

## **Chairman's Address to the Annual General Meeting 24 NOVEMBER 2021**

2021 has been a year of consolidation for the business and preparing it for future growth following the myriad of activities in 2020.

In FY21 Corum Group grew revenue by 26% and underlying EBITDA by 237%, largely on the back of the contribution from the PharmX acquisition. Our Health business grew revenues by 35%, while our Ecommerce division continued its decline with revenue down by 17%.

The Board renewal has been completed with the appointment of Dennis Bastas at the end of 2020 following the strategic investment made by Arrotex Pharmaceuticals. Senior management has been bolstered by the appointment of James Nevile as Chief Operating Officer and the promotion of Zoe Hillier to Chief Financial Officer. Other notable appointments have been made with a Commercial Head for the PharmX business and the risk management function has been brought in-house to allow for commercialisation of risk management services for our customers. We have continued to upskill our workforce across the board to better prepare for the challenges ahead.

As we have previously stated, Corum operates in an environment that is generally resilient to economic conditions. However, the Covid 19 pandemic and associated lockdowns have required unprecedented adaptability in our work practices. Building a new team across closed state borders has been a challenge for management but they have made good progress.

The PharmX acquisition completed in September 2020 has been successfully integrated into the Corum Group. We have injected long overdue investment and have developed a clear growth strategy for PharmX. Firstly, to grow the number of suppliers connected to the platform, secondly to grow engagement at the pharmacy level and finally to provide new and innovative services to both suppliers and pharmacies through PharmX.

I am pleased to report significant progress on all these points. We continue to add suppliers both in Australia and New Zealand and developed a model to improve engagement with Blackmores which is serving as a template for increasing pharmacy engagement more broadly. Furthermore, we have struck agreements with some of the large retail organisations such as TerryWhite Chemmart, Blooms The Chemist and Capital Chemist to drive further engagement at the pharmacy level.

We have also developed a number of new innovative services which will drive major efficiencies in the market and will be launched over the next few months. These include the development of a Marketplace platform to allow greater flexibility for suppliers and pharmacies in ordering through PharmX, the enhancement and expansion of message types that can be sent through PharmX, and the introduction of payment capabilities – an extension on our current ordering and invoicing services offered through PharmX.

In our core pharmacy software business, we were pleased to announce the extension of our relationship with Sigma Healthcare to include the WholeLife group of stores. While the store numbers are presently small, the group is growing rapidly, and they are approximately double the size of a traditional store.

We also recently signed an agreement with Go Vita to provide both retail software as well as utilising the PharmX platform. This is a significant development as it shows that Corum can be competitive outside of its core pharmacy sector. We look forward to working with Go Vita as they grow their footprint in the vitamins and healthfood space.

Throughout the past year, development has continued on our upgraded point of sale and head office systems. We have taken a fresh approach in our development of Corum Clear Enterprise after exiting the joint development agreement in 2020. This has allowed us to take a step back and reassess the development decisions and ensure we can progress with an appropriate product that meets market requirements and can be developed in the most efficient way. Development is also continuing on our point of sale system. These upgrades are evolving and are a clear reflection of customer feedback.

Corum Clear Dispense, our newest dispense software has continued to expand in market. We are pleased to announce that we have completed the transfer of users away from our legacy AWD dispense product which will result in cost savings and a more streamlined product offering.

We have launched a new product in the past few weeks, CyberGuard. CyberGuard is a state-of-the-art cyber protection product for Australian pharmacies. This subscription-based service is designed to prevent increasingly prevalent ransomware attacks and ensure pharmacy patient data is protected with enterprise level technology. The health sector remains the highest reported industry sector for cyber breaches and cyber security is a key concern for pharmacists. Corum is addressing this market need with this new offering.

I mentioned last year that we are aware of the need to improve our investor relations activity in light of the revamped share register since the capital raises. I acknowledge that there has been a lack of news flow which is reflective of our internal focus in 2021 as we upskill the organisation for the future. We have recently appointed PAC partners as our Capital Markets advisor and, as a result, I am confident that our engagement with all our investors is beginning to improve. Because of our improved cash position and operating cashflows we are now not required to produce quarterly cash updates but, as we did last quarter, we will continue to provide a trading update every quarter as a minimum.

