

Appendix 4D

Name of entity

PharmX Technologies Limited

ABN or equivalent company reference

25 000 091 305

Half year ended ('current period')

31 December 2023

Financial year ended
(‘previous corresponding period for
Balance Sheet’)

30 June 2023

Half year ended
(‘previous corresponding period for
Statement of Comprehensive Income and
Cash Flow Statement’)

31 December 2022

PHARMX TECHNOLOGIES LIMITED

ABN 25 000 091 305
AND ITS CONTROLLED ENTITIES

Results for announcement to the market

Extracts from this report for announcement to the market

1. Revenue from ordinary activities	Up 5.0% to	\$3,235,000
2. Profit from ordinary activities after tax attributable to members	N/A	\$236,000
3. Profit for the period attributable to members	Down 203.3% to	\$(1,732,000)

Statement regarding dividends and distributions	<p>No dividends have been paid or declared during the period or previous financial period.</p> <p>A return of capital of \$0.0075 per share has been paid on 4 December 2023.</p>
Record date for determining entitlements	The record date for the return of capital was 29 November 2023.

	Current Period 31 December 2023	Previous Corresponding Period 30 June 2023
Net tangible assets/(liabilities) per security (excluding intangible assets and assets held for sale, net)	0.47 cents	0.51 cents



PharmX

technologies limited

**HALF YEARLY
REPORT FOR THE
6 MONTHS ENDED
31 DECEMBER 2023**

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Directors' Report

The Directors present their report, together with the financial statements, on the Consolidated Entity consisting of PharmX Technologies Limited ('Group', or the 'Company') and the entities it controlled for the half-year ended 31 December 2023.

Directors

The following were directors of PharmX Technologies Limited since the beginning of the half-year and up to the date of this report, unless a different period is stated below:

Nick England	Executive Chairman and Interim CEO (resigned as Interim CEO and resumed his position as Non-executive Chairman from 1 January 2024)
Jon Newbery	Executive Director (assumed the role of Interim CFO effective 1 February 2024)
Jayne Shaw	Non-executive Director
Dennis Bastas	Non-executive Director

Company Secretary

Sally McDow

Principal Activities

PharmX Technologies Limited (ASX: PHX) is a technology and software development business. The key business activities relate to PharmX, an electronic ordering and invoicing gateway, and PharmXchange, an online sales and marketing platform, integrated with PharmX.

The disposal of the pharmacy software business was completed during the current period. The operation that was sold developed and distributed pharmacy point-of-sale, dispensing and multi-site retail management software.

Operating Results

Revenue from continuing operations for the half-year was \$3,235,000, up 5% on the prior period (half-year ended 31 December 2022: \$3,082,000).

The profit before tax from continuing operations was \$406,000 (half-year ended 31 December 2022: loss of \$822,000).

This result includes \$66,000 (half-year ended 31 December 2022: \$1,059,000) of non-recurring legal costs relating to the ongoing dispute between Fred IT Group Pty Ltd ('Fred IT') and PharmX Pty Ltd ('PharmX'). Excluding these non-recurring costs, the underlying operating profit before tax was \$472,000, which is an increase of 99% on the underlying operating profit for the prior period. As previously announced, the judgement made in favour of PharmX is currently under appeal, with the hearing expected in May 2024.

Underlying revenue has increased \$153,000 compared with the same period a year earlier. There continues to be a disciplined approach to costs, balancing the need to invest in revenue generating initiatives with the growth in actual revenue.

Amortisation of the investment made in the platform and the continued investment into both PharmX and PharmXchange means the cost of amortisation of software development has increased in the current half-year compared to the prior period.

The sale of the pharmacy software business was completed during the current period with total consideration of \$6,250,000 plus potential earnouts. \$4,750,000 has been received to date, with a further \$1,500,000 to be received in September 2024. The sale generated positive cash flow for the Group, but a loss from disposal and discontinued operations of \$1,968,000 has been recognised in the period.

