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Corum Group Limited

Investor Presentation

September 2020

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This presentation has been authorised by the Board of the Company.

Executive Summary



PharmX Acquisition

- A binding agreement has been executed for Corum to acquire the 57% interest in PharmX that it does not already own
- Acquisition price is \$7.90m in cash. \$3.75m to be paid on Completion on or before 4 September 2020 with the balance of Deferred Consideration of \$4.15m to be paid on or before 15 October 2020
- The Corum Board expects the acquisition to be earnings per share accretive in its first year



Capital Raising

- Corum to undertake a pro-rata 1 for 3 Non-Renounceable Rights issue ("Offer") to raise up to approximately \$5.6 million before costs at 4.2cps as part funding for the acquisition
- The Offer is partially underwritten to \$3.0 million by PAC Partners as Lead Manager and Underwriter to the Capital Raising
- The Corum Directors and their related entities will be fully subscribing for their respective entitlements and unanimously recommend the Offer to all eligible shareholders

A Year of Transition

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Board Renewal

Enhanced healthcare, strategic, financial & technology capabilities



Strategic Review

Evaluated strategy & resourcing with new key appointments



Incentive Plan

Share based LTI plan established to align key personnel



COVID-19 Response

Costs reduced resulting in minimal impact on business performance



Development Plan

Enhanced healthcare & technology capabilities



PharmX Acquisition

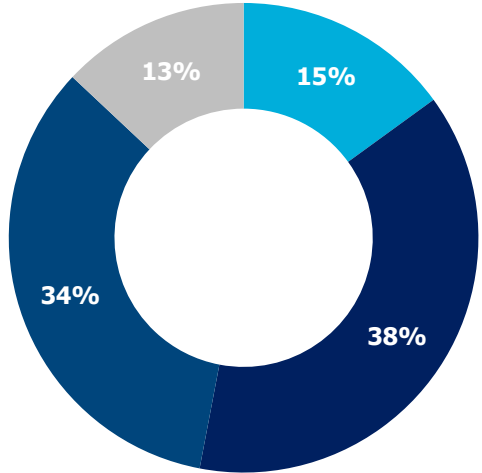
Extends pharmacy presence with renewed focus on growth

Australian Pharmacy Market

Corum operates primarily within the Australian pharmacy sector as a software vendor & technology provider

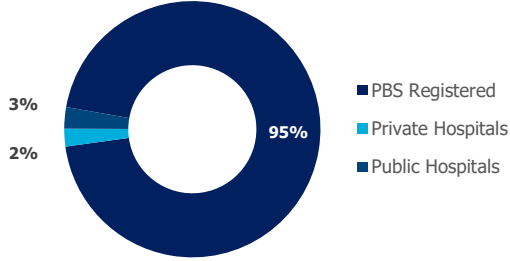
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Group Market Segment¹



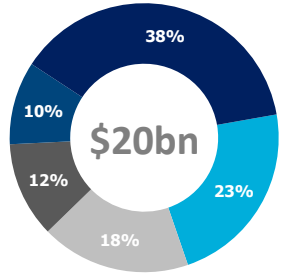
■ Buying Groups ■ Banners ■ Groups ■ Brands

Australian Pharmacies²



■ PBS Registered
■ Private Hospitals
■ Public Hospitals

Australian Pharmacy Market Share²









■ My Chemist Retail Group
■ Sigma Healthcare Ltd
■ EBOS Group Ltd
■ Australian Pharmaceutical Industries
■ Other

Our Pharmacy Software Solutions

Corum Health is a key enabler of Australian community pharmacy through its dispense, point of sale and head office pharmacy software solutions

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		Solutions
Dispense	<ul style="list-style-type: none">Medication dispense systems are highly regulatedePrescribing ready in a post COVID environment	 
Point of Sale	<ul style="list-style-type: none">Manage front of house cash collectionAlso serve as stock ordering and control system	 
Head Office	<ul style="list-style-type: none">Pharmacy group management solutionsRPM is the market leading head office system	 

PharmX Overview

Established in 2006, PharmX is the pre-eminent electronic ordering gateway for Australian pharmacy with a long track record of delivering the stability and reliability required by the high order volumes of pharmacies

Key Pharmacy Benefits

- Access all wholesalers
- Supports most POS systems including all major vendors
- Increases ordering efficiency saving valuable staff time
- Broad range of direct suppliers connected and accessible