Now that we have a stable business platform and a clear organic growth strategy for Corum, we have begun to actively seek appropriate strategic M&A opportunities. To that end we have appointed TMT Partners to assist in the process. They have already identified a number of interesting opportunities and we are investigating in more detail those that make strategic sense.

It has been a year of progress for the Corum Group and we have entered the 2022 financial year in a much stronger position, both strategically and financially. There is still much work to be done, but the future looks exciting as we seek to grow our core health business and take advantage of market opportunities as and when they present themselves. We have stemmed the operating cash burn of previous years and going forward will maintain a focus on enhancing positive operating cash flows.

I would like to take this opportunity on behalf of the Board to thank Julian and his team for their work throughout the past year and look forward to further shared success this year.

Finally, I'd like to thank you, our shareholders for your ongoing support of the Company.

## CEO Address

It is my pleasure to present to you today and thank you everyone for joining us.

Firstly, and importantly, I would like to acknowledge our customers, the pharmacy groups and pharmacists of Australia, who, for the best part of 2 years, have been manning the frontlines ensuring that our communities are supported during the Covid 19 pandemic. On behalf of our Team at Corum, we would like to say thank you.

In my update today I would like to provide an update on our operational progress and reflect on our strategy before mapping out our goals for the new financial year.

In FY21 we set out three key areas of focus:

1. Maintain a lean operating model
2. Align our products, retain and expand customers
3. Create new competitive advantages for Corum via the PharmX platform

### **Maintain a lean operating model**

With a disciplined approach to cost control we delivered efficiencies throughout our organisation which culminated in a reduction in staff costs towards the end of the last financial year. This allowed us to invest in key personnel to begin to execute our growth strategy. Over the past 12 months Corum has put in place strengthened healthcare, technology and commercial capabilities and we expect to see the benefits of this investment in the coming year.

### **Align our products, retain and expand customers**

Investment into our Clear Suite of products and PharmX assets over the last year has been a core focus.

Our product alignment strategy, centred on unifying our products, led to our legacy dispense product, AWD, being retired. This consolidated our dispense offering to LOTS Dispense and Corum Clear Dispense (CCD). Development continued on upgrading our Point of Sale and Head Office products which are now being refined in line with our customer requirements. These products have been designed to deliver broad organisational efficiencies through the streamlining of infrastructure, code base, development and support resources. In addition, these developments align our pharmacy software and PharmX businesses.

Our retention and expansion focus delivered some pleasing results during the period. Notably we increased our overall revenue per customer during FY21.

We were able to broaden our relationship with Sigma Healthcare where we extended our Head Office capabilities into their WholeLife branded stores. In addition, we were able to create new opportunities for our Group, such as the recent Go Vita agreement.

Go Vita operate 130 health and vitamin stores across Australia and Corum has entered an agreement to be their preferred operational software provider. Go Vita is the first major non-pharmacy customer for Corum. In addition, they are a large supplier to the pharmacy market and will distribute via the PharmX platform. Pleasingly, this singular discussion yielded a multitude of commercial opportunities for our Group to pursue.

### **Create new competitive advantages for Corum via the PharmX platform**

We have a clear strategy for PharmX that we have been pursuing this year:

1. Increasing the range of direct suppliers available on the platform - which will assist in increasing pharmacy efficiency through reducing manual orders;
2. Increasing the utilisation of PharmX at the pharmacy level by striking agreements with major retail groups; and
3. Expansion of platform functionality – PharmX has historically been focused on electronic orders and invoicing. A range of exciting developments are underway including a Marketplace capable of supporting deals, offers, end of line and smaller suppliers, a payments capability and a new centralised data exchange for both POS vendors and data integrators.

### **What has this delivered:**

- **Our first revenue uplift in over 5 years**  
Revenue for FY21 was \$13.4m, with Health services contributing \$11.9m and eCommerce contributing \$1.5m. Health revenue increased by 35% compared to the prior year, while the Real Estate business declined by 17%. The increase in Health revenue was largely driven by the PharmX acquisition.
- **A significant uplift in EBITDA Margin, with an underlying margin of 35% achieved**  
Underlying EBITDA for the year was \$4.4m, an increase of 237% compared to the previous year. Continued organisational efficiencies and improved revenue generation delivered this uplift.
- **A restructured and enhanced team**  
A management restructure was completed during the year to set the organisation up for future growth with additional skillsets and industry experience.
- **PharmX supplier numbers increase by 9% during FY21 and connections also by 9%**  
The number of suppliers connected to the PharmX platform increased as did the number of connections between existing suppliers and pharmacies (utilisation).

