

MARKET RELEASE

June 2021 quarterly business update

Melbourne, Australia, 30 July, 2021 - Medtech company, MedAdvisor Limited (**MedAdvisor** or the **Company**) (ASX: MDR) today released its Appendix 4C Report for the three-month period to 30 June 2021 and is pleased to provide an update of the progress during the period.

Key highlights

- **FY21 Q4 revenue \$13.3m**, up 338.1% on FY20 Q4, and 26.1% on a like-for-like basis.
- **Full Year 2021 revenue \$38.7m**, up 302.8% on FY20, in line with guidance, up 26.4% on a like-for-like basis for the 12 months to 30 June.
- **Receipts from operations in the quarter of \$13.8m**, up 39.8% on March quarter.
- For the remainder of CY21, 100% of the revenue target for the US business is contracted (compared to 85% in the prior year).
- Acquisition thesis for Adheris continues to be validated with three consecutive quarters of growth in the US market.
- **Digitalisation of the US Pharmacy network growing**, now 30% of stores agreed to proceed to digitalisation (+12.5% on prior quarter).
- \$14.4m of cash in Q3¹, (\$7.2m 30 June 2021) and a further ~\$5.0m of available undrawn facilities.
- **Confirming CY21 revenue guidance of \$55m-\$57m** with a ~55% gross margin percentage.

Business activity update

US market

- The pipeline is benefiting from the investment in sales & marketing made immediately post-acquisition. The contracted plus total weighted pipeline is higher than the same period last year. The total number of new clients added this year is 4 and 7 programs.
- The sales pipeline has continued to grow with more than 100% of the CY21 target revenue now contracted compared to approximately 85% of the CY20 target revenue, at this time last year
- Investment in the new go-to-market model "Dynamic Engagement" has progressed

¹ Following approval of new ongoing payment arrangements with a major client, MedAdvisor has now brought forward US\$5.7m, which would otherwise have been paid ~60 days later.

well and is on track. The first Dynamic Engagement programs are scheduled to go live for CY22. This will provide the opportunity for enhanced patient adherence outcomes and improved revenues and margins for MedAdvisor.

- Currently 4 smaller chains and 3 larger chains have agreed to enable digital programs. Critical to this is the live data flow enabling digital programs for the Adheris pharmacy network. MedAdvisor expects to be live with around 30% of Adheris' pharmacy network this quarter.
- MedAdvisor is in the final stages of executing agreements to enable digital programs with additional pharmacy chains. Once signed, MedAdvisor will have the ability to provide digital health programs to a network of 42+ million patients in the US.

Australian market

- MedAdvisor has increased ARR in Australia to \$6.6m following recent changes to its pricing model (effective June 1) which includes a new premium pricing tier, offering additional services and value, at a higher fee. In addition, MedAdvisor has continued to achieve growth in its pharmacy network whilst maintaining stable pharmacy churn rates.
- Following the recent announcement of the new 5-year contract with Australian Pharmaceutical Industries (**API**), MedAdvisor's Australian pharmacy market share is expected to exceed 65% next quarter, following the expected addition of ~250 stores. This will generate increased SaaS revenue and a larger patient base to support our health programs business.
- In June 2021, MedAdvisor appointed a new General Manager of Sales in Australia to build additional sales capability and grow the health programs in our home market. In Q3 FY21, MedAdvisor implemented 38 health programs that were funded by pharmaceutical companies, representing an increase of 7 programs along with materially stronger pipeline, compared with this time last year.
- MedAdvisor rolled out a new remote patient verification process, which removes the need for patients to be in-store in order to be activated on the platform. This is now accounting for more than 10% of app sign ups.

UK market

- Despite some technical issues that have delayed our rollout plans for the UK market, the first batch of implementation amongst both Day Lewis and independent stores has been positive, our objective is to have 400 pharmacy stores in the UK stores live by the end of the calendar year.
- MedAdvisor has successfully passed the necessary conformance requirements which permit integration with the various NHS systems. The development of these integrations will improve workflow for pharmacy and patient access to medication records, including the ability for patients to order them from their GP.

