MedAdvisor

Ms Oma Murad
Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

30 August 2021

Dear Ms Murad,

MedAdvisor Limited (ASX:MDR) – Correction to Appendix 4E Preliminary Final Report

The attached Appendix 4E Preliminary Final Report includes a correction to the document released earlier today.

The original document stated the net tangible assets per ordinary security in dollars rather than cents in the Results for Announcement to the Market. This has been corrected in the attached document.

Yours faithfully,

Naomi Lawrie
Company Secretary
MedAdvisor Limited

MedAdvisor Limited

www.mymedadvisor.com
ABN 17 145 327 617
+61 3 9095 3036

Level 2, 971 Burke Road
Camberwell VIC 3124
Australia

ASX Appendix 4E
Preliminary Financial Report

For the year ended 30 June 2021

MedAdvisor Limited | ABN 17 145 327 617

Results for Announcement to the Market

Full-year ended 30 June 2021
(Previous corresponding period: Full-year ended 30 June 2020)

	Year-ended 30 June 2021 $'000	Year-ended 30 June 2020 $'000		Movement %	Movement $'000
Revenue from ordinary activities	38,773	9,603	Up	304%	29,170
Loss from ordinary activities after tax attributable to the	(13,949)	(9,585)	Up	46%	(4,364)
Loss for the financial year attributable to the members	(13,949)	(9,585)	Up	46%	(4,364)

	Year-ended 30 June 2021 cents	Year-ended 30 June 2020 cents
Net tangible assets per ordinary security	(2.13)	4.34

Dividends

Not applicable

Control Gained or Lost over Entities

Control Gained

The Company gained 100% control of all equity interests in Adheris, LLC on 17 November 2020. There were no other entities over which control has been gained during the period.

The contribution of Adheris, LLC's loss from ordinary activities to MedAdvisor Limited during the period, and the profit/(loss) of Adheris, LCC during the period is as follows:

	Year-ended 30 June 2021 $'000
Contribution of Adheris, LLC's loss from ordinary activities to MedAdvisor Limited during the period	(2,865)
Adheris, LLC's loss for the period	(6,641)

Control Lost

There were no entities over in which control has been lost during the period.

Other

Additional disclosure requirements in accordance with ASX Listing Rule 4.3A is contained in this report.

This document should be read in conjunction with the 2021 Investor Presentation and any public announcements made in the reporting period by MedAdvisor Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

This Preliminary Financial Report is in the process of being audited.

The information set out above and in the attached Preliminary Financial Report is provided to the ASX in accordance with a resolution of the directors.

Robert Read
CEO and Managing Director

Camberwell, Victoria
30 August 2021

Commentary on results

FY 2021 performance

FY21 was a transformational year for MedAdvisor Limited (MedAdvisor or the **Company**). MedAdvisor recorded revenue of $40.3m (2020: $11.1m), which reflects the inclusion of Adheris, LLC (**Adheris**) from 17 November 2020.

The loss attributable to shareholders of MedAdvisor for the year ended 30 June 2021 was $13.9m (2020: $9.6m).

Key performance metrics for the year were as follows:

- On 17 November 2020, MedAdvisor acquired Adheris, a medication adherence company based in the USA, affording MedAdvisor a unique opportunity to establish a leadership position in medication adherence in the world's largest healthcare market. It also enables Adheris to augment its substantial network reach with the roll out of digital services that were developed in MedAdvisor's home market of Australia.
- MedAdvisor increased its scale in the US and is now able to reach 180m patients with adherence programs through its network of 25,000 pharmacies.
- Since the acquisition, MedAdvisor has invested in Sales & Marketing, R&D and key personnel to add digital capabilities to their existing offering and additional scale to open up much larger addressable markets.
- Total revenue of $40.3m (2020: $11.1m) was up 263%. On a like-for-like basis revenue was up 26%[1].
- Operating revenue of $38.8m (2020: $9.6m) was up 304%. On a like-for-like basis operating revenue was up 27%[1].
- EBIT loss of $16.9m (2020: loss of $9.8m) up 72.8% due to continued investment in new markets and acquisition and restructuring costs resulting from the acquisition of Adheris.
- Operating cash outflow was $12.5m (2020: $8.7m), negatively impacted by a delay in the receipt of payment from a key customer ($6.6m).
- Cash outflow from investing activities was $43.9m (2020: $0.3m) largely reflecting the acquisition of Adheris from Syneos Health US, Inc (**Syneos**).
- Cash inflow from financing activities was $51.2m (2020: $16.9m), of which $45.1m was from capital raising activities and $6.6m debt raising to fund the acquisition and short term working capital requirements.
- Cash at bank as at 30 June was $7.2m (2020: $12.3m).
- Net assets of $48.8m was up from $17.0m reflecting the transformative change that the acquisition of Adheris has had on the business.

[1] Like-for-like (LFL) includes Adheris LLC results for the corresponding period in FY20 (i.e. from 17 November 2019 to 30 June 2020).