Directors' Report continued

Operating Results continued

The net loss after income tax, including the business disposal and discontinued operations, for the half-year ended 31 December 2023 was \$1,732,000 (half-year ended 31 December 2022: loss of \$571,000).

Dividends

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

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 shareholders at the AGM in November 2023, and reduced the Company's share capital by \$4,489,000 (\$0.0075 per share). The Company decided to distribute this cash following the completion of the sale of the pharmacy software business.

Review of Operations

The disposal of the pharmacy software business during the half-year completes the streamlining of the Group following the sale of the real estate e-commerce division in FY22. The Group operates as a truly independent provider of services to pharmacies and their suppliers that will now be fully focussed on the operation of its PharmX and PharmXchange businesses.

PharmX has continued to grow, with year-to-date growth of 5% in the total number of supplier-to-pharmacy connections. There has also been growth of 4% year to date in the number of active connections used each month between suppliers and pharmacies. This growth has contributed to the increase in recurring revenue and will continue to drive growth in future periods.

The transition of PharmX development in house was completed in the current period. This allows for greater control and strategic oversight of the software development process, as well as delivering cost savings.

There has been continued development of the PharmXchange platform during the past 6 months to improve functionality and useability, to continue to increase adoption and engagement from both the supplier and buyer side of the marketplace.

With the new business structure now in place, and legacy issues resolved, a new CEO has been appointed to the Group. Tom Culver brings with him extensive experience in technology, growth and leadership and will continue to build the EDI business and grow the marketplace business.

Outlook

In the immediate to medium term, the Group is focusing on growth through PharmX and PharmXchange. There will be ongoing development of the existing PharmX platform following the recent transition to the cloud which will ensure the long-term capability and stability of the platform. Through improved services, systems and technologies the Group will continue to meet the needs of pharmacies, point-of-sale software vendors and suppliers.

A continued focus is being applied to the optimisation of the PharmXchange platform, with development and support resources focussed on increasing the number of ordering customers, repeat orders and average order value. Additionally, improved supplier functionality will bring greater promotional and stock availability controls.

In addition, the Group will shortly be launching the Master Data Services capability, a centralised industry database with Products, Prices & Participants to unlock advanced EDI features.

Directors' Report continued

Financial Position

At 31 December 2023 the Consolidated Entity had net assets of \$16,029,000 (June 2023: \$22,211,000). Working capital, current assets less current liabilities, is a surplus of \$4,285,000 (June 2023: \$10,299,000).

The cash position was \$12,440,000 (30 June 2023: \$12,806,000), a decrease of \$366,000 during the period. Operating cashflows for the period, excluding net tax refund, were \$273,000. Excluding one-off legal costs of \$66,000, operating cashflows for the half were \$2,002,000. As in previous years, the overall cash position benefited from a tax refund (including research and development incentive) of \$1,663,000 that was received in the period (\$1,550,000 in the half-year ended 31 December 2022). These inflows have been partly offset by the ongoing investment in new product development during the period of \$1,080,000 (\$1,998,000 in the half-year ended 31 December 2022).

The proceeds received from the disposal of the pharmacy software business were principally used to fund the capital return paid to shareholders in December 2023.

Going Concern

The Directors have prepared these financial statements on the basis that the Company is a going concern.

Events Subsequent to Reporting Date

No matters or circumstances have arisen since 31 December 2023 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.

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 5.

Rounding of Amounts

The Company is an entity to which ASIC legislative instrument 2016/191 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

This Report of the Directors is signed in Sydney in accordance with a resolution of the Board of Directors.