In FY22 we will be focused on 4 key growth opportunities:

1. Regaining our market share
2. Delivering on our strategy for PharmX
3. Creating new revenue streams
4. Augmenting our organic growth through targeted acquisitions

With 90% of pharmacies now affiliated with a group, banner, brand or buying group the Company's focus is firmly on regaining our market share through our Head Office capabilities. This is being undertaken by targeting these retail groups through our relationships at a Board and management level, leveraging our PharmX brand and our market leading Head Office product.

Our Head Office capabilities provide the platform to expand into our Dispense, Point of Sale and ancillary products.

Our concentrated focus on groups is developing an active pipeline of opportunities and is laying the foundation upon which we will restore market share in our core software products.

The investment in PharmX has continued. We are growing the number of suppliers on the platform and increasing the use of the service by pharmacies. To accelerate this growth we have removed some of the perceived barriers for use. These include, transitioning to volume-based pricing, automated and or streamlined account creation, and enhanced functionality.

To facilitate this, we are signing agreements with retail groups to accelerate supplier sign up and platform utilisation. This will lead to:

- Additional suppliers utilisation of the PharmX platform
- Increase in pharmacy connections (suppliers linked to pharmacies)
- Significant efficiencies for wholesalers, suppliers, head office and pharmacies (saving thousands of man hours)
- Providing the Corum Group revenue opportunities – similar to the Go Vita example mentioned earlier this tactical approach opens a dialogue with the whole of market - not just our traditional customer base.

Since the beginning of the new financial year, we have signed agreements with a number of retail pharmacies including, TerryWhite Chemmart, Alive Pharmacy Group, Good Price Pharmacy Group, Capital Chemist and Blooms The Chemist, representing over 600 pharmacies.

In addition to focusing on improving our Corum Clear suite of products and Head Office capabilities, we are looking at new growth opportunities for our Group. These include:

### **CyberGuard**

In recent weeks Corum has launched a state-of-the-art cyber protection product for Australian pharmacies aptly named CyberGuard. CyberGuard is a subscription-based service designed to prevent increasingly prevalent ransomware attacks and ensure pharmacy patient data is protected with enterprise level technology.

### **DataSync**

PharmX is building on its 15-year long history of providing connectivity to pharmacy by introducing next generation messaging. DataSync will provide a centralised data exchange for POS vendors and the data integrators that connect to the wider pharmacy marketplace. The messages supported will include orders, invoices, products, prices, payments, places, sales, inventory, shipping and dispense information. DataSync is in operation within the Corum Group and being piloted with a range of vendors.

### **Payments**

We are developing a payments solution for the healthcare marketplace. To deliver a range of payment capabilities across our customer network, Corum has entered into an agreement with DataMesh Group.

DataMesh Group provides a range of services including the provision of streamlined, low cost and flexible integrated payment terminal solutions which will extend into B2B payments.

### **PharmX Portal and Marketplace**

Our PharmX portal is currently being enhanced to add a range of new functionality. This is intended to deliver added value for our wholesalers, suppliers, retail groups and pharmacies. One development is the extension of our portal to support the creation of a marketplace which will complement our existing messaging business. This will allow PharmX to better satisfy customers who would prefer to use a “marketplace” approach with their ordering and suppliers, who can use the marketplace for end of line,



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specials, or as an entry-level ERP.

To augment our organic growth initiatives, we have recently engaged TMT Partners as corporate advisors to actively seek merger and acquisition opportunities. They have already identified a number of interesting opportunities and we are investigating in more detail those that make strategic sense.

So in summary, over the last year we have transitioned Corum into a markedly different organisation. We have improved our revenues and delivered our first uplift in over 5 years. In addition, we have corrected our cost base, re-energised and enhanced our team and with that delivered a significant uplift in EBITDA margin.

While our core focus remains on our health products, our attention is also on creating additional revenue opportunities for the Group which will be delivered via cyber security, data, payments and enhancing our PharmX platform.

