

Market Release

24 February 2021

## Corum building positive momentum

Corum Group Limited (ASX:COO) (Corum) is pleased to announce its interim results for FY21.

- **Group revenue**            **\$6.64m**            **UP 33% on pcg**
- **Underlying EBITDA**    **\$2.2m**            **UP 2,501% on pcg**
- **Cash on hand**            **\$7.6m**

### Key operational highlights

- Completion of the PharmX acquisition. Corum acquired the remaining 57% of equity in PharmX for \$7.9m
- Successful capital raise. Corum undertook a 1 for 3 Non-renounceable Rights issue to raise \$5.6m before costs at 4.2cps to part fund the PharmX acquisition
- Strategic placement to Arrotex pharmaceuticals. Corum secured Arrotex pharmaceuticals, Australia's largest generic and private label OTC company as a strategic shareholder. This placement raised a further \$3.3m at 5.5cps and Dennis Bastas, Executive Chairman of Arrotex joined the Corum Board
- Revenue growth of \$6.64m was an increase of 33% on pcg aided by the PharmX acquisition. Expenses continue to be closely controlled
- Underlying EBITDA of \$2.2m was an increase of 2,501% on pcg.
- Corum ended the half with a strong cash balance and is well positioned to take advantage of strategic opportunities as they occur
- Cash from operating activities was positive \$559k vs \$1,315 negative in pcg

Commenting on the results, Corum Managing Director, Julian Sallabank said: "I am pleased with the continued progress that we have achieved in the half year. We will continue to focus on profitable growth of our healthcare business and look to augment that growth through disciplined healthtech acquisitions".

- ENDS -

*This announcement has been authorised for lodgment by Julian Sallabank, Managing Director*

**For further information contact:**

**Julian Sallabank, Managing Director**

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**Corum Group Limited**  
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Sydney NSW 2000  
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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**ABN 25 000 091 305  
AND ITS CONTROLLED ENTITIES**Appendix 4D**

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Name of entity

**Corum Group Limited**

ABN or equivalent company reference

**25 000 091 305**

Half year ended ('current period')

**31 December 2020**Financial year ended  
(‘previous corresponding period for  
Balance Sheet’)**30 June 2020**Half year ended  
(‘previous corresponding period for  
Statement of Comprehensive Income and  
Cash Flow Statement’)**31 December 2019**

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**CORUM GROUP LIMITED**

ABN 25 000 091 305  
AND ITS CONTROLLED ENTITIES

**Results for announcement to the market**


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Extracts from this report for announcement to the market

1. Revenue from ordinary activities	Up 32.5% to	\$6,642,000
2. Profit from ordinary activities after tax attributable to members		\$988,000
3. Profit for the period attributable to members		\$988,000

Statement regarding dividends	No dividends have been declared
Record date for determining entitlements to the dividend	N/A

	Current Period 31 December 2020	Previous Corresponding Period 30 June 2020
Net tangible assets/(liabilities) per security (excluding intangible assets)	0.8 cents	2.1 cents

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# **Corum Group Limited**

ABN 25 000 091 305

## **Half-Yearly Report For the Six Months Ended 31 December 2020**

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## Directors' Report

The Directors present their report, together with the financial statements, on the Consolidated Entity consisting of Corum Group Limited ('Group', or 'Corum', or the 'Company') and the entities it controlled for the half-year ended 31 December 2020.

### Directors

The following were directors of Corum Group 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	– Chairman and Non-executive Director
Julian Sallabank	– Non-executive Director, appointed Managing Director on 1 September 2020
Jon Newbery	– Non-executive Director
Jayne Shaw	– Non-executive Director appointed 15 October 2020
Dennis Bastas	– Non-executive Director appointed 2 December 2020
David Clarke	– Managing Director resigned 31 August 2020

### Company Secretary

Eryl Baron

### Principal Activities

Corum Group Limited (ASX:COO) is a technology and software development business. The key business activities relate to:

- Corum Health which develops and distributes business software for the pharmacy industry with emphasis on point-of-sale and pharmaceutical dispensing software, multi-site retail management, support services and computer hardware. Corum Health now also includes PharmX, an electronic gateway that links pharmacies, pharmaceutical wholesalers and direct suppliers within the pharmacy market.
- Corum eCommerce operates a payment gateway primarily for the real estate and pharmacy sectors.

### Operating Results

The underlying operating profit of the Consolidated Entity before providing for fair value adjustments, contract settlements and income tax amounted to \$638,000 (half-year ended 31 December 2019: \$322,000 loss).