Contents

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2021

	Notes	Consolidated Jun-21 $	Consolidated Jun-20 $
Revenue from continuing operations	5(a)	38,772,576	9,602,646
Other revenue	5(b)	1,507,552	1,468,098
Direct expenses	6(a)	(17,466,629)	(1,221,227)
Development costs		(4,810,324)	(2,504,232)
Employee benefits expenses	6(b)	(24,151,663)	(11,501,162)
Marketing expenses		(2,244,415)	(2,425,110)
Depreciation and amortisation expenses	6(c)	(3,211,436)	(512,224)
Directors fees	6(b)	(282,069)	(217,892)
Other expenses		(4,918,739)	(2,353,387)
Finance costs	6(d)	(422,088)	(115,100)
Loss before income tax		(17,227,235)	(9,779,590)
Income tax (expense) / income	8	2,855,245	-
Loss after income tax expense for the year		(14,371,990)	(9,779,590)
Other comprehensive income		(1,072,533)	52,208
Total comprehensive loss for the year		**(15,444,523)**	**(9,727,382)**
Loss for the year is attributable to:			
Non-controlling Interest	25	(422,541)	(194,595)
Owners of MedAdvisor Limited		(13,949,449)	(9,584,995)
		(14,371,990)	(9,779,590)
Total comprehensive loss for the year is attributable to:			
Non-controlling Interest		(469,087)	(196,529)
Owners of MedAdvisor Limited		(14,975,436)	(9,530,853)
		(15,444,523)	(9,727,382)
Loss per Share			
Basic loss per share	3	$ (4.54)	$ (4.22)
Diluted loss per share	3	$ (4.54)	$ (4.22)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Comparative figures are for the full year ended 30 June 2020.

Consolidated Statement of Financial Position

as at 30 June 2021

	Notes	Consolidated Jun-21 $	Jun-20 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	7,150,865	12,345,164
Trade and other receivables	10	12,464,259	1,839,384
Other assets	11	1,702,250	375,732
Total Current Assets		**21,317,374**	**14,560,280**
Non-Current Assets			
Other assets	11	481,695	-
Property, plant and equipment	12	2,231,152	393,560
Right-of-use assets	13	2,341,328	1,073,219
Intangible assets	14	54,546,789	5,244,415
Total Non-Current Assets		**59,600,964**	**6,711,194**
Total Assets		**80,918,338**	**21,271,474**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	10,704,727	1,189,710
Borrowings	16	299,762	-
Other liabilities	17	9,198,936	521,231
Leases	18	1,265,476	263,856
Employee benefits	19	1,795,609	1,036,199
Total Current Liabilities		**23,264,510**	**3,010,996**
Non-Current Liabilities			
Borrowings	16	6,093,539	-
Other payables	15	357,875	-
Leases	18	1,502,525	1,156,919
Employee benefits	19	122,739	82,950
Deferred Tax Liabilities	8	732,000	-
Total Non-Current Liabilities		**8,808,678**	**1,239,869**
Total Liabilities		**32,073,188**	**4,250,865**
Net Assets		**48,845,150**	**17,020,609**
EQUITY			
Contributed equity	20	90,992,487	45,369,890
Reserves	21	1,687,602	1,574,072
Retained earnings / (losses)	22	(44,231,164)	(30,281,714)
Equity attributable to the owners of MedAdvisor Limited		**48,448,925**	**16,662,248**
Non-controlling interest	25	396,225	358,361
Total Equity		**48,845,150**	**17,020,609**

The above statement of financial position should be read in conjunction with the accompanying notes.

Comparative figures are for the full year ended 30 June 2020.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Contributed Equity $	Share Options Reserve $	Foreign Currency Translation Reserve $	Retained Earnings / (Losses) $	Non-Controlling Interests $	Total Equity $
		Attributable to owners of MedAdvisor Ltd.					
Consolidated							
Balance at 1 July 2020		45,369,890	1,570,838	3,234	(30,281,714)	358,361	17,020,609
Transactions with owners in their capacity as owners:							
Ordinary shares issued	20	47,528,469	3,152	-	-	506,951	48,038,572
Capital raising costs (net of GST)	20	(2,444,173)	-	-	-	-	(2,444,173)
Share Options issued	20	-	1,674,665	-	-	-	1,674,665
Share Options exercised	20	538,300	(538,300)	-	-	-	-
Total comprehensive income for the year:							
Exchange differences on translation of foreign entities	21, 25	-	240	(1,026,227)	-	(46,546)	(1,072,533)
Loss after tax		-	-	-	(13,949,449)	(422,541)	(14,371,990)
Balance at 30 June 2021		**90,992,487**	**2,710,595**	**(1,022,993)**	**(44,231,164)**	**396,225**	**48,845,150**
Consolidated							
Balance at 1 July 2019		28,136,013	1,204,843	(50,908)	(20,645,126)	-	8,644,822
Transactions with owners in their capacity as owners:							
Ordinary shares issued	20	17,120,000	-	-	-	554,890	17,674,890
Capital raising costs (net of GST)	20	(467,903)	-	-	-	-	(467,903)
Share Options issued	20	-	947,775	-	-	-	947,775
Share Options exercised	20	581,780	(581,780)	-	-	-	-
Total comprehensive income for the year:							
Exchange differences on translation of foreign entities	21, 25	-	-	54,142	-	(1,934)	52,208
AASB16 Retained Earnings Adjustment		-	-	-	(51,593)	-	(51,593)
Loss after tax		-	-	-	(9,584,995)	(194,595)	(9,779,590)
Balance at 30 June 2020		**45,369,890**	**1,570,838**	**3,234**	**(30,281,714)**	**358,361**	**17,020,609**