We will look to complement our organic growth through targeted acquisitions that align with our broader strategic objectives. Much hard work has gone into getting Corum to here and I'd like to take this opportunity to thank my team for their hard work during another challenging year.

Additionally, I would like to thank our Board and in particular my Chairman, Nick England, for his ongoing support and finally I'd like to thank our shareholders for your continued support.

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

**– ENDS –**

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



# Corum Group Limited

## **Annual General Meeting**

Chairman Nick England  
CEO Julian Sallabank  
November 24th 2021

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# Corum Board



**Nick England**  
**Chairman**

- 35 years of senior executive experience
- Global roles in Australia, the UK and Europe
- Exec roles with Alliance UniChem PLC (now AB Walgreens)
- Responsible for strategy, sales and business performance.
- Pharmacist



**Dennis Bastas**  
**Non-Executive Director**

- Majority shareholder and Executive Chairman of two of Australia's leading generic pharmaceutical companies, Arrotex Pharmaceuticals and Juno Pharmaceuticals.
- Chairman of myDNA – a world leading pharmacogenomic and health platform



**Jon Newberry**  
**Non-Executive Director**

- 30 years experience in senior executive and Board roles for ASX listed companies
- Head of Corporate Finance & Projects for ASX listed Downer EDI
- Chairman of Repurpose It Pty Ltd,
- Previously Chief Executive Officer of ASX listed Clarity OSS Limited



**Jayne Shaw**  
**Non-Executive Director**

- Executive roles in two Australian private hospitals
- Founded consulting business sold to Healthsouth (US)
- Co-founder Vision Group, listed on the ASX.
- Board member Mable Technologies, Woolcock Institute, and Citadel



**Julian Sallabank**  
**CEO & Managing Director**

- Managing Director and Board Member of ASX listed companies
- Experience in Digital Health, Data, Payments, Innovation and Commercialisation
- Most recently Managing Director of a privately-owned early-stage medical research impact and innovation Fund.

# A Year of Consolidation



## Revenue & EBITDA Growth

Corum Group grew revenues by 26% and underlying EBITDA by 237%  
Health business grew revenues by 35%.

## Key Appointments

Dennis Bastas joined the Board end of 2020.  
James Nevile joins Corum as COO.  
Zoe Hillier promoted to CFO.  
Appointments including Head of Commercial and CISO.

## PharmX

Growth of suppliers connected to the PharmX platform.  
Focus on engagement at a pharmacy level

## Agreements with Key Retail Groups

Agreements struck with large retail groups including TerryWhite Chemmart, Blooms The Chemist and Capital Chemist to drive engagement at a pharmacy level.

Results <sup>1</sup>	FY20	FY21	Δ PCP
Revenue	\$10,643	\$13,382	26%
Health Services <sup>2</sup>	\$8,819	\$11,875	35%
EBITDA (underlying) <sup>3</sup>	\$1,316	\$4,435	237%

# A Year of Consolidation



## Innovation

Innovative new services developed to drive efficiencies.  
Development of a marketplace.



## Payments

Introduction of payments capabilities – an extension of our ordering and invoicing capabilities.



## Partnership Growth

Enhanced partnership with Sigma via the WholeLife group of stores.  
New agreement with Go Vita – the first major customer outside of pharmacy.



## Cyber Security

Launched CyberGuard, subscription-based service providing start-of-the-art cyber protection for Australian pharmacies.



# CEO Update

# Strategy Update



## Maintain a lean operating model

Disciplined approach to cost control delivered efficiencies.  
Culminated in reduction of staff.  
Investment in key personnel to strengthen our healthcare, technology and commercial capabilities.



## Align Products, Retain and Expand Customers

Product alignment strategy led to the retirement of our legacy dispense product, AWD.  
Development continued with the enhancement of our Point of Sale and Head Office product – inline with customer requirements.  
Organisational efficiencies by streamlining infrastructure, code base, development and support resources.



## Create competitive advantage across the Group

We have a clear strategy for PharmX:

- Increase direct suppliers
- Increase utilisation of the platform
- Agreements with major retail groups



# What we have delivered



## Revenue Growth

Total revenue for FY21 \$13.4M.  
Health revenue increased 35% on PCP.  
Our first revenue uplift in over 5 years.