Nick England
Chairman



Jon Newbery
Director

Dated: 22 February 2024

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

As lead auditor for the review of PharmX Technologies Limited for the half-year ended 31 December 2023, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Leah Russell
Director

BDO Australia Ltd

Sydney, 22 February 2024

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2023**

		31 December 2023 \$'000	31 December 2022 \$'000
	Note		
Revenue from continuing operations	2	3,235	3,082
Expenses related to continuing operations			
Cost of sales		(610)	(614)
Marketing		(65)	(84)
Employee benefits	3	(1,022)	(1,186)
Share-based payments		(39)	(43)
Technology, communication and cloud costs		(201)	(174)
Legal		(70)	(1,123)
Professional fees, consulting and other		(270)	(235)
Depreciation and amortisation	3	(578)	(456)
Finance costs		(30)	(27)
Research and development tax benefit		56	38
Profit / (loss) from continuing operations before income tax		406	(822)
Income tax expense	4	(170)	(88)
Profit / (loss) from continuing operations		236	(910)
(Loss) / profit from discontinued operations, including loss on disposal	5	(1,968)	339
Net loss after tax for the half-year		(1,732)	(571)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of PharmX Technologies Limited		(1,732)	(571)
Earnings per share	6	Cents	Cents
Basic earnings per share		(0.29)	(0.10)
Diluted earnings per share		(0.29)	(0.10)

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

Consolidated Statement of Financial Position as at 31 December 2023

		31 December 2023 \$'000	30 June 2023 \$'000
	Note		
Assets			
Current assets			
Cash and cash equivalents		12,440	12,806
Trade and other receivables	8	2,652	946
Income tax receivable		498	1,659
Other assets		222	229
Assets classified as held for sale		-	6,949
		15,812	22,589
Non-current assets			
Property, plant and equipment		23	19
Right of use assets		280	28
Intangibles	9	13,219	13,359
Deferred tax assets		170	525
Security deposits		92	-
		13,784	13,931
Total Assets		29,596	36,520
Liabilities			
Current liabilities			
Trade and other payables		1,634	1,455
Provisions		132	132
Lease liability		102	32
Unearned income	10	9,659	9,462
Liabilities associated with assets classified as held for sale		-	1,209
		11,527	12,290
Non-current liabilities			
Other payables		872	987
Provisions		40	23
Lease liability		188	-
Deferred tax liability		940	1,009
		2,040	2,019
Total liabilities		13,567	14,309
Net assets		16,029	22,211
Equity			
Issued capital	11	93,970	98,405
Reserves		44	59
Accumulated losses		(77,985)	(76,253)
Total Equity		16,029	22,211

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

**Consolidated Statement of Changes in Equity for the half-year ended
31 December 2023**

	Note	Issued capital \$'000	Share-based Payments Reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023		98,405	59	(76,253)	22,211
Loss after income tax		-	-	(1,732)	(1,732)
Capital return	11	(4,489)	-	-	(4,489)
Performance rights exercised	11	54	(54)	-	-
Performance rights issued and current year expense		-	39	-	39
Balance at 31 December 2023		93,970	44	(77,985)	16,029
Balance at 1 July 2022		98,366	39	(75,202)	23,203
Loss after income tax		-	-	(571)	(571)
Performance rights exercised		39	(39)	-	-
Performance rights issued and current year expense		-	43	-	43
Balance at 31 December 2022		98,405	43	(75,773)	22,675

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

**Consolidated Statement of Cash Flows for the half-year ended
31 December 2023**

	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities		
Receipts from customers	4,683	6,587
Payments to suppliers and employees	(4,503)	(6,474)
Interest and other revenue received	93	37
Research and development incentive received, net of income tax paid	1,663	1,550
Net cash from operating activities	1,936	1,700
Cash flows from investing activities		
Payments for property, plant and equipment	(16)	(49)
Payments for intangible assets	(1,080)	(1,998)
Disposal of discontinued operations, net of cash disposed and transaction costs	3,358	-
Net cash generated / (used) in investing activities	2,262	(2,047)
Cash flows from financing activities		
Principal paid on lease liabilities	(67)	(169)
Interest paid on lease liabilities	(8)	(8)
Capital return paid	(4,489)	-
Net cash used in financing activities	(4,564)	(177)
Net decrease in cash and cash equivalents	(366)	(524)
Cash and cash equivalents at beginning of the period	12,806	5,759
Cash and cash equivalents at end of the period	12,440	5,235

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

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2023

This general purpose financial report includes the consolidated financial statements and notes of PharmX Technologies Limited and controlled entities ('Consolidated Entity', or 'Group', or the 'Company'). PharmX Technologies Limited is a listed public company, incorporated and domiciled in Australia.