The above statement of changes in equity should be read in conjunction with the accompanying notes.
Comparative figures are for the full year ended 30 June 2020.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Notes	Consolidated Jun-21 $	Jun-20 $
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		37,957,934	10,129,859
Payments to suppliers and employees (inclusive of GST)		(51,525,697)	(20,005,321)
Receipt from R&D tax concession		1,331,479	1,188,204
Interest received		38,573	101,394
Interest and other costs of finance paid		(346,241)	(94,684)
Net cash inflow/(outflow) from operating activities	7	**(12,543,952)**	**(8,680,548)**
Cash Flows From Investing Activities			
Payment for acquisition of subsidiary	24	(43,494,093)	-
Payments for property, plant and equipment	12	(392,112)	(100,666)
Payments for intangibles	14	-	(223,545)
Net cash inflow/(outflow) from financing activities		**(43,886,205)**	**(324,211)**
Cash Flows From Financing Activities			
Proceeds from new share issue	20	47,528,470	17,100,000
Capital raising costs (net of GST)	20	(2,444,174)	(467,903)
Proceeds from debt raising	16	6,777,262	-
Transaction costs related to debt raising	16	(212,992)	-
Receipts from non controlling entities	25	525,464	554,890
Repayment of lease liabilities	18	(930,045)	(237,784)
Net cash inflow/(outflow) from financing activities		**51,243,985**	**16,949,203**
Net increase/(decrease) in cash held		**(5,186,172)**	**7,944,444**
Cash and cash equivalents at the beginning of the year		12,345,164	4,400,720
FX movement opening balance		(8,127)	-
Cash and cash equivalents at the end of the year	9	**7,150,865**	**12,345,164**

The above statement of cash flows should be read in conjunction with the accompanying notes.
Comparative figures are for the full year ended 30 June 2020.

Notes to the Consolidated Financial Statements

1. Statement of Significant Accounting Policies

The preliminary consolidated financial statements (financial statements) incorporate the assets and liabilities of all subsidiaries of MedAdvisor Limited. MedAdvisor is a listed public company limited by shares, incorporated and domiciled in Australia.

These financial statements were authorised for issue on 30 August 2021 by the Directors of the Company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies are consistent with those of the previous financial year.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

The financial statements have been prepared on a going concern basis.

Accounting Policies

(a) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Financial information about the parent entity, MedAdvisor Limited, is disclosed in Note 26.

(b) Principles of Consolidation

The consolidated financial statements incorporate all assets, liabilities and results of the parent MedAdvisor Limited and all of its subsidiaries (together, the **Group**). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 23 of the Financial Statements.

The assets, liabilities and results of all subsidiaries are consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CDM) that are used for making strategic decisions. The CDM has been identified as the Chief Executive Officer. The CDM is responsible for the allocation of resources to operating segments and assessing their performance.

(d) Foreign currency translation

The financial statements are presented in Australian dollars, which is MedAdvisor functional and presentation currency.

- *Foreign currency transactions*:

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

- *Foreign operations*:

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(e) Revenue recognition

The consolidated entity recognises revenue as follows:

- *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

- *License fees*

License fees are charged for the use of the MedAdvisor platform and the revenue recognised at the point at which the customer has agreed to the terms and conditions of use of the platform and installs the interface on their computer equipment and is able to benefit from and be rewarded for the use of the platform.

- *Rendering of services*

Rendering of services revenue from health programs is recognised by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

- *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

- *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

(f) Income tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance to measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Work in progress

Work in progress on services contracts in progress comprises the cost of labour directly related to the performance of the contract plus any other direct costs incurred in delivering the contract services.

(k) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

- *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

- *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(l) Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (o) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

- *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line basis over their estimated useful lives, as follows:

- Computer & office equipment – 3 years
- Office furniture – 5 years
- Leasehold improvements – 5 years or unexpired lease period if shorter

(m) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over expected lease period. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(n) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

- *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

- *Brands*

Acquired brands represent the value of brands in acquired subsidiaries and businesses that are separately fair valued at the date of acquisition from the remaining goodwill. Brands are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

- *Patents and trademarks*

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

- *Relationships*

Acquired customer and partner relationships represent the value attributed in acquired subsidiaries and businesses that are separately fair valued at the date of acquisition. Relationship assets are amortised on a straight-line basis over the period of their expected benefit. Relationships acquired by the Group have a finite life of 10 years.

- *Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-10 years.

(o) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset.

(r) Borrowings & Finance costs

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. All other finance costs are expensed in the period in which they are incurred.

(s) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(t) Employee benefits

- *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

- *Other long-term employee benefits*

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

- *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(u) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

There are no assets and liabilities held at fair value on a recurring or non-recurring basis.

(v) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(x) Earnings per share

- *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of MedAdvisor Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

- *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(z) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

(aa) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- *COVID-19 pandemic*

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at, or subsequent to, the reporting date.

- *Goodwill and other indefinite life intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units (**CGUs**) have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3 year projection period approved by management and extrapolated for a further 2 years using a steady rate, together with a terminal value. Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

Key assumptions
The following key assumptions were used in the discounted cash flow model for both CGUs

			Pre-tax discount rate		Per annum projected revenue growth rate		Per annum increase in operating costs and overheads	
CGU	**Valuation method**	**Years of cash flow projection**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Australia	Value in use	5	24.43%	21.64%	5%-32%	5%-10%	3%-5%	3%-5%
USA	Value in use	5	15.38%	n/a	5%-15%	n/a	3%-5%	n/a

The pre-tax discount rates reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rates is prudent and justified based on current and expected growth in the business. Similarly, management believes that the projected increase in operating costs and overheads is prudent and justified based on the cost structure and control environment in the business.

Based on the above an impairment charge has not been applied as the carrying amount of goodwill does not exceed its recoverable amount for the business.

- *Sensitivity*

The Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) with all other assumptions remaining constant:
 - Revenue would need to decrease by more than 11.7% in the USA CGU before goodwill would need to be impaired; or
 - Gross margin would need to decrease by more than 1.65% in the Australia CGU before goodwill would need to be impaired.