- All of the MedAdvisor independent pharmacies in the UK which are now live are using the new Version 6 product.

Asian market

- The changing landscape for medication supply in the Philippines post-COVID has led MedAdvisor to test alternative approaches to support patients and pharmacists. A pilot has recently gone live with 8 stores in a small geographic area and results will be reviewed during FY22 Q1.
- Health programs being run in Malaysia have produced some encouraging early results regarding their impact for patient adherence.

Financial update

- The Company reported \$13.3m in quarterly operating revenue for the quarter ending 30 June 2021, an uplift of 338.1% from Q4 FY20.
- On a like-for-like-basis, revenue was up 26.1% from the prior corresponding quarter and 26.4% for the 12 months YTD. Total revenue is in line with expectations.
- Historically, the December quarter has been MedAdvisor's strongest, typically representing more than 28% of the Company's sales. MedAdvisor's current deal pipeline would suggest the Company is well positioned for the upcoming December quarter.

Revenue AUD (\$'m)	2020	2021	% Change
June Reported			
June Quarter Actual	3.0	13.3	338.1%
June Year to Date Actual	9.6	38.7	302.8%
Like for Like MedAdvisor + Adheris: June Quarter	10.5	13.3	26.1%
Like for Like MedAdvisor + Adheris: June YTD	30.7	38.7	26.4%

- Net operating cash used in the June quarter was \$2.7m (\$2.4m adjusted for R&D receipt & delayed debtor). The delay in receiving \$1.6m receipts at the end of June impacted operating cashflow. These funds were received by MedAdvisor in early July.
- Debtor days initially increased to 100+ in Q3FY21 from ~75 days, due to a change in payment arrangements from a largest client. This had a \$4.9m negative impact on receipts for FY21 Q3. In July, debtor days have now returned to approximately 79 days and are expected to remain at that level in the forecast period.

Operating cash flow summary AUD(\$'m)	MedAdvisor ROW	MedAdvisor US	Total
Receipts from customers	2.7	11.2	13.8
Government incentives, interest & other	1.3	-	1.3
Total Receipts	4.0	11.2	15.1
Payments to suppliers and employees	(4.2)	(13.3)	(17.5)
Net cash used in operations	(0.2)	(2.2)	(2.4)
Lease payments classified as Financing activities	(0.1)	(0.2)	(0.3)
Net cash used in operations	(0.3)	(2.4)	(2.7)
Normalisation			
Timing of debtor receipt	-	(1.6)	(1.6)
Government incentives (R&D)	1.3	-	1.3
Net cash used in underlying operations	(1.6)	(0.8)	(2.4)

- This return to normalized debtor levels will result in FY22 Q1 cash flows being positively impacted from this payment in July and improved payment arrangements going forward. As a result, the cash balance has now lifted to ~\$14.4m for Q3, up from \$7.2m at 30 June.
- Normalised operating cash outflow for FY21 Q3 and Q4 is \$1.5m and \$2.4m respectively.

Outlook

- The MedAdvisor Board is confident with the progress of the Adheris integration and the opportunity that exists in the US market. The Company is providing CY21 revenue guidance of \$55-57m, with approximately 55% gross margin. This outlook is based on an AU:USD of \$0.75.

Related party transactions

During the quarter, the Company made the following payments to related parties:

- \$25,820 paid to a related party which provides data services to the Company in the ordinary course of business; and
- \$147,631 in fees and executive remuneration paid to directors.

- ENDS -

This document has been authorised for release by Robert Read, Chief Executive Officer.

