

## MARKET RELEASE

### September 2021 quarterly business update

**Melbourne, Australia, 25 October, 2021** – Medtech company, MedAdvisor Limited (**MedAdvisor** or the **Company**) (ASX: MDR) today releases its Appendix 4C Report for the three-month period to 30 September 2021 and is pleased to provide an update of the progress during the period.

#### Key highlights

- **Q1 FY22 operating revenue \$15.4m**, up 36.5% on FY21 Q1 on a like-for-like basis, and 16.0% on FY21 Q4.
  - US revenue of \$12.1m, up 34.1% on FY21 Q1 on a like-for-like basis, and 8.7% on FY21 Q4.
  - Australian revenue of \$3.3m, up 35.4% on FY21 Q1, and 27.1% on FY21 Q4.
- **Receipts from operations in the quarter of \$21.2m**, up 53% on June quarter (\$13.8m).
- **US pipeline is up 40%** on same time last year with ~20% of the pipeline relating to Dynamic Engagement proposals.
- **Digitalisation of the US Pharmacy network growing**, now 37% of stores agreed to proceed to digitalisation (+7% on prior quarter).
- **Operating cashflow of \$1.7m and a cash balance of \$8.7m**, with normalised operating cash burn of \$1.4m for the quarter.
- **\$11.3m cash** as at the date of the 4C, following receipt of ~\$2.0m debtor due in Q1, temporarily delayed due to a one-off billing delay received on 5 October.
- **Upgrading CY21 revenue guidance to \$59m-\$60m** from \$55m-\$57m with a ~55% gross margin percentage.

## **Business activity update**

### **US market**

- Acquisition thesis for Adheris continues to be validated with four consecutive quarters of growth in the US market.
- There are now 8 digital programs live through the pharmacy network already activated for digital programs.
- The sales pipeline has continued to grow and is now 40% higher than at the same time last year.
- The Dynamic Engagement model, which delivers a significant revenue uplift, has been well received by pharma clients and now represents approximately 20% of the pipeline. The first of these programs will go live in Q3 FY22.
- Approximately 37% of the network has agreements in place to adopt digital programs including the recently announced Walmart contract. This represents a digital patient reach of in excess of 45m patients in the US.
- MedAdvisor has also partnered with Improved Patient Outcomes, Inc. (IPO) to deliver behavioural based medication adherence solutions that leverage proven behaviour change and proprietary Duke University research protocols. These protocols have been developed by Duke University over the last 25 years for more than 120 disease states.

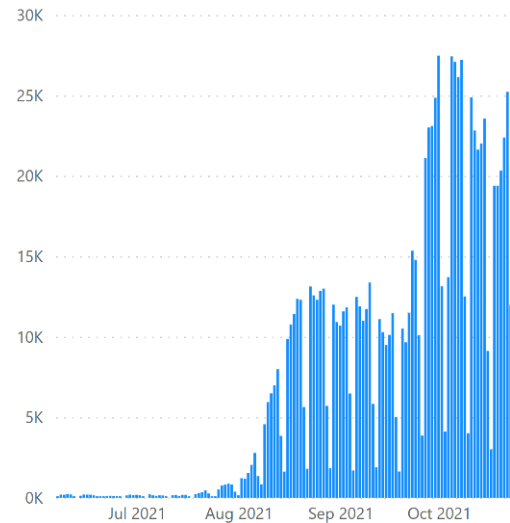
### **Australian market**

- FY22 Q1 has seen a strong growth in performance with revenue of \$3.3m, up 35.4% on FY21, and 27.1% on FY21 Q4. Following the appointment of a new General Manager of Sales in June, MedAdvisor has invested in the sales capability and capacity of the team, which is delivering positive momentum in the growth of the network, patient sign ups, and the health program pipeline.
- During the quarter, MedAdvisor Australia has increased its Annual Recurring Revenue from \$6.6m as at 30 June to \$7.4m, an 11.4% increase, and 23.0% up on FY21 Q1. Pharmacy churn has remained low following the price rise and new premium pricing model in June 2021.
- Pharmacy network growth of ~6.7% from approximately 3,700 stores to over

3,900. This has been driven in part by the recent signing of the new 5-year contract with Australian Pharmaceutical Industries (API) and investment in the sales resources for the Australian business.

- MedAdvisor has seen a significant increase in transaction volume due to the COVID-19 vaccination program managed by pharmacies. To date, more than 900k vaccinations have been administered through pharmacies in the MedAdvisor network, which represents over 70% of all pharmacy vaccinations. COVID-19 vaccinations utilise the MedAdvisor PlusOne booking functionality, which contributes to transaction revenue, and provides an important source of patient sign ups.

**Daily COVID Vaccinations recorded in MedAdvisor**



- For Q1, over 200,000+ new patients have signed up to the MedAdvisor app, driven by the volume of COVID-19 vaccinations administered in pharmacies, and continued utilisation of the remote patient verification process. MedAdvisor now has more than 2.3m connected patients in Australia.
- Version 6 of the MedAdvisor mobile app will now go live in Q2, having been delayed due to a reallocation of resources to fast-track delivery of the Priceline implementation and new store roll outs in Q1.
- MedAdvisor Australia's gross margin for FY22 was up to 82.7%, reflecting a lower cost to serve post re-platforming.