(b) with all other assumptions remaining constant:

- the discount rate would be required to increase by more than 12.63% in the USA CGU before goodwill would need to be impaired; or
- the discount rate would be required to increase by more than 4.5% in the Australia CGU before goodwill would need to be impaired.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the goodwill.

- *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

- *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

- *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Consolidated Financial Statements (continued)

3. Earnings per share

	Consolidated	
	Jun-21	Jun-20
	$	$
Earning per share for loss from continuing operations of MedAdvisor Limited		
Loss for the year	(14,371,990)	(9,779,590)
Basic loss per share	**(4.54)**	**(4.22)**
Diluted loss per share	**(4.54)**	**(4.22)**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	316,511,399	231,932,954
Adjustment for calculation of diluted earnings per share		
Options over ordinary shares	17,481,320	7,239,208
Performance rights vested but not exercised	2,014,283	2,071,426
Performance rights not vested	-	-
	336,007,002	**241,243,588**

4. Operating segments

The Board has determined that the Company has five reporting segments. The first being the business activities of the MedAdvisor medication management and adherence platform, followed by activities associated with operations in the USA, UK and Asia, and lastly the corporate function associated with being an ASX listed company. The Board monitors the Company based on actual versus budgeted revenue and expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities.

2021	AU Operations	USA Operations	UK Operations	Asia Operations	Corporate	Total
	$	$	$	$	$	$
Segment revenues	11,287,341	28,950,108	21,321	21,358	-	**40,280,128**
Segment operating loss	(4,861,902)	(3,915,008)	(2,210,276)	(845,082)	(2,539,722)	**(14,371,990)**
Segment assets	11,886,522	67,797,446	132,570	910,256	191,544	80,918,338
Segment liabilities	6,906,364	20,966,514	123,277	26,682	4,050,351	32,073,188
Segment net assets	**4,980,158**	**46,830,932**	**9,293**	**883,574**	**(3,858,807)**	**48,845,150**

2020	AU Operations	USA Operations	UK Operations	Asia Operations	Corporate	Total
	$	$	$	$	$	$
Segment revenues	10,664,778	378,935	25,335	1,696	-	**11,070,744**
Segment operating loss	(3,709,392)	(2,700,783)	(1,326,057)	(389,191)	(1,654,168)	**(9,779,590)**
Segment assets	19,838,965	529,136	95,476	769,991	37,907	21,271,475
Segment liabilities	4,104,511	91,934	22,533	19,794	12,095	4,250,867
Segment net assets	**15,734,454**	**437,202**	**72,943**	**750,197**	**25,812**	**17,020,608**

5. Revenue

	Consolidated	
	Jun-21	Jun-20
	$	$
Disaggregation of revenue		
a. From continuing operations		
Major service lines:		
SaaS Revenue	6,312,367	5,913,620
Transaction & Development fees	2,256,076	2,462,002
Health Programs	30,204,133	1,227,024
	38,772,576	**9,602,646**
Timing of revenue recognition:		
Goods transferred at a point in time	6,312,367	5,913,620
Services transferred over time	32,460,209	3,689,026
	38,772,576	**9,602,646**
b. Other Revenue		
Interest received	38,573	109,213
Sundry Income - Government Grants	137,500	170,681
Sundry Income - R&D Tax Concession	1,331,479	1,188,204
	1,507,552	**1,468,098**

Revenue by geographical region has been disclosed in Note 4.

6. Expenses

	Consolidated Jun-21 $	Consolidated Jun-20 $
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
a. Direct costs		
Direct transaction costs	15,823,109	98,730
Direct costs of SMS services	525,948	461,313
Managed services costs for the MedAdvisor Platform	1,117,572	661,184
	17,466,629	**1,221,227**
b. Employee Benefits Expenses:		
Development	9,909,916	5,329,673
Administration	6,745,903	1,588,127
Marketing	5,519,073	3,236,364
People and Culture	696,792	399,224
Share based employee remuneration	1,279,979	947,774
	24,151,663	11,501,162
Governance - Directors fees	282,069	217,892
	24,433,732	**11,719,054**
c. Depreciation & Amortisation		
Depreciation		
Right-of-use assets	854,044	238,493
Office furniture and equipment	631,948	74,802
Leasehold improvements	59,856	31,081
Motor vehicles	5,724	6,903
Total depreciation	**1,551,572**	**351,279**
Amortisation		
Software	1,209,105	148,165
Relationships	437,979	-
Intellectual property	12,780	12,780
Total amortisation	**1,659,864**	**160,945**
	3,211,436	**512,224**
d. Finance costs		
Interest and finance charges paid/payable	407,797	94,684
Other bank charges	14,291	20,416
	422,088	**115,100**
e. Superannuation expense		
Defined contribution superannuation expense	1,168,705	805,146

7. Reconciliation of profit/(loss) after tax to net cash flow from operations

	Consolidated	
	Jun-21	Jun-20
	$	$
a. Reconciliation of cash to the statement of cash flows:		
Cash at bank - note 9	7,150,865	12,345,164
b. Reconciliation of profit from ordinary activities to net cash used in operating activities		
Loss after income tax expense for the year	**(14,371,990)**	**(9,779,590)**
Add: Non-cash items		
Depreciation & Amortisation	3,211,436	512,224
Loss on sale of assets	19,310	-
Non-cash share based payments	1,279,979	947,774
Doubtful debts	-	42,572
Other acquisition costs	3,256,760	
Other non cash movements	(310,972)	270,000
Unwinding of discounts	12,481	
Foreign exchange differences	33,137	51,824
	7,502,121	**1,824,394**
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(1,704,555)	(752,204)
(Increase)/decrease in other assets	183,695	31,538
Increase/(decrease) in payables	(1,536,881)	(50,940)
(Increase)/decrease in deferred taxes	(2,837,962)	
Increase/(decrease) in income in advance	221,620	46,254
	(5,674,083)	**(725,352)**
Net cash flows used in operating activities	**(12,543,952)**	**(8,680,548)**

