

Corum FY23 Results announcement

Corum Group Limited (ASX: COO) is pleased to announce its full year results for the year ended 30 June 2023.

Key Highlights

Key Metrics – Continuing operations		vs pcp
Revenue	\$6.1m	+14%
Underlying EBITDA	\$1.6m	(12)%
Underlying NPAT	\$0.4m	(48)%
Underlying Operating Cashflow excl. net R&D tax incentive	\$1.0m	(26)%
Cash On Hand	\$12.8m	+122%

Key Business Highlights

- A binding agreement was signed in July 2023 with Jonas Software AUS Pty Ltd for the sale of the pharmacy software business. Consideration is \$6.25m comprising \$4.75m payable at completion and \$1.5m 12 months post completion (subject to customary completion adjustments). In addition, there is the potential for earn-out payments based on achieving net recurring revenue targets at the 12 and 24 month anniversaries post completion. This transaction completes the streamlining of the business following the disposal of the real estate e-commerce business in 2022.

The transaction is subject to shareholder approval at an Extraordinary General Meeting to be held on 20th September 2023. That meeting will also consider a proposed name change from Corum Group Limited (ASX: COO) to PharmX Technologies Limited (ASX: PHX). The new name better reflects the nature of the new business as technology solutions provider to the pharmacy industry and its suppliers.

- PharmXchange which was launched in June 2022 is a B2B marketplace for the pharmacy industry providing a feature rich digital sales and marketing platform for suppliers and a convenient central hub for pharmacies to access a range of supplier promotions. It is highly integrated with the PharmX gateway and offers a fast and secure payments facility using PharmXpay.

Following a successful pilot programme, PharmXchange was rolled out in October 2022 and has achieved rapid market penetration, well ahead of forecast. As at 30 June 2023, the platform has signed close to 60 suppliers representing 175 brands and over 7,500 products. The supplier portfolio includes some of the biggest companies in the industry including Haleon, Reckitt Benckiser, Blackmores, Revlon and Arrotex. The pipeline of new suppliers looking to gain access to the platform is very strong.

The growth in supplier participation has been matched by pharmacy sign ups with over 1,800 pharmacies registered to PharmXchange at 30 June 2023.

This rapid take up has necessitated investment in people and marketing ahead of plan. The key focus is now on revenue conversion with training, marketing and partnership initiatives underway.

- In April 2023, judgement was handed down in the Victorian Supreme Court proceedings related to Corum Systems Pty Ltd and PharmX Pty Ltd. As a result, Fred IT Group Pty Ltd was ordered to pay a judgement sum of \$5.13m plus interest of \$1.47m and further agreed to pay costs of \$1.525m. Fred IT have filed an appeal which is expected to be heard in early 2024. No revenue has been recognised in relation to these proceeds.

Key Financial Highlights

- The pharmacy software business has been classified as held for sale, so the financial highlights above refer solely to the continuing operations.
- Revenue of \$6.1m was an increase of 14% on pcp. This revenue growth was driven primarily by PharmX with a 19% increase in total supplier connections and a 16% uplift in total transaction value.
- Underlying EBITDA of \$1.6m was a decrease of 12% on pcp. This was mainly due to investment into developing internal expertise and building the right team to develop new PharmX and PharmXchange functionality and execute on the resultant new growth opportunities. There were also some additional one-off costs incurred in transitioning the PharmX platform to the cloud, which provides greater system redundancy and improved reliability, monitoring and security.
- Corum ended the year with a strong cash balance and once the proceeds are received from the sale of the pharmacy software business the Board will consider appropriate capital management options.

Commenting on the results, Corum Executive Chairman, Nick England said: "Corum Group has had a busy and exciting year with the sale of the pharmacy software business to Jonas, the settlement of the long running legal case and the launch of PharmXchange. Our PharmX business continues to go from strength to strength reflecting the significant investments that we have made over the past 18 months and the outlook for PharmX remains positive. The sale of the pharmacy software business has already created new opportunities for PharmX as an independent and market agnostic technology provider.

The rapid take up by both suppliers and pharmacies of our B2B marketplace offering, PharmXchange, has surpassed our expectations and successful commercialisation of the platform would see a step change in our growth. We remain focused on growth and achieving sustainable long-term profitability and are committed to maintaining tight financial discipline, growing operating cashflow and managing capital appropriately"

- ENDS -

This announcement has been authorised for lodgment by the Board

For further information contact:
Nick England, Executive Chairman

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