For more information:

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About MedAdvisor

MedAdvisor is a world-class medication management platform that empowers patients to more simply manage their medication and improve adherence. MedAdvisor's highly automated and intuitive software system connects patients to tools and education materials from their preferred pharmacy. MedAdvisor works with 25,000 pharmacies in the US to deliver programs to help patients take their medication safely and effectively. In Australia, MedAdvisor has connected over 1.9 million patients through more than 65% of Australian pharmacies. MedAdvisor has partnered with HMS in the US, Zuellig Pharma in Asia, and is on track to become one of the largest players in the global digital adherence market. In 2018 and 2020, MedAdvisor was recognised in the AFR Fast 100. Visit: mymedadvisor.com/investors

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

MEDADVISOR LIMITED

ABN

17 145 327 617

Quarter ended ("current quarter")

30/June/2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	13,775	37,820
1.2 Payments for :		
(a) research and development	(1,000)	(2,532)
(b) product manufacturing and operating costs	(6,743)	(19,638)
(c) advertising and marketing	(390)	(1,868)
(d) leased assets	-	
(e.1) staff costs - R&D	(2,558)	(7,884)
(e.2) staff costs - other	(5,193)	(16,547)
(f) administration and corporate costs	(1,363)	(3,547)
1.3 Dividends received	-	-
1.4 Interest received	2	39
1.5 Interest and other costs of finance paid	(279)	(379)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives ⁽¹⁾	1,344	1,469
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,404)	(13,068)

⁽¹⁾ R&D Tax Concession and Government Grants (EMDG)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows related to investing activities			
2.1 Payment to acquire:			
(a) entities	(11,816)	(43,117)	
(b) businesses	-	-	
(c) property, plant & equipment	(166)	(434)	
(d) investments	-	-	
(e) intellectual property	-	-	
(f) other non-current assets	-	-	
2.2 Proceeds from disposal of:	-	-	
(a) entities	-	-	
(b) businesses	-	-	
(c) property, plant & equipment	-	-	
(d) investments	-	-	
(e) intellectual property	-	-	
(f) other non-current assets	-	-	
2.3 Cash flows from loans to other entities	-	-	
2.4 Dividends received (see note 3)	-	-	
2.5 Other (provide details if material)	-	-	
2.6 Net cash from / (used in) investing activities	(11,981)	(43,550)	
3. Cash flows from financing activities			
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	47,804	
3.2 Proceeds from issues of convertible debt securities	-	-	
3.3 Proceeds from exercise of options	-	-	
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(25)	(2,219)	
3.5 Proceeds from borrowings	6,777	6,777	
3.6 Repayment of borrowings	(337)	(930)	
3.7 Transaction costs related to loans and borrowings	-	-	
3.8 Dividends paid	-	-	
3.9 Other (provide details if material)	-	-	
3.10 Net cash from / (used in) financing activities	11,415	51,432	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1 Cash and cash equivalents at beginning of quarter/year to date		10,048	12,345
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(2,404)	(13,068)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(11,981)	(43,550)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		11,415	51,432
4.5 Effect of movement in exchange rates on cash held		74	(8)
4.6 Cash and cash equivalents at end of quarter		7,151	7,151

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances		7,151	10,048
5.2 Call deposits		-	-
5.3 Bank overdrafts		-	-
5.4 Other (provide details)		-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)		7,151	10,048

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1		173
6.2 Aggregate amount of payments to related parties and their associates included in item 2		-
6.3 Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		
The total of payments to related parties is comprised of amounts paid to Nostra Data Pty Ltd, an associated party, which provided data services to the Company during the quarter in the ordinary course of operations.		

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

7 Financing facilities available

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 Total financing facilities

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	6,957
-	-
-	-
-	6,957

7.5 Unused financing facilities available at quarter end

5,026

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Term loan facility US\$5m, Partners for Growth VI L.P., 10.25% for 3 years maturing 28 May 2024.
Revolving credit facility US\$4m, Partners for Growth VI L.P., 10.25% for 3 years, 28 May 2024, currently drawn US\$0.2m

8. Estimated cash available for future operations

- 8.1 Net cash from / (used in) operating activities (Item 1.9)
- 8.2 Cash and cash equivalents at quarter end (Item 4.6)
- 8.3 Unused finance facilities available at quarter end (Item 7.5)
- 8.4 Total available funding (Item 8.2 + Item 8.3)

\$A'000
(2,404)
7,151
5,026
12,177
5.1

8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: not applicable

- 2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: not applicable

- 3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement does give a true and fair view of the matters disclosed.

Authorised by: __The Board_____

Date: 30/Jul/21

Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.