8. Income tax expense

	Consolidated Jun-21 $	Consolidated Jun-20 $
a. Tax expense/(income) comprises:		
Current tax	-	-
Deferred tax	(2,855,245)	-
	(2,855,245)	-
b. The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(14,371,990)	(9,779,590)
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 26.0% (2020: 27.5%)	(3,736,717)	(2,689,387)
Less:		
Tax effect of:		
- part of foreign exchange rate differences	(37,825)	-
- deferred tax assets not brought to account	919,297	2,689,387
Income tax expense / (benefit) attributable to entity	(2,855,245)	-
The applicable weighted average tax rates are as follows:	19.9%	0%
The value of tax losses which have not been recognised in the statement of financial position	**7,708,178**	**6,788,881**

Summary of recognised Deferred Tax of Recognized DTAs

	$
MedAdvisor US Net operating losses	2,168,140
Intangibles - Amortisable	(2,070,690)
Intangibles - Indefinite Lived	(1,430,357)
Accruals	600,907
	(732,000)

9. Cash and cash equivalents

	Consolidated Jun-21 $	Consolidated Jun-20 $
Cash on hand	-	-
Cash at bank	7,150,865	12,345,164
	7,150,865	**12,345,164**

10. Trade and Other Receivables

	Consolidated	
	Jun-21	Jun-20
	$	$
Trade debtors	11,062,583	1,525,428
Other debtors	1,401,676	313,956
	12,464,259	**1,839,384**

The consolidated entity has recognised an accumulated loss of $64,977 in the income statement in respect to the expected credit losses for the year ended 30 June 2021 (30 June 2020: $50,611).

The ageing of these receivables and allowances for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Expected credit losses allowance	
	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20
	%	%	$	$	$	$
Not overdue	**0.2%**	**0.5%**	9,435,236	1,307,769	22,614	6,494
0 to 3 months overdue	**0.5%**	**4%**	1,484,700	211,532	6,754	9,411
3 to 6 months overdue	**4.5%**	**45%**	12,865	14,675	575	6,578
Over 6 months overdue	**18%**	**67%**	194,780	42,063	35,054	28,128
			11,127,581	**1,576,039**	**64,997**	**50,611**

Movements in the allowance for expected credit losses are as follows:

	Jun-21	Jun-20
	$	$
Opening balance	50,611	35,000
Provision acquired through acquisition of Adheris	57,207	-
Movement in loss allowance recognised during the year	5,119	58,183
Receivables written off during the year as uncollectable	(47,940)	(42,572)
Closing balance	**64,997**	**50,611**

11. Other assets

	Consolidated	
	Jun-21	Jun-20
	$	$
Current		
Prepayments	1,575,974	248,464
Security deposits	126,276	127,268
	1,702,250	**375,732**
Non Current		
Prepayments	357,875	-
Security deposits	123,820	-
	481,695	**-**

12. Property, Plant and Equipment

	Consolidated	
	Jun-21	Jun-20
	$	$
Office Furniture and Equipment		
Cost	4,291,315	422,308
Accumulated depreciation	(2,284,305)	(201,692)
Net Book Value	2,007,010	220,616
Leasehold Improvements		
Cost	509,261	217,539
Accumulated depreciation	(301,723)	(68,996)
Net Book Value	207,538	148,543
Motor Vehicles		
Cost	28,462	31,149
Accumulated depreciation	(11,858)	(6,748)
Net Book Value	16,604	24,401
Total Property, Plant and Equipment	**2,231,152**	**393,560**

Reconciliation of written down values at the beginning and end of the current and previous financial year:

	Office Furniture and Equipment $	Leasehold Improvements $	Motor Vehicles $	Total $
Opening Balance - 1 July 2019	194,752	179,624	30,919	405,295
Additions	100,666	-	-	100,666
Depreciation	(74,802)	(31,081)	(6,903)	(112,786)
Foreign currency movement	-	-	385	385
Closing Balance - 30 June 2020	**220,616**	**148,543**	**24,401**	**393,560**
Opening Balance - 1 July 2020	220,616	148,543	24,401	393,560
Additions	392,112	-	-	392,112
Assets acquired through business combinations	2,052,275	123,437	-	2,175,712
Depreciation	(631,948)	(59,856)	(5,724)	(697,528)
Disposals	-	-	-	-
Exchange Differences	(26,045)	(4,586)	(2,073)	(32,704)
Closing Balance - 30 June 2021	**2,007,010**	**207,538**	**16,604**	**2,231,152**

13. Right-of-use assets

	Consolidated Jun-21 $	Consolidated Jun-20 $
Building - Right of Use Asset		
Cost	5,238,395	1,669,452
Accumulated depreciation	(2,897,067)	(596,233)
Net Book Value	**2,341,328**	**1,073,219**

	Building - Right of Use Asset $
Opening Balance - 1 July 2019	1,311,712
Additions	-
Depreciation	(238,493)
Foreign currency movement	-
Closing Balance - 30 June 2020	**1,073,219**
Opening Balance - 1 July 2020	1,073,219
Additions	-
Assets acquired through business combinations	2,296,157
Depreciation	(854,044)
Lease Modification	-
Lease Termination	-
Exchange Differences	(174,004)
Closing Balance - 30 June 2021	**2,341,328**