This result includes legal costs of \$386,000 relating to PharmX matters and the settlement of the development arrangement with BAMB Group Administration Pty Ltd ('BAMB'). These costs are either non-recurring or are expected to reduce significantly going forward. The result also includes redundancy payments of \$375k paid in the period. Software development amortisation has also significantly increased in the current half-year compared to the prior period, mainly due to the impact of the PharmX acquisition and the amortisation of the gateway software acquired.

Revenue for the half-year was \$6,642,000, an increase of 33% on the prior period. The acquisition of the remaining interest in PharmX was completed during the period, which contributed to the improvement in Health Services' revenue, which increased to \$5,774,000, an increase of 43%. eCommerce revenue fell to \$780,000, a decrease of 18% as the business transitions its focus.

There were accounting fair value adjustments made in the half-year following the acquisition and consolidation of the PharmX results for the first time. Under accounting standards, a fair value uplift on Corum's existing 43% investment was recognised on the acquisition of the remaining 57% share. This resulted in a \$2.0 million increase to the investment and the generation of a goodwill intangible asset

## **Directors' Report** continued

### **Operating Results** continued

of \$1.5 million. The net impact on profit was a benefit of \$1.7 million after transaction costs.

There were one-off non-trading costs of \$1,468,000 in the period relating to the settlement agreement with BMM. This is the present value of the total consideration of \$2,000,000 to be paid that has not met the asset recognition criteria to be capitalised on the balance sheet as software product development.

Net profit after fair value adjustments, contract settlements and income tax was \$988,000 (half-year ended 31 December 2019: \$304,000 loss).

### **Dividends**

No dividend was paid by the Company in the half-year ended 31 December 2020.

### **Review of Operations**

During the half-year ended 31 December 2020, the acquisition of the remaining shares in PharmX was completed. PharmX is the pre-eminent electronic gateway that links pharmacies, pharmaceutical wholesalers and direct suppliers within the pharmacy market. This strategic acquisition has better positioned Corum Health to expand our technology platform offering.

To help fund the PharmX acquisition, the Company successfully completed a capital raise during the half-year. This was by means of an entitlement offer at 4.2 cents per share that was strongly supported by our existing shareholders with a subsequent placement that was taken up by new private and institutional investors, raising \$5.6 million before costs.

In November, the Company raised a further \$3.3m at 5.5 cents per share via a placement as Arrotex Pharmaceuticals made a strategic investment in Corum.

Our focus on development during the current half-year has been on completing the development needed to make our dispensing products ready for the Government's e-prescribing rollout and in finalising the richer feature-sets and third-party integrations of Corum Clear Dispense. Development has also continued on Retail Pharmacy Manager ('RPM'), which has undergone upgrades and specific functionality development to assist in the deployment into larger group environments as a precursor to transitioning to Corum Clear Enterprise.

In October 2020 an agreement was reached with BMM on the development of Corum Clear Enterprise, our cloud-based head office solution. Under the agreement, BMM will no longer be involved in the development and the proposed issue of 63.6 million shares will no longer take place. In consideration for the development work completed to date and the associated intellectual property and other commercial rights being granted, Corum has paid BMM \$800,000 in November 2020, with 3 further payments of \$400,000 to be made annually thereafter.

Cash held by the Company at the end of the period was \$7.6 million, compared to \$2.3 million at the end of June 2020. Operating cash flow was \$2.3 million, \$2.1 million above last year primarily due to higher customer receipts.

The acquisition of the remaining shares in PharmX resolved the matter of outstanding distributions that were due from PharmX to Corum. The impact of the purchase price paid by Corum, taking into consideration the cash on hand of PharmX at acquisition (mainly the outstanding distributions), was a net outflow of \$2.1 million.

The overall cash position benefited from the capital raises with proceeds of \$8.9 million before costs and a tax refund (including research and development incentive) of \$1.7 million that was received in the period (\$1.5 million in the half-year ended 31 December 2019). These inflows have been partly



## **Directors' Report continued**

### **Review of Operations continued**

offset not only by the acquisition of PharmX, but also by the ongoing investment in new product development of \$2.1 million.

### **Outlook**

Corum continues to focus on customer retention, growth and achieving sustainable profitability. We are continuing to explore new opportunities in the healthcare technology sector.