## EBITDA Margin

Significant uplift in EBITDA margin to 35%.  
Underlying EBITDA \$4.4M an increase of 237%.  
Efficiencies and improved revenue delivered this uplift.

## Enhanced Team

Management restructure completed during the year.  
Industry experience and commercial acumen.  
Capable of future growth.

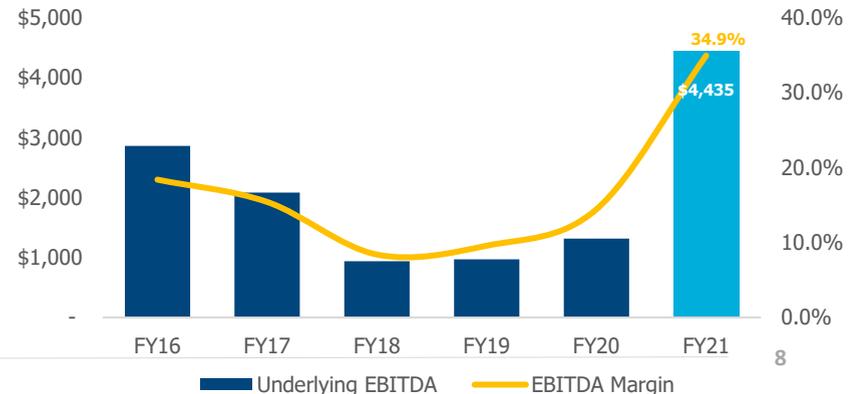
## PharmX

Increase in suppliers and connections of 9%.  
Utilisation capable of growth – connections and revenue.

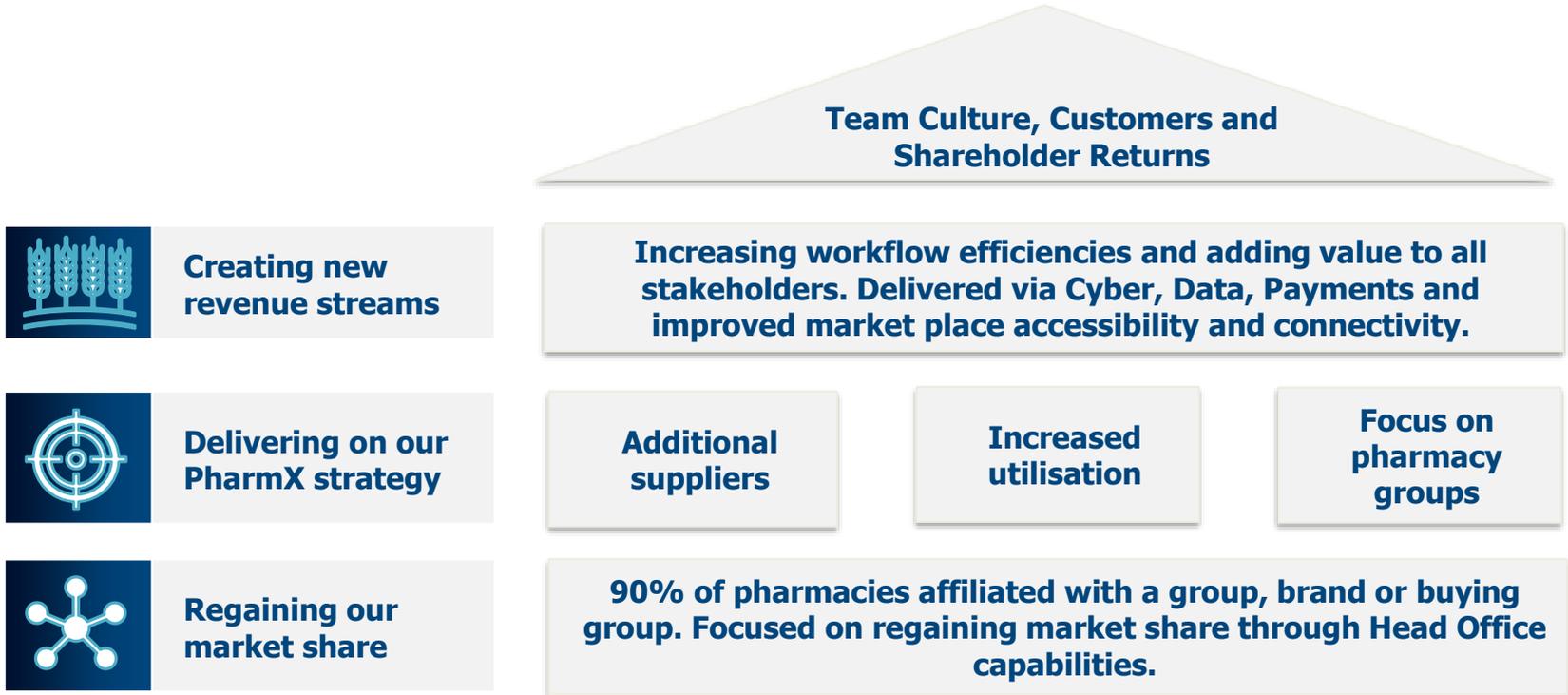
Sales Revenue (\$000's)