14. Intangible assets

	Consolidated	
	Jun-21	Jun-20
	$	$
Goodwill		
Cost	34,619,363	4,013,868
Net Book Value	34,619,363	4,013,868
Software		
Cost	10,062,688	1,705,201
Accumulated amortisation	(2,268,259)	(535,313)
Net Book Value	7,794,429	1,169,888
Relationships		
Cost	7,008,490	-
Accumulated amortisation	(438,031)	-
Net Book Value	6,570,459	-
Brands		
Cost	5,514,659	-
Net Book Value	5,514,659	-
Intellectual property*		
Cost	131,219	131,219
Accumulated amortisation	(83,340)	(70,560)
Net Book Value	47,879	60,659
Total Intangible Assets	**54,546,789**	**5,244,415**

Reconciliation of written down values at the beginning and end of the current and previous financial year:

	Goodwill	Software	Relationships	Brands	Intellectual property*	Total
Opening Balance - 1 July 2019	4,013,868	1,094,508	-	-	73,439	5,181,815
Additions	-	223,545	-	-	-	223,545
Amortisation	-	(148,165)	-	-	(12,780)	(160,945)
Closing Balance - 30 June 2020	**4,013,868**	**1,169,888**	**-**	**-**	**60,659**	**5,244,415**
Opening Balance - 1 July 2020	4,013,868	1,169,888	-	-	60,659	5,244,415
Additions - PPA accounting (note 24)	31,539,779	8,105,019	7,250,844	5,705,356	-	52,600,999
Amortisation	-	(1,209,105)	(437,979)	-	(12,780)	(1,659,864)
Disposals	-	-	-	-	-	-
Exchange Differences	(934,284)	(271,373)	(242,406)	(190,698)		(1,638,761)
Closing Balance - 30 June 2021	**34,619,363**	**7,794,429**	**6,570,459**	**5,514,659**	**47,879**	**54,546,789**

**Intellectual property includes copyright and trademarks*

15. Trade and other payables

	Consolidated	
	Jun-21	Jun-20
	$	$
Current		
Trade payables	3,789,702	715,026
Accrued abatements	3,561,521	-
Other payables	3,353,504	474,684
	10,704,727	**1,189,710**
Non Current		
Other payables	357,875	-
	357,875	**-**

16. Borrowings

	Consolidated	
	Jun-21	Jun-20
	$	$
Current	299,762	-
Non Current	6,093,539	-
	6,393,301	**-**

At 30 June 2021, MedAdvisor had a 3-year loan facility comprising of:

- Tranche A: USD 5,000,000 (AUD 6,657,000) term loan used to repay the USD 5,000,000 in outstanding convertible notes on issue to Syneos Health US, Inc issued as part of the Adheris acquisition and continue the investment in growth following payment of the CY20 Earn Out.
- Tranche B: USD 4,000,000 (AUD 5,325,000) revolving line of credit in which AUD 299,762 has been drawn down at reporting date.

The loan facilities have an interest rate of 10.25% paid monthly on amounts borrowed. Principal is due at maturity. Other fees included an upfront 1.65% establishment fee and a back-end fee of USD 338,000 payable at maturity. Our financer has been granted first-ranking interest over all assets of MedAdvisor and its subsidiaries. MedAdvisor has complied with all debt covenants throughout the reporting period.

Facility	Commitment (AUD)	Drawn at close (AUD)	Maturity Date
Tranche A	6,657,000	6,657,000	28-May-24
Tranche B	5,325,600	299,762	28-May-24
Total	**11,982,600**	**6,956,762**	

17. Other liabilities

	Consolidated Jun-21 $	Consolidated Jun-20 $
Current		
Income in advance		
Gross pharmacy subscriptions in advance	137,275	412,521
Patient engagement program (PEP) fees in advance	5,029,962	108,710
Deferred consideration	4,031,699	-
	9,198,936	**521,231**

Included in the purchase price for Adheris were the following performance-based payments:

- USD 4,000,000 payable 6 months after acquisition, paid in May 2021, and
- USD 3,000,000 payable 18 months after acquisition, payable in May 2022.

On the basis that the criteria for the first payment was met and it is the Company's expectation that the criteria will be met for the second payment, the liability has been recognised in full as a current deferred liability.

18. Lease Liabilities

	Consolidated Jun-21 $	Consolidated Jun-20 $
Current		
Lease Liability	1,265,476	263,856
	1,265,476	**263,856**
Non Current		
Lease Liability	1,502,525	1,156,919
	1,502,525	**1,156,919**

	Building - Lease Liability
Opening Balance - 1 July 2019	1,658,559
Lease Payments	(332,468)
Interest Charge	94,684
Closing Balance - 30 June 2020	**1,420,775**
Opening Balance - 1 July 2020	1,420,775
Additions	-
Liabilities acquired through business combinations	2,386,744
Lease Payments	(1,091,651)
Interest Charge	143,643
Lease Modification	-
Lease Termination	-
Exchange Differences	(91,510)
Closing Balance - 30 June 2021	**2,768,001**

19. Employee benefits

	Consolidated	
	Jun-21	**Jun-20**
	$	**$**
Current		
Provision for employee leave	1,795,609	1,036,199
	1,795,609	**1,036,199**
Non Current		
Provision for employee leave	122,739	82,950
	122,739	**82,950**

20. Issued capital

a) Fully paid ordinary shares	**Jun-21**	**Jun-20**	**Jun-21**	**Jun-20**
	Shares	**Shares**	**$**	**$**
Ordinary shares fully paid:	**377,370,639**	246,718,025	**90,992,487**	45,369,890