Within the Health Services business the primary focus for the second half is driving revenues from our Clear suite of software products and increasing our market penetration. Our Clear suite includes a feature rich Corum Clear Dispense and the phase one launch of Corum Clear Enterprise. There have been various delays associated with Corum Clear Enterprise but moving forward, with the development now being controlled and undertaken directly by Corum, we are expecting to expediate the first release to market. We will also be improving our Point of Sale product focused on enhancing existing functionality and performance.

Corum is also focusing on the PharmX business which has lacked investment over recent years and has identified new areas to expand the business while ensuring it remains an independent service provider. Corum is also capitalising on synergies that can be realised between PharmX and the existing Health Services business.

### **Financial Position**

The Consolidated Entity net assets are \$22,827,000 (June 2020: \$13,197,000) after raising capital of \$8,642,000 (net of transaction costs). Working capital, current assets less current liabilities, is a surplus of \$4,487,000 (June 2020: \$4,363,000).

### **Going Concern**

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 2020 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

Dated: 24 February 2021



**Jon Newbery**  
Director

## DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF CORUM GROUP LIMITED

As lead auditor for the review of Corum Group Limited for the half-year ended 31 December 2021, 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 Corum Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Leah Russell'.

**Leah Russell**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 24 February 2021

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the half-year ended 31 December 2020**

	Note	31 December 2020 \$'000	31 December 2019 \$'000
<b>Revenue</b>	2	<b>6,642</b>	<b>5,011</b>
<b>Expenses</b>			
Materials and consumables		(1,040)	(574)
Employee benefits	3	(3,384)	(3,849)
Occupancy		(53)	(85)
Marketing		(60)	(239)
Depreciation and amortisation	3	(781)	(383)
Finance costs		(20)	(24)
Technology, communication and cloud costs		(385)	(288)
Legal		(386)	(95)
Other		(92)	(21)
Research and development tax benefit		197	225
<b>Profit / (Loss) before fair value adjustments, non-trading items and income tax expense</b>		<b>638</b>	<b>(322)</b>
Fair value adjustment of investments	9	1,727	-
Contract settlement	11	(1,468)	-
<b>Profit / (Loss) before income tax</b>		<b>897</b>	<b>(322)</b>
Income tax benefit / (expense)	4	91	18
<b>Profit / (Loss) after income tax expense for the half-year attributable to the owners of Corum Group Limited</b>		<b>988</b>	<b>(304)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Corum Group Limited</b>		<b>988</b>	<b>(304)</b>
<b>Earnings per share</b>	5	<b>Cents</b>	<b>Cents</b>
<b>Basic earnings per share</b>		<b>0.20</b>	<b>(0.11)</b>
<b>Diluted earnings per share</b>		<b>0.20</b>	<b>(0.11)</b>

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 2020**

	Note	31 December 2020 \$'000	30 June 2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,623	2,323
Trade and other receivables	8	1,426	3,826
Inventories		34	64
Income tax receivable	4	779	1,700
Other assets		1,904	1,928
		<b>11,766</b>	<b>9,841</b>
<b>Non-current assets</b>			
Investments	9	-	2,686
Property, plant and equipment		537	525
Right of use assets		512	702
Intangibles	10	18,244	4,674
Deferred tax assets		949	551
Security deposits		199	199
		<b>20,441</b>	<b>9,337</b>
<b>Total Assets</b>		<b>32,207</b>	<b>19,178</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		5,476	3,628
Provisions		1,152	1,202
Lease liability		457	422
Deferred revenue		194	226
		<b>7,279</b>	<b>5,478</b>
<b>Non-current liabilities</b>			
Other payables	11	698	-
Provisions		174	192
Lease liability		86	311
Deferred Tax liability	9	1,143	-
		<b>2,101</b>	<b>503</b>
<b>Total liabilities</b>		<b>9,380</b>	<b>5,981</b>
<b>Net assets</b>		<b>22,827</b>	<b>13,197</b>
<b>EQUITY</b>			
Issued capital	12	98,366	89,724
Reserves		18	18
Accumulated losses		(75,557)	(76,545)
<b>Total Equity</b>		<b>22,827</b>	<b>13,197</b>