Connected Wholesalers



Connecting over 5,500 pharmacies to their suppliers

Key Supplier Benefits

- Single access point to Australian pharmacy
- Facilitates electronic ordering without customised interfaces
- Increases pharmacy supply chain efficiency

Selected Connected Suppliers



PharmX Opportunities

Independent Operation

Post Completion of the acquisition PharmX will continue to operate as an independent business within the Corum Group in line with it's all of market focus

Extend Supplier Depth

PharmX will seek to expand platform connected suppliers given the efficiency benefits for the pharmacy supply chain

Capital Investment

Corum will support PharmX with capital investment to achieve growth ambitions based on expected profitability and managed risk

Renewed Strategic Focus

The Corum Board believes the past 3 years of equity holder litigation have acted as a significant distraction to the strategic focus of PharmX

Additional Services

PharmX management has identified a range of potential additional services that can be developed to further improve pharmacy supply chain efficiency

Alternative Markets

Potential exists for the deployment of the PharmX technology platform across alternative market opportunities

eCommerce

Corum eCommerce provides its clients a simple and efficient outsourced payment processing platform



ReConnect oneCard

Secure payment solution primarily used by Real Estate agents without the need to maintain their own secure payment IT infrastructure

eCpay

Corporate grade payment solution offering customised features that is fast, reliable and secure and can be integrated to client requirements

Select Clients

CENTURY 21

RE/MAX

LJ Hooker



Raine&Horne.

FedEx Express

Our eCommerce Solution

- Secure PCI compliant payment gateway
- Provides clients an efficient payment method for customers
- Avoids the need for clients to maintain expensive payment systems
- Full support desk service

Revenue Model

Primarily annuity style revenue sourced from software subscriptions and platform fees underpins positive operating leverage at scale



- Software subscriptions under licences
- Typically payable quarterly in advance



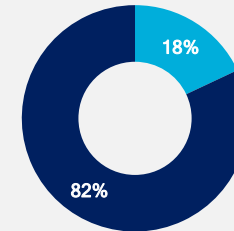
- Platform access and usage charges
- Payable monthly for agreed term



- Primarily transaction value-based charges
- Payable quarterly in advance, monthly or per transaction

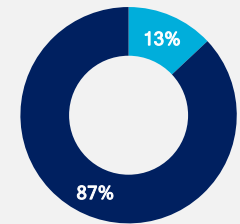
Revenue Source

FY'20



eCommerce

Pro-forma



Pharmacy

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Financials

Profit & Loss - Corum

Year Ending 30 June (A\$000's)	FY18	FY19	FY20
Revenue	12,566	11,230	10,643
Expenses			
Materials & Consumables	1,318	1,142	1,203
Employee Benefits	8,355	7,111	7,176
Occupancy	747	393	124
Marketing	529	625	474
Other	678	988	671
Total Expenses	11,627	10,259	9,648
EBITDA	939	971	995
Depreciation & Amortisation	(289)	(410)	(801)
EBIT	650	561	194
Finance Costs	-	-	(50)
Intangibles Fair Value Adj. / (Impairment)	-	(4,544)	314
Pre-tax Profit	650	(3,983)	458
Taxation	(399)	(222)	(282)
Net Profit After Tax	251	(4,205)	176

Balance Sheet - Corum

As at 30 June (A\$000's)	FY18	FY19	FY20
Assets			
Cash	4,971	2,333	2,323
Receivables	1,542	2,305	3,826
Inventories	102	68	64
PP&E	863	731	525
Intangibles	7,232	4,472	4,674
Deferred tax asset	447	469	551
Other	4,569	4,660	7,215
Total Assets	19,726	15,038	19,178
Liabilities			
Payables	3,956	4,021	3,628
Provisions	1,355	1,309	1,394
Deferred revenue	188	146	959
Total Liabilities	5,499	5,476	5,981
Net Assets	14,227	9,562	13,197
Equity			
Issued Capital	86,283	86,283	89,724
Reserves	-	-	18
Accumulated losses	(72,056)	(76,721)	(76,545)
Total Equity	14,227	9,562	13,197