Movements in ordinary share capital:

	# of shares	**Issue price**	**$**
Balance at 1 July 2019	1,371,912,422		28,136,013
EIP Options Exercised	4,156,666	$ 0.04	151,870
New Share Issue	342,500,000	$ 0.05	17,099,999
Options on issue 21 November 2019	1,718,569,088		45,387,882
Share Consolidation Adjustment (1:7)	(1,473,059,917)		
Shares on issue post share consolidation (1:7)	245,509,171		45,387,882
EIP Options Exercised	1,168,854	$ 0.32	369,911
Lapsed Share Based Payments	-		60,000
New Share Issue (as Consideration)	40,000	$ 0.50	20,000
Share issue transaction costs, net of tax for the year			(467,903)
Balance at 30 June 2020	**246,718,025**		**45,369,890**
Balance at 1 July 2020	246,718,025		45,369,890
EIP Options Exercised	166,666	$ 0.28	46,666
EIP Options & Rights Exercised	1,290,490	$ 0.28	356,798
New Share Issue	92,163,007	$ 0.38	35,021,943
New Share Issue	8,480,966	$ 0.38	3,222,767
New Share Issue	10,430,949	$ 0.38	3,963,759
EIP Options Exercised	42,853	$ 0.27	11,756
New Share Issue	184,210	$ 0.38	70,000
EIP Options Exercised	72,847	$ 0.26	18,680
EIP Options Exercised	189,682	$ 0.35	65,440
EIP Options Exercised	19,046	$ 0.28	5,257
New Share Issue	17,500,001	$ 0.30	5,250,000
EIP Options Exercised	77,615	$ 0.31	23,795
EIP Options Exercised	34,282	$ 0.29	9,908
Share issue transaction costs, net of tax for the year			(2,444,173)
Balance at 30 June 2021	**377,370,639**		**90,992,487**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding-up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

b) Employee incentive options

Employee incentive plan options are unquoted and will vest in accordance with the rules of the plan. Unvested employee incentive options lapse on termination of employment, or failure to meet performance based vesting conditions in accordance with the conditions under which the options have been granted.

Issue Date	Expiry Date	Issued #	Lapsed #	Exercised #	Balance #	Vested Not Exercised	Unvested
14-Apr-16	14-Apr-31	319,040	1	164,282	154,757	154,757	-
15-Dec-16	14-Dec-31	480,941	-	348,091	132,850	132,850	-
27-Oct-17	27-Oct-32	630,913	52,857	208,082	369,974	369,974	-
19-Dec-17	19-Nov-32	38,569	-	-	38,569	38,569	-
12-Apr-18	12-Apr-33	31,426	-	-	31,426	31,426	-
24-Sep-18	24-Sep-33	541,396	15,713	304,752	220,931	152,363	68,568
10-Jan-19	10-Jan-34	14,284	-	-	14,284	9,522	4,762
25-Aug-19	25-Aug-34	51,426	20,000	5,713	25,713	11,428	14,285
23-Dec-19	8-Dec-34	4,974,275	951,783	422,023	3,600,469	1,968,093	1,632,376
28-Apr-20	26-Apr-35	149,272	8,570	2,856	137,846	50,707	87,139
27-Jul-20	13-Jul-35	80,655	-	-	80,655	80,655	-
27-Jul-20	22-Apr-35	23,570	8,570	-	15,000	5,000	10,000
27-Jul-20	31-May-35	8,570	8,570	-	-	-	-
19-Oct-20	13-Oct-35	48,000	-	48,000	-	-	-
17-Nov-20	17-Nov-35	14,285	-	-	14,285	9,523	4,762
18-Dec-20	8-Dec-30	27,940	-	-	27,940	27,940	-
21-Dec-20	30-Oct-23	750,000	-	-	750,000	750,000	-
21-Dec-20	30-Oct-24	750,000	-	-	750,000	750,000	-
21-Dec-20	30-Oct-29	4,500,000	-	-	4,500,000	-	4,500,000
7-Apr-21	24-Mar-31	241,349	-	189,682	51,667	-	51,667
7-Apr-21	24-Mar-36	2,992,731	-	-	2,992,731	150,000	2,842,731
28-May-21	28-May-28	3,527,223	-	-	3,527,223	3,527,223	-
15-Jun-21	25-May-36	45,000	-	-	45,000	-	45,000
		20,240,865	**1,066,064**	**1,693,481**	**17,481,320**	**8,220,030**	**9,261,290**

21. Reserves

	Consolidated Jun-21 $	Consolidated Jun-20 $
Share options reserve	2,710,595	1,570,838
Foreign currency translation reserve	(1,022,993)	3,234
	1,687,602	**1,574,072**

Movements in reserves

Movements in each class of reserves during the current and previous financial year are set out below:

	Share Options $	Foreign Currency $	Total $
Balance as at 1 July 2019	1,204,843	(50,908)	1,153,935
Share options issued	947,775	-	947,775
Share options exercised	(581,780)	-	(581,780)
Foreign currency translation	-	54,142	54,142
Closing Balance - 30 June 2020	**1,570,838**	**3,234**	**1,574,072**
Opening Balance - 1 July 2020	1,570,838	3,234	1,574,072
Share options issued	1,678,057	-	1,678,057
Share options exercised	(538,300)	-	(538,300)
Foreign currency translation	-	(1,026,227)	(1,026,227)
Closing Balance - 30 June 2021	**2,710,595**	**(1,022,993)**	**1,687,602**