The presentational and functional currency is Australian dollars.

Note 1: Basis of preparation

a) Basis of preparation

The half-year consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year consolidated financial statements have been prepared using the same accounting policies consistently applied by the entities in the Consolidated Entity as used in the annual financial statements for the year ended 30 June 2023.

b) Reporting basis and conventions

The financial statements have been prepared on an accruals basis and are based on historical costs; modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

c) Going concern basis

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.

d) New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

There were no standards and amendments that applied for the first time that had an impact on the consolidated financial statements of the Consolidated Entity for the half-year reporting period commencing 1 July 2023.

Any new, revised or amending Accounting Standards or Interpretations that are not yet effective have not been adopted.

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

	31 December 2023 \$'000	31 December 2022 \$'000
Note 2: Revenue and other income		
<i>Revenue from contracts with customers from continuing operations</i>		
Rendering of services	3,142	3,045
	3,142	3,045
<i>Other revenue</i>		
Interest received	93	37
	93	37
Total revenue from continuing operations	3,235	3,082
Note 3: Expenses		
<i>Employee benefits</i>		
Employee benefits expenses	1,444	1,351
Capitalised development costs	(422)	(165)
Total employee benefits related to continuing operations	1,022	1,186
<i>Depreciation and amortisation</i>		
Software development	532	409
Leased assets	41	36
Property, plant and equipment	5	11
Total depreciation and amortisation related to continuing operations	578	456

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

	31 December 2023 \$'000	31 December 2022 \$'000
Note 4: Income tax		
<i>Current income tax:</i>		
Current period income tax charge	111	44
Adjustment for current income tax of items credited directly to equity (amortisation of capital raising costs)	17	17
Adjustment for current income tax of previous year	(4)	(1)
Less income tax estimate related to discontinued operations	(17)	(49)
<i>Deferred tax:</i>		
Utilisation and reversal of temporary differences	269	77
Less Utilisation and reversal of temporary differences related to sale of business	(206)	-
	170	88

The Group generated operating losses between 1997 and 2009 which resulted in substantial carried forward tax losses. These tax losses can be used as an offset against taxable income in accordance with the consolidated tax group rules. The utilisation of these losses is expected to be minimal due to the application of the available fraction which has been impacted by capital raises in previous years.

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 the conditions for deductibility of losses imposed by tax legislation.

Note 5: Discontinued operations and disposal of business

On 20 July 2023, Corum signed 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 of \$1,500,000 will be received September 2024.

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

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

Note 5: Discontinued operations and disposal of business continued

	31 December 2023 \$'000
Proceeds on disposal	6,250
Net tangible asset deficiency to be paid	(101)
Net proceeds	6,149
Cash and cash equivalents	351
Trade and other receivables	141
Other assets	56
Plant and equipment	118
Intangible assets	6,526
Deferred tax asset	206
Assets disposed	7,398
Trade and other payables	164
Provisions	515
Deferred revenue	89
Liabilities disposed	768
Net assets disposed	6,630
Loss on disposal before tax and transaction costs	(481)
Capital gains tax expense	-
Net loss on disposal before transaction costs	(481)

Statement of profit or loss for discontinued operations:	31 December 2023 \$'000	31 December 2022 \$'000
Revenue from discontinued operations	1,259	3,040
Cost of sales	(105)	(197)
Marketing	(4)	(16)
Employee benefits	(1,205)	(1,605)
Technology, communication and cloud costs	(102)	(153)
Professional fees, consulting and other	(40)	(13)
Research and development tax benefit	251	152
Depreciation and amortisation	(80)	(798)
Finance costs	(3)	(22)
Transaction costs ⁽ⁱ⁾	(1,441)	-
Loss on disposal	(481)	-
(Loss) / profit from discontinued operations before income tax	(1,951)	388
Income tax expense	(17)	(49)
(Loss) / profit from discontinued operations	(1,968)	339

(i) Transaction costs include advisor fees, legal costs, employee and redundancy costs associated with the sale of the pharmacy software business.