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 2020**

	Issued capital \$'000	Share-based Payments Reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2020</b>	<b>89,724</b>	<b>18</b>	<b>(76,545)</b>	<b>13,197</b>
Profit after income tax	-	-	988	988
Issues of new capital, net of transaction costs	8,642	-	-	8,642
<b>Balance at 31 December 2020</b>	<b>98,366</b>	<b>18</b>	<b>(75,557)</b>	<b>22,827</b>
<b>Balance at 1 July 2019 reported</b>	<b>86,283</b>	<b>-</b>	<b>(76,261)</b>	<b>10,022</b>
Prior period adjustment	-	-	(460)	(460)
<b>Balance at 1 July 2019 restated</b>	<b>86,283</b>	<b>-</b>	<b>(76,721)</b>	<b>9,562</b>
Loss after income tax	-	-	(304)	(304)
Issues of new capital, net of transaction costs	3,441	-	-	3,441
<b>Balance at 31 December 2019</b>	<b>89,724</b>	<b>-</b>	<b>(77,025)</b>	<b>12,699</b>

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 2020**

		<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		6,600	4,935
Payments to suppliers and employees		(6,132)	(6,277)
Interest and other revenue received		91	27
Research and development incentive/income tax		1,700	1,493
<b>Net cash from operating activities</b>		<b>2,259</b>	<b>178</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(178)	(62)
Payments for intangible assets		(2,099)	(1,595)
Acquisition of subsidiary net of cash acquired	9	(2,097)	-
Proceeds from/(payments) for long term deposits		-	(9)
<b>Net cash used in investing activities</b>		<b>(4,374)</b>	<b>(1,666)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		8,936	3,660
Share issue transaction costs		(392)	(302)
Distributions paid to unit holders	9	(896)	-
Principal paid on lease liabilities		(213)	(154)
Interest paid on lease liabilities		(20)	(24)
<b>Net cash from financing activities</b>		<b>7,415</b>	<b>3,180</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,300</b>	<b>1,692</b>
Cash and cash equivalents at beginning of the period		2,323	2,333
<b>Cash and cash equivalents at end of the period</b>		<b>7,623</b>	<b>4,025</b>

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 2020**

This financial report includes the consolidated financial statements and notes of Corum Group Limited and controlled entities ('Consolidated Entity', or 'Group', or 'Corum', or the 'Company'). Corum Group 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.

It is recommended that the half-year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2020 and any public announcements made by Corum Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year 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 2020.

The half-year financial report does not include full disclosure of the type normally included in an annual financial report.

#### **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 2020.

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 2020**

	31 December 2020 \$'000	31 December 2019 \$'000
<b>Note 2: Revenue</b>		
<i>Sales revenue</i>		
Rendering of services	5,806	4,330
Sale of goods	171	181
	<b>5,977</b>	<b>4,511</b>
<i>Other revenue</i>		
Interest	16	27
Revenue from unlisted entity	574	473
Other revenue	75	-
	<b>665</b>	<b>500</b>
<b>Total revenue</b>	<b>6,642</b>	<b>5,011</b>
<b>Note 3: Expenses</b>		
<i>Employee benefits</i>		
Employee benefits expenses	3,384	3,849
Capitalised development costs	1,051	896
<b>Total employee benefits</b>	<b>4,435</b>	<b>4,745</b>
<i>Depreciation and amortisation</i>		
Software development	493	76
Leased assets	211	172
Property, plant and equipment, net of capitalisations	77	135
<b>Total depreciation and amortisation</b>	<b>781</b>	<b>383</b>

**Notes to the Consolidated Financial Statements  
for the half-year ended 31 December 2020**
**Note 4: Income tax**
**The major components of income tax expense are:**

	31 December 2020 \$'000	31 December 2019 \$'000
Current period income tax charge	96	-
Adjustment for current income tax if items credited directly to equity, capital raising costs	19	-
Adjustment for current income tax of previous year	-	8
Utilisation and reversal of temporary differences	(206)	(26)
<b>Income tax (benefit) / expense</b>	<b>(91)</b>	<b>(18)</b>

	31 December 2020 \$'000	30 June 2020 \$'000
<b>Income tax receivable</b>		
Opening Balance	1,700	1,501
Current tax expense	(96)	(273)
Adjustment for current income tax of previous year	-	(8)
Research and development tax offset	875	1,973
Tax refund relating to previous period received	(1,700)	(1,493)
<b>Closing balance</b>	<b>779</b>	<b>1,700</b>

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 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 conditions for deductibility of losses imposed by tax legislation.

**Notes to the Consolidated Financial Statements  
for the half-year ended 31 December 2020**

	31 December 2020 \$'000	31 December 2019 \$'000
<b>Note 5: Earnings per share ('EPS')</b>		
<i>Reconciliation of earnings:</i>		
Profit / (Loss) after income tax attributable to owners of the Company	988	(304)
<b>Earnings used in the calculation of basic and diluted EPS</b>	<b>988</b>	<b>(304)</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	489,381,638	288,789,331
Weighted average number of ordinary shares used in calculating diluted earnings per share	491,292,495	288,789,331

**Note 6: Dividends paid and proposed**

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.