Proforma Consolidated Financials

Year Ending 30 June (A\$000's) FY20

Revenue	14,446
Expenses	
Materials & Consumables	2,128
Employee Benefits	7,682
Occupancy	171
Marketing	476
Other	1,254
Total Expenses	11,711
EBITDA	2,735
Depreciation & Amortisation	(822)
EBIT	1,913
Finance Costs	(50)
Intangibles Fair Value Adj. / (Impairment)	3,588
Pre-tax Profit	5,451
Taxation	(755)
Net Profit After Tax	4,696

As at 30 June (A\$000's) FY20

Assets	
Cash	3,007
Receivables	903
Inventories	64
PP&E	607
Intangibles	18,434
Deferred tax asset	551
Other	4,076
Total Assets	27,642
Liabilities	
Payables	3,945
Provisions	1,490
Other	959
Total Liabilities	6,394
Net Assets	21,248
Equity	
Issued Capital	94,974
Reserves	18
Accumulated losses	(73,744)
Total Equity	21,248

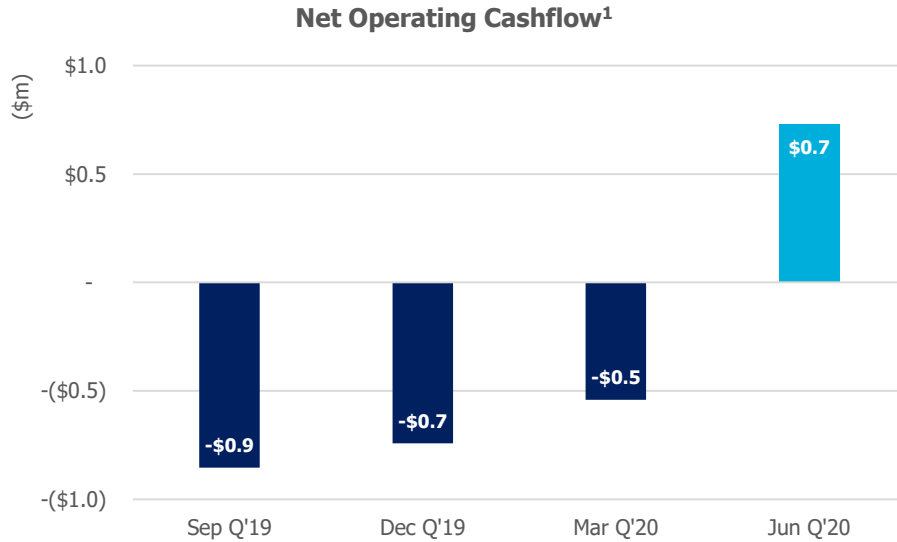
Consolidated Proforma Basis

Basis of preparation for the Consolidated Proforma Financials is as follows:

1. Assumes acquisition and capital raise had been completed as of 30 June 2020.
2. Annual results as at 30 June 2020 have been combined for both businesses.
3. Intercompany transactions have been eliminated on consolidation.
4. Cash and provisions have been adjusted to remove distributions held in trust for previous unit holders.
5. Existing investment fair value has been adjusted based on acquisition valuation, in accordance with accounting standards.
6. No attempt has been made to apply fair value to assets and identifiable intangible assets, nor any related tax affect accounted for.
7. An estimate has been included for additional taxes payable as a result of the full consolidation of PharmX's operations into those of Corum.

Positive Cashflow Momentum

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- Operating cashflow improvement a key focus for new Board
- Cost optimisation a focus to minimise COVID-19 impact
- Cashflow data excludes any PharmX contribution which was accrued during FY'20
- Positive quarterly run rate into FY'21

¹Sep Q '19 is adjusted to remove the impact of an R&D tax incentive credit received in the quarter

Board & Management

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Nick England
Chairman



- Nick has over 35 years of consulting and senior executive experience in Australia, the UK and Europe.
- Nick held senior management roles with Alliance Unichem PLC (now AB Walgreens) which operates more than 18,000 pharmacies across multiple countries. As Group Director of Alliance Unichem, Nick was responsible for developing opportunities with key global network partners.
- Nick's experience includes roles with direct responsibility for managing strategy, sales and business performance.

Julian Sallabank
Managing Director



- Julian has vast experience in senior executive and board roles for both private and ASX listed companies operating in the medical technology and recruitment sectors.
- Primary areas of expertise are strategic planning, commercialisation and organisational development of both domestic and international businesses.
- Julian is a director of an early stage medical innovation fund investing in digital health collaborating with the Murdoch Children's Research Institute.