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

Note 5: Discontinued operations and disposal of business continued

Statement of financial position for discontinued operations	31 December 2023 \$'000	30 June 2023 \$'000
<i>Assets related to discontinued operations</i>		
Trade and other receivables	-	208
Inventories	-	17
Other assets	-	49
Property, plant and equipment	-	149
Intangibles	-	6,526
	-	6,949
<i>Liabilities related to discontinued operations</i>		
Trade and other payables	-	329
Provisions (current)	-	702
Unearned income	-	117
Provisions (non-current)	-	61
	-	1,209

Note 6: Earnings per share ('EPS')

Reconciliation of earnings:

Profit / (loss) after income tax from continuing operations attributable to owners of the Company	236	(910)
(Loss) / profit after income tax from discontinued operations attributable to owners of the Company	(1,968)	339
(Loss) after income tax attributable to owners of the Company	(1,732)	(571)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	597,852,577	596,960,593
Weighted average number of ordinary shares used in calculating diluted earnings per share ⁽ⁱⁱ⁾	609,800,267	600,072,006

(ii) Potential ordinary shares are only treated as dilutive when they would decrease earnings per share.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2023

Note 7: Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment: Health Services. During the previous financial year, the pharmacy software portion of Health Services has been classified as held for sale, and the sale was completed during the current financial year. Refer to note 5 for further details.

This operating segment 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 reporting to the CODM are consistent with those adopted in the financial statements.

The Group operates predominantly in Australia.

Types of services

The principal services of each operating segment is 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 and invoicing gateway, and PharmXchange, an online sales and marketing platform 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 and also provides support services and computer hardware. This segment has been sold in the current year, refer to note 5 for further details.

Intersegment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset annually and is based on 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 understanding segment performance, the net benefit of research and development tax incentives are disclosed in the segment to which they relate.

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

Note 7: Operating segments continued

<i>Segment performance</i>	Health Services continuing operations \$'000	Health Services discontinued operations \$'000	Intersegment eliminations /unallocated \$'000	Consolidated \$'000
Half-year to 31 December 2023				
Revenue				
Rendering of services	3,118	1,190	24	4,332
Sales of goods	-	69	-	69
Interest and other revenue	-	-	93	93
Proceeds from sale of business	-	6,250	-	6,250
Total revenue	3,118	7,509	117	10,744
Profit / (loss) before income tax expense and disposal	736	(29)	(330)	377
Income tax expense	-	(17)	(170)	(187)
Loss on sale of business including transaction costs	-	(1,922)	-	(1,922)
Profit / (loss) after income tax expense and disposal	736	(1,968)	(500)	(1,732)
Depreciation and amortisation of segment assets	567	80	11	658
As at 31 December 2023				
Total Assets	15,416	-	14,180	29,596
Total Liabilities	(2,548)	-	(11,019)	(13,567)

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

Note 7: Operating segments continued

<i>Segment performance</i>	Health Services continuing operations \$'000	Health Services discontinued operations \$'000	Intersegment eliminations /unallocated \$'000	Consolidated \$'000
Half-year to 31 December 2022				
Revenue				
Rendering of services	3,036	2,922	9	5,967
Sales of goods	-	118	-	118
Interest and other revenue	-	-	37	37
Total revenue	3,036	3,040	46	6,122
Profit / (loss) before income tax expense	(368)	388	(454)	(434)
Income tax expense	-	(49)	(88)	(137)
Profit / (loss) after income tax expense	(368)	339	(542)	(571)
Depreciation and amortisation of segment assets	439	798	17	1,254
As at 30 June 2023				
Total Assets	14,927	6,949	14,644	36,520
Total Liabilities	(2,766)	(1,209)	(10,334)	(14,309)
			31 December 2023 \$'000	30 June 2023 \$'000