**Note 7: Operating segments**
*Identification of reportable operating segments*

The Group is organised into two operating segments: Health Services and eCommerce. These operating segments are 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 internal 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 of these operating segments are as follows:

- Corum Health – Health Services provides dispense, point-of-sale and head office retail management software applications, along with hardware, training and support services to Australian pharmacies. Corum Health now also includes PharmX, an electronic gateway that links pharmacies, pharmaceutical wholesalers and direct suppliers within the pharmacy market.
- eCommerce – Provides individuals and businesses the opportunity to pay their rent, utilities, local government fees and commercial obligations via an electronic platform.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

### Note 7: Operating segments continued

#### 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 the understanding of segment performance, the net benefit of research and development tax incentives are disclosed in the segment to which they relate.

<b>Segment performance</b>	<b>Corum Health \$'000</b>	<b>eCommerce \$'000</b>	<b>Intersegment eliminations /unallocated \$'000</b>	<b>Consolidated \$'000</b>
<b>Half-year to 31 December 2020</b>				
<b>Revenue</b>				
Rendering of services	5,026	780	-	5,806
Sales of goods	171	-	-	171
Interest and other revenue	577	-	88	665
<b>Total revenue</b>	<b>5,774</b>	<b>780</b>	<b>88</b>	<b>6,642</b>
<b>Profit / (Loss) before fair value adjustments, contract settlement and income tax expense</b>	<b>980</b>	<b>(15)</b>	<b>(327)</b>	<b>638</b>
Depreciation and amortisation of segment assets	721	35	25	781
<b>As at 31 December 2020</b>				
Total Assets	21,744	1,982	8,481	32,207
Total Liabilities	(5,114)	(2,068)	(2,198)	(9,380)
<b>Half-year to 31 December 2019</b>				
<b>Revenue</b>				
Rendering of services	3,378	952	-	4,330
Sales of goods	181	-	-	181
Interest and other revenue	473	3	24	500
<b>Total revenue</b>	<b>4,032</b>	<b>955</b>	<b>24</b>	<b>5,011</b>
<b>Profit / (Loss) before fair value adjustments, contract settlement and income tax expense</b>	<b>232</b>	<b>26</b>	<b>(580)</b>	<b>(322)</b>
Depreciation and amortisation of segment assets	353	13	17	383
<b>As at 30 June 2020</b>				
Total Assets	11,819	2,005	5,354	19,178
Total Liabilities	(2,298)	(2,280)	(1,403)	(5,981)

**Notes to the Consolidated Financial Statements  
for the half-year ended 31 December 2020**

<b>Note 8: Current assets - trade and other receivables</b>	<b>31 December 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
Trade receivables	913	301
Less: Allowance for expected credit loss	(94)	(97)
	819	204
Other receivables	607	3,622
	<b>1,426</b>	<b>3,826</b>

As reported in the 2020 annual report, other receivables included revenue receivable from PharmX. During the current financial year, Corum acquired the remaining share of PharmX which resolved the matter of outstanding distributions that were due from PharmX to Corum.

**Note 9: Business combinations**

On 4 September 2020, Corum Group Limited acquired the remaining 57% interest that it did not already own in PharmX Pty Ltd and PharmX Unit Trust (PharmX) for total consideration of \$7,900,000. PharmX is the pre-eminent gateway that links pharmacies, pharmaceutical wholesalers and direct suppliers within the pharmacy market. Corum views this as a significant strategic asset in the community pharmacy ecosystem. The acquired business contributed revenues of \$1,753,000 and profit before tax of \$1,036,000 to the Consolidated Entity for the period. The fair value of assets identified in relation to the acquisition of PharmX are preliminary as at 31 December 2020 and will be finalised within 12 months from the date of acquisition.

Details of the assets and liabilities acquired are as follows:

	<b>Fair Value \$'000</b>
<b>Assets</b>	
Cash and cash equivalents	5,975
Trade and other receivables	694
Other assets	22
PharmX gateway software	6,922
Customer relationships and contracts	3,833
PharmX brand	739
	<b>18,185</b>
<b>Liabilities</b>	
Trade and other payables	(508)
Provisions	(59)
Unit holder entitlements	(5,531)
Deferred tax liability	(1,143)
	<b>(7,241)</b>
<b>Total identifiable net assets acquired at fair value</b>	<b>10,944</b>
Goodwill arising on acquisition	1,540
<b>Fair value of PharmX at acquisition</b>	<b>12,484</b>



## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

### Note 9: Business Combinations continued

The net assets recognised in the 31 December 2020 financial statements are based on a provisional assessment of their fair value.

