13%
6	LYELL PTY LTD <GENESIS SUPER FUND A/C>	17,388,974	2.91%
7	BENKI PTY LTD	17,105,748	2.87%
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	2.42%
11	MRS PENELOPE KING	13,333,334	2.23%
12	MR GRANT POVEY	12,000,000	2.01%
12	SEVENIRON PTY LTD <SEDGWICK SUPER A/C>	12,000,000	2.01%
14	MILBURN PTY LTD	11,247,289	1.88%
15	LYELL PTY LTD <HAYMAN A/C>	10,666,666	1.79%
16	LINK ENTERPRISES (INTERNATIONAL) PTY LTD	9,895,480	1.66%
17	CANCELER PTY LTD <CLARENCE SUPER FUND A/C>	9,150,000	1.53%
17	MR DAVID GERALD MANUEL & MS ANNE ELIZABETH LEARY <MANUEL FAMILY A/C>	8,000,000	1.34%
19	MR TYSON WELLMAN	8,000,000	1.34%
20	GABODI PTY LIMITED <GABODI PTY LTD S/F A/C>	7,197,334	1.21%
Total Top 20 holders of FULLY PAID ORDINARY		**421,704,841**	**70.67%**
Total issued capital of FULLY PAID ORDINARY		**596,756,789**	**100.00%**

Corum Group Limited

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