## UK market

- MedAdvisor has successfully passed the necessary conformance requirements which permit additional integration with certain 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 medication from their GP.
- MedAdvisor is continuing to evolve the product and roll out alongside the National Pharmacy Association (NPA). Early customer feedback has been very positive.

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

### **Financial update**

- The Company reported \$15.4m in operating revenue for the quarter ending 30 September 2021, an uplift of 531.9% from FY21 Q1.
- On a like-for-like-basis, operating revenue was up 36.5% from the prior corresponding quarter and 16.0% on FY21 Q4.

AUD (\$m)	FY22 Q1	FY21 Q1	% change
Reported Revenue	\$15.4m	\$2.4m	531.9%
Like-for-Like Revenue	\$15.4m	\$11.3m <sup>1</sup>	36.5%

1. Like-for-like revenue translated at 0.75 AUD/USD

- 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.
- Net operating cash received in the September quarter was \$1.7m, with cash receipts of \$21.2m, up 52.6% on FY21 Q4. Cash at 30 September 2021 was \$8.7m, with adjusted cash a current cash balance of \$11.3m.
- MedAdvisor collected \$5.1m from a key debtor in Q1, following the revision of payment terms, however a delay in invoicing, resulted in the expected receipt of \$2.0m slipping from September to 5 October.
- Normalised operating cashflow for Q1 is (\$1.4m). This adjusts for the inflow in the September quarter that was due to improved payment arrangements relating to our largest customer.
- Debtor days for the three months to 30 September 2021 was 64, down from 83 days for the June quarter, reflecting the improvement in payment arrangements from our largest customer.

AUD (\$m)	MedAdvisor ROW	MedAdvisor US	Total
Receipts from customers	2.7	18.5	21.2
Payments to suppliers and employees	(4.7)	(14.4)	(19.1)
<b>Net cash flow from operations</b>	<b>(2.0)</b>	<b>4.1</b>	<b>2.1</b>
Lease payments classified as financing activities	(0.1)	(0.3)	(0.4)
<b>Net cash flow from operations inc lease payments</b>	<b>(2.1)</b>	<b>3.8</b>	<b>1.7</b>
<b>Normalisation:</b>			
Timing of Debtor receipt – Aug		(5.1)	(5.1)
Timing of Debtor receipt – Sep/Oct		+2.0	+2.0
<b>Normalised cash flow from operations</b>	<b>(2.1)</b>	<b>0.7</b>	<b>(1.4)</b>

### 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 upgraded CY21 revenue guidance of \$59-60m (~6%), with approximately 55% gross margin. This represents \$33.5m-\$34.5m revenue for the half. This outlook is based on an exchange rate AUD:USD of \$0.75.

### Related party transactions

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

- \$41,266 paid to a related party which provides data services to the Company in the ordinary course of business; and
- \$251,426 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 2.3 million patients through more than 65% of Australian pharmacies. MedAdvisor has partnered with Cotiviti in the US 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](https://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 Sep 2021

## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from customers	21,234	21,234
1.2 Payments for:		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,182)	(7,182)
(c) advertising and marketing	(658)	(658)
(d) leased assets	-	-
(e) staff costs	(8,718)	(8,718)
(f) administration and corporate costs	(2,398)	(2,398)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(188)	(188)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>2,091</b>	<b>2,091</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2. Cash flows related to investing activities</b>			
2.1 Payment to acquire:			
(a) entities	-	-	-
(b) businesses	-	-	-
(c) property, plant & equipment	(74)	(74)	(74)
(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)	-	-	-
<b>2.6 Net cash from / (used in) investing activities</b>		<b>(74)</b>	<b>(74)</b>

		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>3. Cash flows from financing activities</b>			
3.1 Proceeds from issues of shares	-	-	-
3.2 Proceeds from issue of convertible notes	-	-	-
3.3 Proceeds from exercise of share options	-	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(53)	(53)	(53)
3.5 Proceeds from borrowings	-	-	-
3.6 Repayment of borrowings	-	-	-
3.7 Transaction costs related to loans and borrowings	-	-	-
3.8 Dividends paid	-	-	-
3.9 Other (repayment of lease liabilities)	(379)	(379)	(379)
<b>3.10 Net cash from / (used in) financing activities</b>		<b>(432)</b>	<b>(432)</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>			
4.1 Cash and cash equivalents at beginning of quarter/year to date		7,151	7,151
4.2 Net cash from / (used in) operating activities (item 1.9 above)		2,091	2,091
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(74)	(74)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		(432)	(432)
4.5 Effect of movement in exchange rates on cash held		(24)	(24)
<b>4.6 Cash and cash equivalents at end of quarter</b>		<b>8,713</b>	<b>8,713</b>

<b>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</b>	Current quarter \$A'000	Year to date (3 months) \$A'000
5.1 Bank balances	8,713	7,151
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,713</b>	<b>7,151</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
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293

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6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

*The total of payments to related parties is comprised of 1) 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, and 2) payments made to*

# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<b>7 Financing facilities available</b>		
7.1 Loan facilities	12,512	7,264
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	<b>12,512</b>	<b>7,264</b>

### 7.5 Unused financing facilities available at quarter end

**5,248**

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

**\$A'000**

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

2,091  
8,713  
5,248  
13,961  
**6.7**

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: 25/Oct/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.