Note 8: Current assets – trade and other receivables

Trade receivables	1,064	915
Less: Allowance for expected credit loss	(36)	(10)
	<u>1,028</u>	<u>905</u>
Deferred consideration for sale of pharmacy software business receivable	1,500	-
Other receivables	124	41
Total trade and other receivables	<u>2,652</u>	<u>946</u>

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

	31 December 2023 \$'000	30 June 2023 \$'000
Note 9: Non-current assets - intangibles		
Goodwill – at cost	2,115	2,115
Accumulated impairment	-	-
	2,115	2,115
Software product development – at cost	10,472	9,778
Research and development incentives	(1,083)	(781)
Accumulated amortisation	(1,944)	(1,549)
	7,445	7,448
Customer Contracts/Relationships – at cost	3,833	3,833
Accumulated amortisation	(913)	(776)
	2,920	3,057
PharmX brand – at cost	739	739
Accumulated impairment	-	-
	739	739
Total intangible assets	13,219	13,359

	Goodwill \$'000	Software product development \$'000	Brand \$'000	Customer Contracts/ Relationships \$'000	Total \$'000
Consolidated					
Balance at 1 July 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	-	694	-	-	694
Research and development incentives	-	(302)	-	-	(302)
Amortisation	-	(395)	-	(137)	(532)
Balance at 31 December 2023	2,115	7,445	739	2,920	13,219

Research and development tax benefits are offset against related software development costs when they are capitalised. The research and development tax benefit in the Consolidated Statement of Profit or Loss and Other Comprehensive Income is reduced accordingly.

Goodwill was recognised on acquisition of PharmX in the year ended 30 June 2021.

**Notes to the Consolidated Financial Statements for the half-year ended
31 December 2023**

	31 December 2023 \$'000	30 June 2023 \$'000
Note 10: Unearned income		
PharmX court case judgement	9,650	9,462
Other deferred revenue	9	-
	9,659	9,462

PharmX court case judgement

As previously announced, the Group has been involved in an ongoing court case with Fred IT Group Pty Ltd in relation to the PharmX business. On 3 June 2023, the Group received a total of \$8,128,000 following a favourable judgement by the Victorian Supreme Court on 21 April 2023. This comprised of \$5.1m judgement sum, \$1.5m interest and \$1.5m cost reimbursements. On 3 June 2023, the Group was also served with appeal papers by Fred IT. The balance has been assessed as a financial liability until the appeal is resolved. This assessment requires judgement, the outcome of the appeal is currently unknown, and as such management has determined to not yet recognise the income related to the PharmX court case judgement. The Group will not recognise the amount received as income until the appeal is finalised, and will continue to assess the requirement for a liability. The appeal is expected to be heard in May 2024.

Note 11: Issued capital, dividends and distributions

Movement in ordinary share capital	Shares	\$'000
Balance at 1 July 2023	597,381,789	98,405
Capital return	-	(4,489)
Performance rights exercised	1,125,000	54
Balance at 31 December 2023	598,506,789	93,970

There were no dividends paid, recommended or declared during the current half-year or previous financial year or subsequent to the end of the current half-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 decided to distribute this cash following the completion of the sale of the pharmacy software business.

Note 12: Events after the reporting period

No matters or circumstances have arisen since 31 December 2023 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 opinion of the Directors of PharmX Technologies Limited:

- (a) The financial statements and notes, set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board



Nick England
Chairman



Jon Newbery
Director

Dated: 22 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PharmX Technologies Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of PharmX Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink that reads 'Leah Russell'.

Leah Russell
Director

Sydney, 22 February 2024

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