The fair value of trade receivables is \$694,000, which is equal to the gross contractual amount, all of which is expected to be collected.

The deferred tax liability is due to the tax effect of recognising acquired intangible assets, in a business combination.

Unit holder entitlements of \$896,000 have been paid subsequent to acquisition.

	<b>Fair Value \$'000</b>
Consideration (Cash) paid for 57% remaining interest	7,900
Book value of 43% investment held in PharmX prior to acquisition	2,686
Fair value step-up of existing 43%	1,988
Prior period capitalised transaction costs, expensed in the current period	(90)
<b>Value of investment held</b>	<b>12,484</b>

#### Impact on Statement of profit and loss

Fair value step-up of existing 43%	1,988
Transaction costs expensed	(261)
	<b>1,727</b>

#### Cash used to acquire business, net of cash acquired:

	<b>Cash flow on acquisition \$'000</b>
Cash paid	(7,900)
Net cash acquired with the subsidiary	5,975
Transaction costs paid	(172)
	<b>(2,097)</b>

**Notes to the Consolidated Financial Statements  
for the half-year ended 31 December 2020**
**Note 10: Non-current assets - intangibles**

	31 December 2020 \$'000	30 June 2020 \$'000
Software and other intangibles – at cost	24,464	11,152
Goodwill	1,540	-
Accumulated Impairment	(1,467)	(1,467)
Accumulated Research and development incentives	(5,519)	(4,729)
Accumulated Amortisation	(774)	(282)
<b>Total intangible assets</b>	<b>18,244</b>	<b>4,674</b>

**Reconciliation**

<b>Consolidated</b>	<b>Goodwill \$'000</b>	<b>Software product development \$'000</b>	<b>Brand \$'000</b>	<b>Customer Contracts/ Relationships \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2019</b>	-	4,472	-	-	4,472
Additions	-	3,220	-	-	3,220
Research and development incentives	-	(1,384)	-	-	(1,384)
Impairment	-	(1,467)	-	-	(1,467)
Amortisation of software development	-	(167)	-	-	(167)
<b>Balance at 30 June 2020</b>	-	4,674	-	-	4,674
Additions	1,540	8,740	739	3,833	14,852
Research and development incentives	-	(790)	-	-	(790)
Impairment	-	-	-	-	-
Amortisation of software development	-	(401)	-	(91)	(492)
<b>Balance at 31 December 2020</b>	<b>1,540</b>	<b>12,223</b>	<b>739</b>	<b>3,742</b>	<b>18,244</b>

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 has been recognised on acquisition of PharmX in the current period, refer to note 9.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

### Note 11: Contract settlement

As announced on 30 October 2020, agreement has been reached with BAMB Group Administration Pty Ltd ('BAMB') regarding the development of a cloud-based head office solution. The 63,642,138 fully paid ordinary shares that were to be issued to BAMB pursuant to resolution 4 adopted at the 2019 Corum Annual General Meeting, will not now be issued.

In consideration for the assignment of the development work completed to date and associated IP and the other commercial rights being granted, Corum has paid BAMB \$800,000 in November 2020, with three further payments of \$400,000 being made annually thereafter.

This resulted in one-off non-trading costs of \$1,468,000. This is the present value of the total consideration of \$2,000,000 to be paid that has not met the asset recognition criteria to be capitalised on the balance sheet as software product development.

The present value of the non-current liability recognised that relates to future payments to be made to BAMB is \$698,000.

### Note 12: Issued capital

#### Movement in ordinary share capital

	Shares	\$'000
Balance at 1 July 2020	402,567,592	89,724
Share issue, net of transaction costs	194,189,197	8,642
<b>Balance at 31 December 2020</b>	<b>596,756,789</b>	<b>98,366</b>

### Note 13: Events after the reporting period

No matters or circumstances have arisen since 31 December 2020 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 Corum Group Limited:

- (a) The financial statements and notes, set out on pages 6 to 18 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 2020 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: 24 February 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Corum Group Limited,

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Corum Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 statement of 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 2020 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 2020 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, appearing to read 'Leah Russell', is written over a light grey horizontal line.

**Leah Russell**  
**Director**

Sydney, 24 February 2021



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