Jon Newbery
Non-Executive Director



- Jon brings to Corum over 30 years of experience in senior executive and board roles for ASX listed companies in the technology, telecommunications, engineering and facilities management sectors.
- Jon is currently Head of Corporate Finance and Projects for ASX listed Downer EDI with responsibility for strategic acquisitions and disposals for the group.
- Previously Jon held roles as Chief Executive Officer of ASX listed Clarity OSS Limited and as Non-Executive Chairman of UK based platform developer IMX Software.

Strategic Priorities

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Revenue, Growth & Profitability



- Improve sales performance in core pharmacy software
- Continued focus on cost optimisation
- Realise operating leverage in technology business

Refocused Product Development



- Corum Clear to be the lead solution suite
- Streamlined product range going forward
- Enhanced focus on return on development spend

Disciplined Healthtech Acquisitions



- Focus on health software and related technologies
- Leverage off core pharmacy position and relationships
- Disciplined approach to profitable growth

Investment Highlights



Revenue, Growth & Profitability

Corum has strengthened its pharmacy sector relationships and access through Board renewal and the acquisition of PharmX



Platform For Growth

Over the past 12 months Corum has put in place strengthened healthcare, technology and commercial capabilities to target growth



Healthtech Focus

Provides investors exposure to a long-established pharmacy technology business with a strategy to augment growth through disciplined healthtech acquisitions



Positive Cashflow Momentum

Positive operating cashflow quarterly run rate into FY'21 with acquisition of remaining 57% PharmX interest to further assist

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Corporate Overview

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Corum Group Limited (ASX:COO)

Share Price	\$0.050
Market Capitalisation	\$20.1m
Enterprise Value (Cash 30/6/20)	17.8m

Share Price Performance



Capital Structure

Shares on Issue (m)	402.6
Options / Pref Rights (m)	4.8
Diluted Issued Capital (m)	407.4

Major Shareholders – 6 August 2020

	Shares (m)	%
Lujeta Pty Ltd	137.7	34.2
Mersault Pty Ltd	20.0	4.97
Lyell Pty Ltd	20.0	4.97
DG Manuel & AE Leary	20.0	4.97
Link Enterprises Pty Ltd	13.1	3.25
Benki Pty Ltd	12.0	2.98
Milburn Pty Ltd	11.5	2.86
Ginga Pty Ltd	10.8	2.69
Mrs Penelope King	10.0	2.48

Key Risks

Competition

Corum Health operates in a competitive pharmacy software market. There can be no assurance that pricing can be maintained or that additional competitors will not emerge.

Regulatory Environment

Corum operates in a highly regulated sector. Changes to regulations may materially impact the cost to deliver and profitability of Corum's products.

Legal

Corum operates with the typical legal risk of any commercial enterprise which could result in legal dispute and potential litigation.

Customer Adoption

Key customer decision maker awareness and belief in Corum's products is critical to the success of the Company. Continuing focus is applied to pharmacy sector relationships to manage this risk.

Future Capital Requirements

The availability of equity or debt funding is subject to market appetite at the time and there is no guarantee that Corum will be able to secure future funding on terms acceptable to the Company.

Technology

As a software company Corum's products and platforms may encounter technical issues. This is mitigated through rigorous design, testing and ongoing maintenance.

Key Risks (continued)

Supplier & Third Party Dependency

There is a risk that a supplier, or third party provider may deliver a service below the expected standard, or there may be a failure of, or disruption to, integration of such services.

Cybersecurity & Data Protection

Corum's digital systems may fail, or be subject to disruption as a result of external threats or system errors. Cyber attacks could also compromise or breach the safeguards implemented.

Share Price Fluctuation

Corum's share price will be affected by the financial performance of the Company and by external factors, including those listed here, some of which are out side of the control of the Company.

Key Business Process Disruption

Corum's service delivery model relies on the execution of several critical business processes. These include the customer on-boarding, service and transaction processing.

General Market Conditions

Corum's performance depends, to a certain extent, on a number of macro-economic factors outside of its control. These include economic growth, unemployment rates, interest rates, consumer confidence, taxation, inflation, the availability of credit and COVID-19 risks.

Share Trading Illiquidity

There can be no guarantee that an active market in the shares of Corum Group will exist. There may be few potential buyers or sellers on the ASX at any time, which may affect the prevailing market price for share sales.

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