22. Accumulated losses

	Consolidated Jun-21 $	Consolidated Jun-20 $
Accumulated losses at the beginning of the year	(30,281,714)	(20,645,126)
AASB 16 Retained Earnings Adjustment	-	(51,593)
Accumulated losses at the beginning of the year - restat	(30,281,714)	(20,696,719)
Total loss for the year	(13,949,449)	(9,584,995)
Accumulated losses at the end of the year	**(44,231,164)**	**(30,281,714)**

23. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business / Country of incorporation	Ownership Interest	
		2021	2020
		%	%
MedAdvisor International Pty. Ltd.	Australia	100%	100%
Health Enterprises 2 Pty. Ltd.	Australia	100%	100%
MedAdvisor Welam UK Ltd.	UK	100%	100%
MedAdvisor Welam USA Inc.	USA	100%	100%
Adheris, LLC	USA	100%	-

Details regarding the acquisition of Adheris are set out in Note 24.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in Note 1.

Name	Principal place of business / Country of incorporation	Parent ownership Interest		Non-controlling Interest	
		2021	2020	2021	2020
		%	%	%	%
ZP MedAdvisor Pte. Ltd.	Singapore	50%	50%	50%	50%

24. Business combinations

On 17 November 2020, MedAdvisor Welam US Inc, a wholly-owned subsidiary of MedAdvisor Limited, acquired 100% of the equity interests in Adheris LLC, for the total consideration of $45,197,476. Adheris provides tailored opt-out, direct-to-patient medication adherence programs in the USA and was acquired to accelerate MedAdvisor's penetration in the US market by leveraging Adheris' existing pharmacy integrations.

Details of the acquisition are as follows:

Notes to the Consolidated Financial Statements (continued)

	17 Nov 2020 $
Fair Value of consideration at acquisition date	
Cash paid or payable to the vendor	28,668,170
Convertible note issued to the vendor	6,887,211
Deferred consideration for future performance	9,642,095
Total:	**45,197,476**
Recognised amounts of identifiable assets and liabilities	
Trade and other receivables	9,228,749
Prepayments and other current assets	2,078,681
Fixed assets	2,175,712
Right of use assets	2,296,157
Intangible assets	21,061,220
Deferred tax liability	(3,711,645)
Trade and other payables	(12,512,831)
Deferred revenue	(4,577,389)
Employee benefits	(118,278)
Lease liability	(2,386,744)
Net assets acquired:	**13,533,631**
Goodwill:	**31,663,844**

	30 Jun 2021 $
Cash used to acquire business:	
Acquisition date fair value of total consideration	45,197,476
Add: Net working capital adjustment to purchase price	2,203,115
Less: deferred consideration (note 17)	(4,031,699)
Acquisition costs paid	1,053,645
FX movement on timing of cash settlements	(928,444)
Net cash used	**43,494,093**

Consideration transferred:

The agreed acquisition purchase price for Adheris was USD 27,500,000 which included USD 5,000,000 of convertible notes issued to Syneos Health US, Inc on completion of the transaction. The purchase price was reduced by a net working capital adjustment of USD 1,687,389 reducing the net purchase price (including the convertible note) to USD 25,812,611, which equated to AUD 35,555,381.

The purchase agreement also included an additional consideration of AUD 9,642,095 payable in 2 parts, 6 and 18 months after settlement, on the condition of revenue targets being met as per the Purchase and Sale agreement. The first revenue earn-out of USD $4m was settled in May 2021. The second revenue earn-out of USD $3m is dependent on Adheris meeting certain revenue criteria. Management expect the Company will pay the maximum payout in relation the second consideration, due in May 2022.

Goodwill on acquisition:

Subsequent to the settlement of the Adheris transaction, the provisional Goodwill was independently valued and allocated against identifiable intangible assets with the residual allocated to Goodwill. Adopting the Mid-Purchase Price Allocation (**PPA**) valuation the resultant identifiable intangible assets and goodwill acquired were as follows:

	USD $	AUD $
Total intangible assets	38,261,454	52,702,864
Brand	4,142,000	5,705,356
Customer Relationships	3,223,000	4,439,489
Partner Relationships	2,041,000	2,811,355
inPharmacy Software	4,458,000	6,140,628
inHome Software	1,410,000	1,942,190
Goodwill	**22,987,454**	**31,663,844**

Adheris' contribution to the Group results

Adheris generated revenue of AUD 28,889,653 and incurred a loss of AUD (3,685,156) from acquisition date to reporting date. Adheris' FY21 full financial year loss was AUD (6,641,156).

25. Non-controlling interest

	Consolidated	
	Jun-21 $	Jun-20 $
Issued capital	1,061,842	554,890
Reserves	(48,480)	(1,934)
Accumulated losses	(617,137)	(194,595)
	396,225	**358,361**

The non-controlling interest has a 50% (2020: 50%) equity holding in ZP MedAdvisor Pte. Ltd.

26. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	Jun-21	Jun-20
	$	$
Statement of profit or loss and other comprehensive income		
Loss after income tax	(2,539,722)	(1,654,168)
Total comprehensive income	**(2,539,722)**	**(1,654,168)**
Statement of financial position		
Total current assets	191,544	37,907
Total Assets	90,389,499	42,675,018
Total current liabilities	4,050,351	558,503
Total Liabilities	4,050,351	558,503
Net assets	**86,339,148**	**42,116,515**
Equity		
Issued capital	90,992,487	45,369,890
Share options reserve	2,710,594	1,570,838
Accumulated losses	(7,363,934)	(4,824,213)
Total equity	**86,339,147**	**42,116,515**

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments – property, plant & equipment

The parent entity had no capital commitments for property plant & equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in Note 1.