Underlying EBITDA (\$000's) & EBITDA Margin (%)<sup>1</sup>



# Looking Ahead



**Augmenting growth through targeted acquisitions**



# Appendix

# Profit & Loss

Profit & Loss (A\$000's)	H1'20	H2'20	FY'20	H1'21	H2'21	FY21	Δ PCP
<b>Revenue</b>	<b>\$5,011</b>	<b>\$5,632</b>	<b>\$10,643</b>	<b>\$6,642</b>	<b>\$6,740</b>	<b>\$13,382</b>	<b>26%</b>
Health	\$4,056	\$4,763	\$8,819	\$5,862	\$6,013	\$11,875	34.7%
eCommerce	\$955	\$869	\$1,824	\$780	\$727	\$1,507	-17.4%
<b>Expenses</b>							
Materials and consumables	(\$574)	(\$629)	(\$1,203)	(\$1,040)	(\$895)	(\$1,935)	60.8%
Employee Benefits	(\$3,849)	(\$3,327)	(\$7,176)	(\$3,384)	(\$3,680)	(\$7,064)	-1.6%
Occupancy	(\$85)	(\$39)	(\$124)	(\$53)	(\$53)	(\$106)	-14.5%
Marketing	(\$239)	(\$235)	(\$474)	(\$60)	(\$104)	(\$164)	-65.4%
Technology, communication and cloud costs	(\$288)	(\$306)	(\$594)	(\$385)	(\$533)	(\$918)	54.5%
Legal	(\$95)	(\$396)	(\$491)	(\$386)	(\$281)	(\$667)	35.8%
Other	(\$21)	(\$135)	(\$156)	(\$92)	\$11	(\$81)	-48.1%
Share based payments	-	(\$18)	(\$18)	-	-	-	-100.0%
R&D tax benefit	\$225	\$363	\$588	\$197	\$418	\$615	4.6%
<b>Total Expenses</b>	<b>(\$4,926)</b>	<b>(\$4,722)</b>	<b>(\$9,648)</b>	<b>(\$5,203)</b>	<b>(\$5,117)</b>	<b>(\$10,320)</b>	<b>7.0%</b>
<b>Statutory EBITDA</b>	<b>\$85</b>	<b>\$910</b>	<b>\$995</b>	<b>\$1,439</b>	<b>\$1,623</b>	<b>\$3,062</b>	<b>207.7%</b>
<b>EBITDA (Underlying)</b>	<b>\$139</b>	<b>\$1,177</b>	<b>\$1,316</b>	<b>\$2,211</b>	<b>\$2,224</b>	<b>\$4,435</b>	<b>237.0%</b>
Depreciation and amortisation	(\$383)	(\$418)	(\$801)	(\$781)	(\$1,045)	(\$1,826)	128.0%
<b>EBIT (Underlying)</b>	<b>(\$244)</b>	<b>\$759</b>	<b>\$515</b>	<b>\$1,430</b>	<b>\$1,179</b>	<b>\$2,609</b>	<b>406.6%</b>
Finance costs	(\$24)	(\$26)	(\$50)	(\$20)	(\$116)	(\$136)	172.0%
Income tax (expense) / benefit	\$18	(\$300)	(\$282)	\$91	(\$359)	(\$268)	-5.0%
<b>NPAT (Underlying)</b>	<b>(\$250)</b>	<b>\$433</b>	<b>\$183</b>	<b>\$1,501</b>	<b>\$704</b>	<b>\$2,205</b>	<b>1104.9%</b>
<b>One-off Items</b>							
BAMM & PharmX Legal Cost & Termination Payments	(\$54)	(\$267)	(\$321)	(\$772)	(\$601)	(\$1,373)	
Fair value adjustment of investments	-	\$314	\$314	\$1,727	-	\$1,727	
BAMM Cloud-based Head Office Solution	-	-	-	(\$1,468)	-	(\$1,468)	
<b>Statutory NPAT</b>	<b>(\$304)</b>	<b>\$480</b>	<b>\$176</b>	<b>\$988</b>	<b>\$103</b>	<b>\$1,091</b>	<b>519.9%</b>

# Balance Sheet

Balance Sheet (A\$000's)	FY'20	FY'21
<b>Current assets</b>		
Cash and cash equivalents	\$2,323	\$6,478
Trade and other receivables	\$3,826	\$864
Inventories	\$64	\$34
Income tax receivable	\$1,700	\$1,548
Other assets	\$1,928	\$1,492
<b>Total</b>	<b>\$9,841</b>	<b>\$10,416</b>
<b>Non-current assets</b>		
Investments	\$2,686	-
Property, plant and equipment	\$525	\$495
Right of use assets	\$702	\$296
Intangibles	\$4,674	\$19,285
Deferred tax assets	\$551	\$804
Security deposits	\$199	\$51
<b>Total</b>	<b>\$9,337</b>	<b>\$20,931</b>
<b>Total assets</b>	<b>\$19,178</b>	<b>\$31,347</b>
<b>Current Liabilities</b>		
Trade and other payables	\$3,628	\$4,953
Provisions	\$1,202	\$1,054
Lease Liability	\$422	\$280
Deferred revenue	\$226	\$100
<b>Total</b>	<b>\$5,478</b>	<b>\$6,387</b>
<b>Non-current liabilities</b>		
Other payables	-	\$726
Provisions	\$192	\$120
Lease Liability	\$311	\$41
Deferred Tax liability	-	\$1,143
<b>Total</b>	<b>\$503</b>	<b>\$2,030</b>
<b>Total Liabilities</b>	<b>\$5,981</b>	<b>\$8,417</b>
<b>Net assets</b>	<b>\$13,197</b>	<b>\$22,930</b>
<b>Equity</b>		
Issued capital	\$89,724	\$98,366
Reserves	\$18	\$18
Accumulated losses	(\$76,545)	(\$75,454)
<b>Total equity</b>	<b>\$13,197</b>	<b>\$22,930</b>

# Cashflow

Cash flow (A\$000's)	FY'20	FY'21
<b>Cash flows from operating activities</b>		
Receipts from customers	\$9,773	\$13,887
Payments to suppliers and employees	(\$11,238)	(\$12,534)
Interest and other revenue received	\$341	\$108
Income tax paid	(\$281)	(\$272)
Research and development incentive	\$1,774	\$1,973
<b>Net cash from operating activities</b>	<b>\$369</b>	<b>\$3,162</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(\$156)	(\$300)
Payments for intangible assets	(\$3,128)	(\$3,789)
Acquisition of subsidiary	-	(\$2,097)
Proceeds from security deposits	\$874	-
Payment for security deposits	(\$51)	-
Investment in unlisted entity	(\$875)	-
<b>Net cash used in investing activities</b>	<b>(\$3,336)</b>	<b>(\$6,186)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	\$3,660	\$8,936
Share issue transaction costs	(\$302)	(\$392)
Principal paid on lease liabilities	(\$351)	(\$434)
Distributions paid	-	(\$896)
Interest paid on lease liabilities	(\$50)	(\$35)
<b>Net cash from financing activities</b>	<b>\$2,957</b>	<b>\$7,179</b>
Net increase/ (decrease) in cash and cash equivalents	(\$10)	\$4,155
Cash and cash equivalents at beginning of the financial year	\$2,333	\$2,323
<b>Cash and cash equivalents at the end of the financial year</b>	<b>\$2,323</b>	<b>\$6,478</b>



# Corum Group Limited

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